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COMMENTARY

The wider Black Sea area is slowly but steadily becoming the new El Dorado in terms of foreign policy and research interest. Much as the last 15 years was a period of intense interest in developments in the Balkans with serious debate, discussion and research on how to best integrate the region with the rest of Europe. Now, willy-nilly, a plethora of conferences, workshops, seminars and publications are focused on the growing strategic significance of the Black Sea basin, its role in the energy security equation, and on the need to ensure stability in the wider region.

What does the growing interest in the wider Black Sea area imply? In principle, it is a combination of two conflicting factors. The first is a geopolitical/geostrategic approach to the region's politics with ideological overtones where the points of reference are national and bloc interests. In other words, what counts here is the Euroatlantic perspective vis-à-vis the Russian outlook; whether Russia's increasing assertiveness is a factor of stability or instability, etc. The second factor is the advent of a culture of concrete cooperation at regional, subregional and/or transregional levels. This latter approach is best represented by the Organisation of the Black Sea Economic Cooperation (BSEC) and its institutional framework which, in its fifteen years of existence, has produced substantive collaborative initiatives in an ever-growing number of policy areas. (continued on page 2)

THE BLACK SEA MONITOR

The ICBSS has identified the need for a special circular on developments in and around the Black Sea region that goes beyond the mere news brief format. Therefore, the Centre has set up a quarterly electronic review focused particularly on the Black Sea region, aiming to provide stakeholders and other interested parties around the globe with an exclusive information service. The Monitor offers brief commentaries and refers key documents, publications and events of interest that impact on the wider Black Sea region.

In other words, here the emphasis is on cooperation, mutual benefits, constructive diplomacy, economic development and growth, and on working together with other like-minded entities.

The very existence of the two aforementioned approaches – the geopolitical /ideological and the cooperative – suggest clashing or opposing visions as to how to better harness the region's potential. While the first approach views the region through the prism of competing interests between the West and Russia, the second method focuses on the obvious – that is to say, it seeks to put into practice the values of cooperation. While the first approach presumes that cooperation with Russia, if possible, can only take place if the West has a common strategy based on the common ideological, historical and cultural connections of its constituent countries, the second does not attempt to challenge Russian interests but takes them into account and accepts the assumption that Russia can have an open mind regarding western concerns.

A key element in this debate is, undoubtedly, the question of energy security. Energy security in the European context is a particularly interesting case study given the number of issues at play. It involves the security of supply, the security of demand, the reliability of contractual arrangements on energy, the physical security of critical installations and their personnel, the interplay between national and supranational energy policies, and the quality of overall relations with Russia. With regard to the wider Black Sea area, it has to take into account the recent developments (mostly positive) in that part of the world. In other words, it involves a number of variables and possible outcomes including the linkage between EU foreign policy and energy policy. Thus, energy policy is not solely an economic concern but one which involves political and security imperatives.

Another important piece of the puzzle is the wider strategic debate, the global context where developments in Southwest Asia (the

geographic and political space stretching from the Middle East to Afghanistan) have made the wider Black Sea area a key geographic transit point of reference whose relevance is magnified by the energy security question. Consequently, it is important to have a clearer understanding of the Black Sea region's potential from the perspective of the regional and global actors. This is particularly true when assessing Turkey's role. For the proponents of the geostrategic/ideological camp, it is important for Turkey to have a central role in the implementation of a Euro-Atlantic strategy, while others would suggest that a Turkey committed to the collaborative approach makes more sense for the country itself and for the region as a whole.

Another aspect of relevance is the emergence of a third pole – a European one with the European Union as its centerpiece – between the United States and Russia. The materialization of this additional element is due in part to the decline of the United States' moral stature as the natural leader or spokesperson of the West. It is also due to a progressive convergence of views among the EU member states on how to deal with the Union's neighbourhood. In other words, with the accession of Romania and Bulgaria, two Black Sea littoral states, to the EU on 1 January 2007, the Union has become a Black Sea entity which is more than ever concerned with the prosperity, stability and security of its neighbours further afield. As a result, the EU is in the process of designing a new policy for the wider Black Sea area based on a regional approach which seeks to promote a shared regional identity.

The aforementioned approach by the EU complements very well the collaborative methodology propounded by the BSEC which seeks to promote cooperation in a wide range of policy areas such as transport, energy, environment, good governance, trade and combating organized crime – all of which are, incidentally, EU priorities. Also, more importantly, the European Union has comprehensive relations with all BSEC member states as Greece, Romania and

Bulgaria are also EU member states, Turkey has begun accession negotiations with the EU, Serbia and Albania have been granted the perspective of future membership, Russia has its own strategic partnership with the Union expressed via the Four Common Spaces policy, while Armenia, Azerbaijan, Georgia, Moldova, and Ukraine all participate in the EU's Neighbourhood Policy.

It should also be noted that, ever since its foundation in 1992, the BSEC has constantly recognized the strategic importance of relations with the EU in its basic policy documents and the mutual overtures between the two organisations date back to 1997.

Therefore, it should come as no surprise that much has occurred over the last few months in the wider Black Sea area, with the BSEC and the EU taking the lead in upgrading their relationship. The most telling examples of this enhanced interaction has been the adoption by the BSEC in January 2007 of a policy paper on "BSEC-EU Interaction: The BSEC Approach", the December 2006 Communication by the European Commission on "Strengthening the European Neighbourhood Policy", the ongoing drafting of a new Communication on "A Black Sea Regional Approach", and the priority of the current German EU Presidency to further develop the European Neighbourhood Policy and to expand the European area of security and stability in cooperation with the EU's neighbours.

What the bevy of activity between the BSEC and the EU suggests is a real possibility to minimize the dividing lines among the states in the wider region by moving away from zero-sum approaches in promoting national or bloc interests toward substantive cooperation in policy areas of equal importance to all stakeholders in the wider European space. This mobilization of efforts and resources requires streamlining the BSEC institutional framework to better cope with its increased tasks as well as a more serious effort by the Organisation's member

states to move beyond achieving the lowest common denominator and to pursue instead a more proactive approach toward enhancing the joint BSEC and EU role in regional affairs.

In other words, the interplay between the BSEC and the EU provides for a new dynamic of regional cooperation in the wider Black Sea area and for overcoming the residual dilemmas posed by bloc politics. The challenge now is for all regional stakeholders to accept the merits of cooperation and adopt it in practice.

DIMITRIOS TRIANTAPHYLLOU

**BSEC–EU Interaction: The BSEC
Approach
(Istanbul, 17 January 2007)**

The Committee of Senior Officials (CSO) of the BSEC member states endorsed a document on “BSEC–EU Interaction: The BSEC Approach” at a Special Meeting held in Istanbul on 17 January 2007. The aforementioned document was drafted by the ICBSS with contributions by the BSEC member states. Having acquired the status of an official BSEC document, the Paper has been presented to the EU institutions for consideration as a regional input to the preparation of the forthcoming European Commission Communication devoted to the strengthening of the Black Sea dialogue.

The interest to develop a meaningful relationship between the Organisation of the Black Sea Economic Cooperation (BSEC) and European Union institutions dates back several years and has been reflected in their respective policy documents. The Summit Declaration of the Heads of State and Government of the BSEC Member States (Moscow, 25 October 1996) affirmed their political will to cooperate with the EU in fields of common interest and invited the EU institutions to work out a common platform for developing closer contacts and cooperation. The following year, the European Commission submitted to the EU Council a Communication on *Regional co-operation in the Black Sea area: State of play, perspectives for EU action encouraging its further development (Doc. COM (97) 597 Final, Brussels, 14 November 1997)* containing an assessment of the region’s potential and several pertinent observations such as the emergence of valid and promising synergies in the Black Sea region and also the possibility to identify concrete fields for constructive interaction between the EU and BSEC as a regional organisation. Based on that Communication, the EU Council included in its Conclusions (19 December 1997) a section on the Black Sea region highlighting its strategic importance for the

EU, the role that BSEC could play in that respect and possible priority objectives for cooperation. The BSEC Summit Meeting (Yalta, 5 June 1998) welcomed the relevant Conclusion of the EU Council and instructed the BSEC Council of Ministers of Foreign Affairs (CMFA) to prepare an adequate response. The *Platform for Cooperation between BSEC and the EU* was adopted by the BSEC CMFA the following year (Tbilisi, 30 April 1999). During the following years, several BSEC-EU contacts at various levels took place, with mostly inconclusive results. The Hellenic Chairmanship-in-Office of BSEC (November 2004 – April 2005) adopted a more pragmatic approach. A special meeting of the BSEC Committee of Senior Officials (CSO) with representatives of EU institutions and Member States took place in Brussels (11 April 2005), which was followed by the decision of the BSEC CMFA (Komotini, 23 April 2005) to establish an ad hoc Group of Experts charged with the task of preparing a Working Paper on BSEC-EU interaction. Under the Moldovan Chairmanship-in-Office, the BSEC Council (Chisinau, 28 October 2005) adopted a *Declaration on the enhancement of cooperation with the European Union* and decided to mandate the Hellenic Republic to proceed with exploratory consultations with relevant EU institutions with a view to the adoption of a declaration by the EU Council on an enhanced BSEC-EU partnership and the eventual formulation of an EU Dimension which would include the coordination of the EU regional policies. In pursuance of its mandate, the MFA of the Hellenic Republic prepared a Working Paper entitled *Towards an EU Regional Dimension in the Wider Black Sea Area*¹, which was presented at the meeting of the Working Party on Eastern Europe and Central Asia (COEST) in Brussels (25 January 2006). A second meeting of the BSEC Committee of Senior Officials with representatives of EU institutions and member states took place in Brussels on 11 April 2006. The Secretary

¹ The term “wider Black Sea area” is used to describe the BSEC area, including SE Europe, littoral states of the Black Sea and the Caucasus

General of BSEC PERMIS made a presentation at COEST on BSEC expectations with regard to the EU on 29 May 2006. In a significant new development, the EU General Affairs and External Relations Council, meeting in Brussels at ministerial level on 14 September 2006, had a debate on the subject of strengthening the relations between EU and BSEC and put on record the indication given by the European Commission that it would present, before the end of the year 2006, a new Communication on the European Neighbourhood Policy which would also address the Black Sea region. The BSEC Council of Ministers of Foreign Affairs (Moscow, 1 November 2006) adopted a *Declaration* containing specific references to the progress made in the process of enhancing BSEC-EU interaction and decided to authorize the Committee of Senior Officials to finalize the draft Working Paper on BSEC-EU interaction and to forward it to the EU institutions as an official BSEC document. The European Commission *Communication on Strengthening the European Neighbourhood Policy (COM(2006)726final, Brussels, 4 December 2006)* specifically mentioned the possibility of closer contacts with BSEC, including observer status, and announced the intention to produce a special Communication on strengthening the Black Sea dialogue in the course of 2007. A further mission of the BSEC Troika (Brussels, 5-6 December 2006) had working contacts with officials of the European Parliament and European Commission and participated in a dedicated meeting of the COEST.

The present revised version of the Working Paper on BSEC-EU interaction was drafted by the International Centre for Black Sea Studies (ICBSS) with contributions by the BSEC Member States and reflects the views expressed by representatives of the BSEC Member States during the three meetings of the ad hoc Group of Experts (Mati, Greece, 6-7 September 2005; Istanbul, 1-2 March 2006; and Mati, 15-16 May 2006) and includes an updated presentation of subsequent developments. Following endorsement by the BSEC Committee of

Senior Officials (Istanbul 17 January 2007), this Working Paper has acquired the status of an official BSEC document and is presented as such to the EU institutions for consideration as a regional input to the preparation of the European Commission Communication devoted to the strengthening of the Black Sea dialogue.

I. Introduction

1. The wider Black Sea area is of increasing political and economic importance for the European Union, presenting unique challenges and opportunities. The development of bilateral relations with all the countries, the launching of the European Neighborhood Policy and the recent EU enlargement (Bulgaria, Romania) has considerably strengthened the European Union's involvement in the area. More specifically, all BSEC Member States have established structured relations with the European Union in the following forms: membership (Bulgaria, Greece, Romania), accession negotiations (Turkey), Partnership and Cooperation Agreements PCAs (Armenia, Azerbaijan, Georgia, Moldova, Russia, Ukraine), Stabilization and Association Process (Albania, Serbia). Ever since its foundation in 1992, BSEC has constantly recognized the strategic importance of relations with the EU, for sound economic, political and security reasons, in its basic policy documents. On the European Union side, although the Commission Communication of 1997 proposed the development of a new approach to its regional policy in the Black Sea area and contained specific recommendations concerning regional cooperation, the focus has been mainly on bilateral relations with individual BSEC Member States using the above-mentioned instruments without involving the BSEC institutional framework.

2. During policy debates within the BSEC framework, regional stakeholders often raised the question that the implementation of region-wide projects of mutual interest would be greatly facilitated, if the European

Union institutions had an open and regular dialogue with the Organisation of BSEC as a representative regional organisation in an institutionalized format. This dialogue, within the framework set by the Communication of 1997, did not take place, despite the recommendation for a BSEC involvement to supply the necessary, for the EU policy, information on regional issues.

3. In the course of fourteen years of activity, BSEC has developed into a well-defined, institutionally mature, treaty-based (its Charter entered into force in 1999) regional organisation that has acquired a great deal of experience in dealing with regional issues in a multilateral format. The existing structures, mechanisms and procedures that have proved their worth in promoting regional cooperation can also be utilized to make sure that EU policies and programmes for the Black Sea region address real needs and have a greater impact.

4. The important added value of enhanced BSEC-EU interaction consists in providing more coherence, through an overarching regional approach, to envisaged actions towards the development of a secure and prosperous Black Sea area in the immediate vicinity of the European Union. This purpose can best be served by the development of a balanced, mutually beneficial and result-oriented relationship between BSEC and EU institutions based on complementarity, partnership and coordination in those areas where such cooperation is deemed to be desirable and feasible.

5. The objectives of this Working Paper are: (a) to highlight the important progress of regional cooperation within BSEC achieved under the existing legal and policy instruments; and (b) to suggest a possible framework for continuous policy dialogue and cooperative action between BSEC and EU institutions in an evolving regional and global context.

6. The main emphasis needs to be placed on more effective use of available

programmes and funds. BSEC-EU interaction is meant to be cost-effective and mutually advantageous. Better coordination of policies, activities, financial instruments and resources is of crucial importance for meaningful progress in that direction.

II. Rationale for BSEC-EU Interaction

7. There are several main reasons why a closer and better formalised relationship between BSEC and EU institutions is a natural, logical development, responding to the actual requirements of the new European architecture in the early twenty-first century and to the best interests of the peoples in the Black Sea region and in Europe as a whole.

8. The twelve BSEC Member States posted an average annual rate of GDP growth of 5.9 per cent between 2000 and 2005, amounting to a real economic expansion of over 41 per cent over that period of time, which makes it one of the fastest growing regions globally. Moreover, all the BSEC Member States shared the benefits of economic growth, despite the diversity of their economic and structural conditions; they also achieved a reasonable level of macroeconomic stability expressed in declining inflation, increased foreign direct investment and lower poverty rates. Considerable progress has been registered, compared to the situation during the previous decade. 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.

9. The Organisation of the Black Sea Economic Cooperation is the only inclusive, full-fledged, regional organisation 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 Organisation 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 Organisation, 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.

10. The diversity of the current status and future aspirations of the BSEC Member States vis-à-vis the EU should be seen as an asset rather than a liability. The experience of regional interaction within BSEC has demonstrated a unique ability to work out creative solutions for the accommodation of specific interests and to develop an array of functional mechanisms and operational procedures that are specific to a mature regional organisation. Thus, the BSEC Organisation is well equipped to become a valid interlocutor and a reliable partner for EU institutions in those areas where clear mutual interests and the availability of adequate instruments for cooperation can be jointly ascertained.

11. Enhanced BSEC-EU interaction, complementary to (and not exclusive of) the existing bilateral arrangements, would not amount to building something 'from scratch'. Even a cursory survey of ongoing programmes and initiatives demonstrates that EU institutions have been involved at a working level in the Black Sea region for years – notably in such fields as transport and energy infrastructure, justice and home affairs, good governance, science and technology, environment, etc. – even in the absence of a formal relationship with the BSEC Organisation at an official level.

12. A regional Black Sea approach provides obvious added value to the current EU distinct policies targeting the twelve BSEC Member States individually: continuation of the enlargement process to South Eastern

Europe and Turkey; further development of the European Neighbourhood Policy for the Western NIS and the South Caucasus; engagement in the strategic partnership and the four 'common spaces' with the Russian Federation. The establishment of BSEC-EU partnership through synergies in specific priority sectors in terms of values and objectives could be based on the EU existing regional approach, complementing the bilateral approach with the involvement of the Organisation of BSEC. The latter could contribute with a sophisticated network in various areas of cooperation and provide a tested forum for multilateral consultations with the countries of the region, whenever such a need arises.

13. The existence of precedents in the EU's regional policies (in particular the Mediterranean Partnership and the Northern Dimension) as well as the participation of the European Union in the other regional initiatives in Northern and Central Europe provides a useful pool of accumulated experience, know-how and practical solutions that can be selectively adapted to the specific needs and possibilities of the Black Sea region. The development of a Black Sea regional approach would thus fill an acutely perceived gap in current EU policies in a region of considerable, and growing, importance for Europe. In this respect, the enhancement of the BSEC-EU relations would be the first step towards the creation of an overall EU regional policy (dimension) concerning the wider Black Sea area, in order to coordinate all the relevant EU policies targeting this area.

14. Both BSEC and the EU have to face a new reality now that, following the accession of Bulgaria and Romania, the EU external borders lie along the Black Sea coast. It is important for Europe that this emerging reality should not create new dividing lines. On the contrary, it is desirable, and indeed possible, to preserve and foster the positive legacy of the Black Sea regionalism in ways that offer tangible benefits to all BSEC Member States. The

BSEC Organisation is well placed to provide that necessary link.

III. BSEC as a Regional Partner

15. According to its Charter, BSEC is defined as a regional economic organisation, 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, arms control and disarmament, etc). In actual practice, the scope of BSEC activities has expanded over the years, branching out into new areas, more or less related to its principal 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 Organisation's and its Member States' overall capacities.

16. 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. They include the BSEC Charter (with the status of international treaty), summit-level and ministerial political declarations, intergovernmental agreements, sectoral action plans, memoranda of understanding as well as strategy documents such as the BSEC Economic Agenda for the Future (2001). Relevant examples are the Agreement on Combating Organised Crime and the Agreement on Cooperation in Emergency Situations, both signed in 1998, with their subsequent Additional Protocols, including one on the fight against terrorism. The Organisation gradually enhanced its project-oriented character by generating concrete proposals for regional undertakings (e.g. interconnection of electric grids, identification of obstacles to trade, etc.) and by creating functional networks (e.g. liaison officers for combating organised crime and for emergency situations). In a most significant new development concerning

region-wide multilateral projects, two memoranda of understanding were finalized and opened for signing in 2006: on a Black Sea Highway Ring and on the Motorways of the Sea. Furthermore, two regional projects concerning the increase of intraregional trade as well as investment promotion were agreed upon to be implemented in cooperation with the UNDP and OECD, respectively.

17. In that process, BSEC has developed a coherent set of institutional structures, functional mechanisms and policy instruments which display a relative symmetry – in a 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.

Decision-making and executive bodies

18. Summit Meetings are held whenever the need arises to take stock of the work done and to set policy guidelines for the future performance of the Organisation. To date, six such Summit meetings have been held, with the next one slated for June 2007, in Istanbul, to mark the 15th anniversary of BSEC.

19. The Council of Ministers of Foreign Affairs (CMFA) is the main decision-making authority meeting in ordinary sessions every six months to debate policy issues and to adopt resolutions, decisions and recommendations that are binding to the Member States and BSEC institutions.

20. The Chairmanship-in-Office (CiO) is assumed by the Member States, usually at the level of Foreign Minister, in alphabetical order for a half-year term (starting 1 May and 1 November, respectively). The CiO is assisted by a Troika mechanism including also the past and the next Chairs.

21. The Committee of Senior Officials (CSO), comprising the authorised representatives of the Member States and the heads of the BSEC Related Bodies and of the Permanent International Secretariat, prepares the meetings of the Council, represents it in current activities between the sessions and acts on its behalf.

22. The Permanent International Secretariat (BSEC PERMIS), headed by a Secretary General, operates under the authority of the Chair-in-Office, reports to the CSO and the Council on the performance of its executive and administrative responsibilities, and is based in Istanbul. Observer status is granted, upon request, to any State or international organisation which expresses its readiness to make a practical and valuable contribution to the work of BSEC.

23. Currently, out of 13 countries having Observer status with BSEC, 7 are EU Member States (Republic of Austria, Czech Republic, French Republic, Federal Republic of Germany, Italian Republic, Republic of Poland, Slovak Republic). [2]

24. According to the BSEC Charter, relations with third parties (States, international organisations or institutions) can also take the forms of dialogue partnership, sectoral dialogue partnership and participation in BSEC events as invited guests.[3]

[2] The other Observer States are Republic of Belarus, Republic of Croatia, Arab Republic of Egypt, State of Israel, Republic of Tunisia, and the United States of America. Observer status has also been extended to intergovernmental organisations (Energy Charter Conference, Commission on the Protection of the Black Sea against Pollution - BSC) and non-governmental organisations (International Black Sea Club).

[3] Sectoral dialogue partnerships have been currently extended to the Black Sea International Shipowners Association (Odessa, Ukraine); Union of International Road Transport Association in the BSEC Region (Istanbul); Black and Azov Seas Ports Association (Poti, Georgia); Black Sea Region Association of Shipbuilders and Shiprepairers (Varna, Bulgaria); Transport Coordination Meeting of the Member States of the Commonwealth of Independent States (Moscow); Regional Commonwealth in the Field of Communications.

Subsidiary organs are established and operate according to a specific mandate given by the Council.

25. Most of the practical activities in various fields of cooperation are performed in sectoral Working Groups (WG) under the guidance of a Country Coordinator appointed for a two-year term. Currently, there are 17 permanent Working Groups, plus several ad hoc Groups of Experts for specific assignments.[4] In recent practice, the more important draft policy documents prepared in the Working Groups are submitted for approval to special Meetings of Ministers responsible for that specific domain and forwarded for further endorsement by the Council.

26. The Project Development Fund (PDF) was created in 2002, with voluntary contributions from BSEC Member States and other donors to provide modest grants for the production of pre-feasibility studies based on carefully screened ideas for multinational projects with a regional impact that are apt to secure further substantial funding from commercial sources or EU programmes.

The BSEC Related Bodies perform their consultative functions in accordance with their respective founding documents, structures and operational procedures, have their own budgets and operate with due respect of the BSEC Charter and political declarations.

[4] By end December 2006, the BSEC had permanent Working Groups with sectoral responsibilities in agriculture and agro-industry; banking and finance; combating organised crime and terrorism; cultural affairs; 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. Targeted 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.

27. The Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) consists of representatives of the national Parliaments of the BSEC Member States. It meets twice a year in plenary sessions and has 3 committees covering relevant spheres of regional cooperation. The Assembly has an International Secretariat, headed by a Secretary General and is based in Istanbul. It has established working contacts with the European Parliament and the Parliamentary Assemblies of the Council of Europe and the OSCE.

28. The Business Council (BSEC BC) is an international non-governmental organisation, based in Istanbul. It provides the interface with the business communities in the BSEC Member States and other national, pan-European or international business associations. Its strategy is centred on improving business climate, attracting foreign investment as well as raising the competitiveness of SMEs. The Council currently operates its own web portal for timely information on business opportunities and useful contacts.

29. The Black Sea Trade and Development Bank (BSTDB), based in Thessaloniki, with the founding BSEC Member States as shareholders, has grown into a mature lending institution with an investment-grade rating and a high-quality portfolio of operations. While its main activities are focused on the countries of the BSEC region, the Bank has developed extensive international contacts, helping external companies, banks and other partners learn about and invest in the region and establishing relations with international financial institutions for the purpose of co-financing regional projects.

30. The International Centre for Black Sea Studies (ICBSS), based in Athens, is the acknowledged think tank of BSEC which receives specific assignments from the Council (such as preparation of policy papers or background documents, coordination of the ad hoc Groups of Experts on BSEC-EU Interaction and on regional security and stability), while also operating as an

autonomous research institution, with its own policy-oriented publications and scientific events. It has managed several EU co-funded projects and is currently building a network of research centres in the BSEC region and beyond.

31. The existing policy, legal and operational framework of the Organisation of BSEC provides the required instruments (e.g. Action Plans adopted at Ministerial level) and suggests the practical modalities for enhanced BSEC-EU interaction, in a project-oriented mode, in those areas where mutual interests and operational capabilities can be clearly identified.

IV. Suggested Policy Fields and Sectoral Objectives where synergies with the EU could be developed

32. Among the many sectors where closer BSEC-EU interaction could bring added value, compared to the current country-by-country arrangements, priority should be given to the development of synergies and the implementation of economic and related capacity-building projects in a regional format. Such synergies, which are also consonant with EU objectives and priorities, should bring tangible beneficial effects for the prosperity and democratic development of the peoples in the countries involved.

33. In line with the main priorities of BSEC for cooperation with the EU, essentially those adopted by the Ministers of Foreign Affairs of the BSEC Member States, (Chisinau Declaration, 28 October 2005) the sectoral objectives of the BSEC-EU cooperation may indicatively include the following fields:

Development of infrastructure, including transport, energy, and telecommunications

34. The further successful economic development of the countries in the BSEC region requires extensive upgrading of transport, energy, telecommunications and information technology networks at a

regional level and their interconnection with the European systems to support modern business activity.

35. The Black Sea region is considered to be a key transport area under the agreed plans to develop a pan-European overland transport infrastructure network. In this regard, developing cooperation between the two Organisations in the area of inland waterways transportation in the Black Sea region should be of interest. With the EU enlargement to the Black Sea shores, the maritime and river transport dimension also becomes increasingly important. Efforts to develop the region's infrastructure should continue in particular through better coordination among regional actors in order to secure proper funding, including international financial assistance for the implementation of those Pan-European projects that are relevant to the BSEC area and to launch new region-specific projects such as the Black Sea Ring Highway, as well as the extension of the Motorways of the Sea EU concept to the Black Sea and the Caspian Sea, connecting Asia and Europe through the Black Sea. East-West as well as North-South transport routes ought to be further supplemented by the development of a coherent intra-regional network. Cooperation with the EU could focus on project design and execution as well as on the economic effectiveness and physical safety of transport operations.

36. Enhancing energy partnership among the BSEC Member States ranks high on the BSEC agenda and may also constitute a major component of BSEC-EU interaction. The BSEC region is home to vast natural resources, such as natural gas, oil, minerals and forestry as well as to major energy transit and supply routes. The long-term potential for the exploitation of oil, gas and non-energy raw materials is huge, and it requires substantial improvements in production and transport facilities. Interconnection of electric power systems as well as the development of renewable sources of energy may be identified as priority areas for energy cooperation.

Trade and economic activities, including cross-border cooperation, especially trade facilitation and favorable conditions for investment

37. The overall aim is to link the EU and BSEC in a mutually beneficial relationship focusing on trade and investment facilitation and gradual convergence of regulatory and legislative frameworks in line with the WTO rules. The broad objective of regulatory compatibility should bring substantial benefits to both the EU and BSEC by enabling economic agents to operate subject to common rules and conditions. Efforts should also focus on the removal of administrative and non-tariff barriers to trade within the BSEC region itself.

38. The BSEC Working Groups and ad hoc Groups of Experts (Trade and Economic Development, Banking and Finance, etc.) have acquired considerable experience and expertise that can provide a useful basis for interaction with EU institutions. Sectors such as agriculture and food industry, fisheries, banking and finance, etc. are eminently suited for closer regional cooperation and interaction with the relevant European Union institutions and programmes. In particular, the tourism industry, in which all BSEC countries have great potential and which is linked to a variety of other activities (e.g. cultural cooperation), might also acquire a prominent place in the BSEC-EU dialogue.

39. Special emphasis can be given to cross-border cooperative programmes, including technical assistance for projects involving local authorities, modernization of customs operation and border management procedures for the purpose of trade facilitation and enhanced human contacts.

40. The expected accession of all BSEC Member States to the World Trade Organisation acquires particular importance in this respect, since it will broaden the prospects for regional trade and economic cooperation through the harmonization of framework conditions.

Environmental protection and sustainable development

41. One of the BSEC stated objectives is to promote the sustainable development of the countries in the region through responsible management of natural and other resources and proper care for the integrity of the environment. The Black Sea region has enormous wealth in terms of resources and biodiversity, but it also faces significant environmental problems that can only be tackled through regional cooperation and with substantial support from the international community.

42. Environmental challenges in the region will increasingly become a matter of immediate concern for the EU following the next rounds of enlargement. Future EU undertaking in support of regional action will have to cut across the whole spectrum of environment-related problems, including the rational use of natural resources according to the principles of sustainable development, combating air, soil and water pollution, measures to halt environmental degradation and to ensure nuclear safety, plus the development of proper legislative and regulatory frameworks and administrative capacity.

Cooperation in combating organised crime and providing emergency assistance

43. 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.

44. The existing BSEC intergovernmental Agreements, in particular those concerning cooperation in combating organized crime and in coping with emergency situations, 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.

Institutional and social sectors

45. Among the principal policy objectives of the countries in the BSEC region are those of modernizing their legal and regulatory systems, building adequate institutional and administrative mechanisms for functional democracy and market economy, and streamlining their decision-making procedures, primarily in order to be able to cope effectively with challenges to be addressed at the national level. This process has, moreover, important external consequences by ensuring the compatibility of domestic arrangements with the requirements of regional and international cooperation. The wider implications of action toward institutional renewal and good governance with proper safeguards for transparency and accountability were specifically recognized in BSEC policy documents adopted at Ministerial level and form a special chapter in the BSEC Economic Agenda for the Future.

46. Education, inter-cultural dialogue, social welfare and health protection, including the ability to cope with the spread of infectious diseases, have constantly ranked high on the BSEC regional cooperative agenda and can become objects of mutually rewarding partnerships in the context of BSEC-EU interaction.

Science and technology

47. Scientific research and technological development offer a promising field for

regional cooperation within BSEC, where EU involvement can really make a difference through enhanced participation of research entities from partner countries in the European Research Area as well as in Community Research and Development Framework Programmes. In this particular field, the added value provided by multilateral cooperation and region-wide projects is obvious and substantial. This is also an area where the EU and BSEC institutions have proved capable of working together and producing results. With EU support, the BSEC Member States have adopted at Ministerial level a comprehensive Action Plan for regional cooperation and interaction with the EU in the field of science and technology, which provides guidance for further work over the next four years.

48. The BSEC Project Development Fund can also prove to be a useful tool by offering a pool of viable project ideas that have already passed the necessary quality checks in accordance with a tested screening methodology.

V. Instruments

49. It is important to emphasize that the envisaged objectives of enhanced BSEC-EU interaction are to be promoted combining national financial resources with the framework of existing EU-BSEC Member States contractual relations, financial instruments and regional structures, while not ruling out the possibility of eventually developing new instruments to suit the requirements of an evolving dynamic relationship.

50. The plurality of the above mentioned contractual relations between the EU and the BSEC Member States has led to the emergence of a variety of legal, policy and financial instruments that successfully operate at bilateral level and can be attuned to support region-wide activities and projects.

51. Meaningful interaction between BSEC and the EU would take into account the existing legally binding Agreements signed among the BSEC Member States in priority areas such as combating organised crime and coping with emergency situations. Those agreements, along with BSEC policy instruments, such as Summit or Ministerial Declarations and Action Plans in key areas of common concern for both the EU and the countries of the region provide a sound basis for a mutually beneficial relationship. Moreover, successful BSEC-EU interaction should include active participation of established authorities at regional, national or local level and should involve all relevant stakeholders, education and research institutes, the business community, and civil society.

52. Financial support is an important factor for the effective implementation of project-oriented BSEC-EU interaction. Practical solutions for co-financing specific projects, involving the BSEC Member States, European Union programmes as well as international financial institutions (EBRD, EIB, BSTDB, etc.), private funds and international donors, where appropriate, should be envisaged.

53. The European Neighbourhood and Partnership Instrument (ENPI) has become a central source of EU financing for the BSEC region, notably focusing on cross-border and regional cooperation. Also of relevance is the Neighbourhood Investment Fund which aims to support IFI lending in ENP partner countries. The same applies to the applicable EU-Russia financial cooperation arrangements. Another new instrument of importance is the Instrument for Pre-accession Assistance (IPA) which is applicable to candidate countries and potential candidate countries that belong to the BSEC region.

54. BSEC-EU interaction could also benefit from better coordination with other applicable EU programmes and projects that are of relevance to the BSEC region such as DABLAS, INOGATE, TRACECA, as well as

the Commission for the Protection of the Black Sea Against Pollution.

55. In view of an overall EU regional approach towards the wider Black Sea area, it is essential that these instruments, as well as other available financial resources, should be coordinated in order to achieve maximum effectiveness with the purpose to achieve the economic integration of the whole area.

56. Within the BSEC framework, the Project Development Fund (PDF) provides modest grants for conducting pre-feasibility studies for regional projects. The Black Sea Trade and Development Bank (BSTDB) is the main regional financial institution, which supports economic development and regional cooperation by providing trade and project financing, guarantees, and equity for projects undertaken by both public and private enterprises in its Member States. The above mentioned BSEC financial instruments - although limited for the time being- may also support the BSEC-EU cooperation and the development of the synergies, foreseen in chapter IV.

VI. Modalities of interaction

57. Practical and action-oriented cooperative interaction between the BSEC and EU institutions may develop, to start with, in select priority areas (such as energy and transport infrastructure, trade facilitation, environment, science and technology, border management and combating transboundary crime, etc.) around the axes of: (a) technical assistance to strengthen capacity for regional and inter-regional cooperation, including orderly transfer of knowledge and know-how; (b) development of region-wide activities, notably by undertaking joint research projects on subjects related to the challenges and opportunities in the BSEC region; (c) identification of projects of mutual interest that are likely to have a major regional impact, with due attention to realistic sources of funding.

58. There are similarities between BSEC and EU institutions and structures, as presented in Chapter III of this Working Paper, which offer ample opportunities for the further development of effective modalities of interaction in those areas where mutual interests and capabilities can be clearly identified. On this basis, the observer status sought for the EU may be applied in the following framework.

59. Participation, as appropriate, of representatives from the BSEC Organisation and the EU to each other's meetings and activities should be foreseen, including extending to the EU the Observer status to the BSEC Organisation. These Meetings would be useful to foster BSEC-EU interaction in common priority areas. High-level political dialogue to provide policy guidance for further action could involve meetings between the BSEC Chairmanship-in-Office (in the adequate format) and the EU Troika and using structured bilateral relations of the BSEC Member States with the EU. Sustained dialogue would require supplementary contacts at executive level, including the participation of representatives of relevant EU institutions in the regular meetings of the BSEC Committee of Senior Officials, including an eventual establishment of a joint BSEC-EU Commission at an adequate level. Building on the already well-established practice (e.g. in the field of science and technology), the active involvement of relevant EC Directorates General in the activities of the BSEC Working Groups can prove to be a highly productive exercise, leading to the formulation of realistic joint projects in specific areas of mutual interest. Experts from EU institutions would be able to be actively involved, as they did in recent practice on an ad hoc basis, in the drafting of policy documents, action plans and project proposals that are relevant to enhanced BSEC-EU interaction. Focal points in BSEC PERMIS and the European Commission may be foreseen.

60. Furthermore, periodic joint BSEC-EU Conferences, at Foreign Ministers level, may

also be foreseen, in order to review the progress of the implementation of their broad cooperation, as well as of the overall EU regional policy concerning the wider Black Sea area.

61. Regular contacts at executive and working level could be encouraged between the BSEC Related Bodies and their counterparts in the EU system. Given the potential impact of inter-parliamentary cooperation, especially in fields such as legislative reform and good governance, a structured and regular relationship between the European Parliament and the Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) and their respective specialised Committees would add a strong parliamentary pillar to meaningful BSEC–EU interaction. Proposed modalities include the establishment of compact delegations for parliamentary dialogue, extending Observer status with the European Parliament to the PABSEC, and acceptance by the European Parliament of the standing invitation of the PABSEC to participate in its meetings as an Observer.

62. The BSEC Business Council, building on its existing network of relationships with national chambers of commerce and industry and with business communities in the countries of the BSEC region as well as on its contacts with pan-European business associations and councils, could contribute towards strengthening regional business institutions and building new ones according to the needs of enhanced economic cooperation. Moreover, the BSEC Business Council could play a meaningful advisory role in relation to both BSEC and the EU institutions for the elimination of the residual barriers to trade and the improvement of the business and investment climate in the countries of the BSEC region.

63. Cooperation in the financial and banking sector between relevant BSEC and EU institutions and organisations has significant potential for further development. The Memoranda of Understanding that were signed by the Black Sea Trade and

Development Bank (BSTDB) with the European Commission represent one example of how further synergies may develop in this important field. In particular, the BSTDB may serve as an important regional partner in the realization of project-oriented BSEC–EU interaction. Future action may include consideration of cross-institutional participation of relevant BSEC and EU organisations, such as the involvement of International Financial Institutions (IFIs) in the BSTDB's structures, thus giving further impetus to regional cooperation and to the implementation of region-wide projects. As far as the Project Development Fund (PDF) is concerned, it operates now as a seed fund for BSEC's project-oriented approach. However, it could be adapted to the requirements of the new BSEC-EU interaction and be used as a valuable tool in cooperation with the EU funding mechanisms.

64. Significant synergies between BSEC priorities and relevant EU research programmes that are open to the participation of the countries in the BSEC region, such as the 7th Framework Programme, have been already identified and are currently being implemented. The International Centre for Black Sea Studies (ICBSS), another BSEC Related Body that functions as a regional think tank, has been actively involved in programmes and activities developed by relevant EC Directorates, notably in the elaboration of sectoral studies on the interface between BSEC priority domains and existing EU programmes. More structured cooperation with relevant EU specialised centres (such as the Joint Research Centre and the EU Institute for Security Studies) could also be envisaged to provide scientific support for the development of BSEC-EU interaction in relevant policy domains.

65. The engagement of broader segments of the civil society in the BSEC–EU partnership is also likely to produce positive effects. Specifically, various non-governmental organisations operating in the BSEC region could be encouraged to network

with their counterparts in the EU space to give concrete expression to regional needs and opportunities, to enhance grass-roots involvement in regional cooperation and to facilitate exchanges of experience and best practice.

66. The constructive engagement of actors at sub-regional level (local authorities, municipalities, ports, etc.), including twinning arrangements, can also go a long way toward demonstrating in practical terms the benefits of closer BSEC-EU interaction.

67. EU Member States that also have the status of BSEC Observers (Austria, Czech Republic, France, Germany, Italy, Poland, Slovak Republic) can provide significant input as stakeholders in BSEC-EU interaction. This can be achieved through their active participation in the work of the BSEC executive, subsidiary and related bodies, implementation of priority regional projects and linking their national programmes towards the region to the agreed priorities of BSEC-EU interaction.

VII. Next steps

68. The framework for future BSEC-EU interaction is currently in the process of being defined as a concrete concept. This Working Paper is intended as a BSEC contribution towards articulating the basic elements of a comprehensive approach at conceptual level.

69. The BSEC Member States regard the elaboration of a dedicated regional EU policy for the wider Black Sea area as a central tool for enhanced intra-regional and inter-regional cooperation. Shaping the concrete structure and content of BSEC-EU interaction would thus require political decisions at an appropriate level.

70. The BSEC Member States welcome the initiative of the European Commission to prepare a new Communication concerning regional cooperation in the wider Black Sea area and hope that it will reflect the

proposals that have been put forth to date with regard to future BSEC-EU interaction.

71. Subsequently, a comprehensive Action Plan can be jointly elaborated for the implementation of the proposed BSEC-EU cooperation by identifying not only specific priorities but also concrete projects of mutual interest and adopted accordingly.

72. The existing BSEC ad hoc Group of Experts on BSEC-EU Interaction may acquire continuing responsibilities for follow-up activities and conceptual design for future action.

73. In parallel, it might be envisaged to establish an independent Panel of Personalities, with advisory status, charged with preparing recommendations on the future course of interaction between BSEC and the European Union.

74. The above mentioned process may lead to the establishment of the new EU regional policy towards the wider Black Sea area and the adoption of a Joint Declaration at the 15th Anniversary Summit to be held in Istanbul on 25 June 2007.

Communication from the Commission to the Council and the European Parliament on Strengthening the European Neighbourhood Policy (Brussels, 4 December 2006)

1. INTRODUCTION

The first eighteen months of implementation of the European Neighbourhood Policy (ENP) have laid a substantial foundation for strengthened relations between the Union and its neighbours. We have a single policy framework, ENP Action Plans with eleven of our partners establishing concrete mutual commitments and an enhanced and productive dialogue with almost all partners. We also have a new financial instrument that will significantly improve the quality of our assistance and provide more funds to support our partners' reforms.

The premise of the European Neighbourhood Policy is that the EU has a vital interest in seeing greater economic development and stability and better governance in its neighbourhood. The responsibility for this lies primarily with the countries themselves, but the EU can substantially encourage and support their reform efforts. It is therefore in the best mutual interest of both the EU and its neighbours to build a much stronger and deeper relationship. The ENP remains distinct from the process of EU enlargement - for our partners considerably enhanced cooperation with the EU is entirely possible without a specific prospect of accession and, for European neighbours, without prejudging how their relationship with the EU may develop in future, in accordance with Treaty provisions.

Most of our neighbouring countries have made progress during these last years in economic and political reforms – specific information on progress already achieved in implementing the first seven Action Plans can be found in the progress reports annexed to this Communication.

Some partners have made the Action Plans the centrepiece of their domestic reform strategies and international financial institutions (IFIs) are also aligning their policies with them.

Nevertheless, poverty and unemployment, mixed economic performance, corruption and weak governance remain major challenges. Citizens of the neighbouring countries, particularly the young, are often faced with bleak personal prospects. “Frozen conflicts” and recent events in the Middle East and Southern Caucasus remind us that the conditions for peaceful coexistence remain to be established, both between some of our neighbours and with other key countries. These are not only our neighbours’ problems. They risk producing major spillovers for the EU, such as illegal immigration, unreliable energy supplies, environmental degradation and terrorism.

It has thus become clear that the ENP could and should be strengthened, particularly when one considers the prohibitive potential cost of failing to support our neighbours in their reform efforts. The EU must present an attractive offer to ENP partner countries – offering them improved trade and investment prospects, making people-to-people contacts and legitimate short-term travel easier, being more active in addressing frozen conflicts, and opening more possibilities to mobilise funding. The EU must help those neighbouring countries who are willing to reform to do this faster, better and at a lower cost to their citizens. It must also provide more incentives and convince those who are still hesitant.

The central argument of this Communication is that the ENP is indispensable and has already proven its worth – and that it is no less indispensable that the EU build upon this by strengthening its commitment to the ENP. The Communication therefore contains a series of proposals to substantially improve the impact of the policy.

2. STRENGTHS AND WEAKNESSES

The strengths of the ENP lie in:

- **Integration.** It provides a single, clear framework covering the neighbourhood as a whole in which to discuss and handle the whole range of issues between the EU and each partner. For instance, focusing exclusively on economic issues to the exclusion of uncomfortable governance or human rights issues thus becomes much more difficult, and the Action Plans provide for an active cooperation in the field of freedom, security and justice, promoting the rule of law.
- **Joint ownership.** The operational tool of the policy – the ENP Action Plan – is fully negotiated and mutually agreed at political level. It is not an imposition by either side, but an agreed agenda for common work.
- **Concreteness.** The Action Plans, although broad and wide-ranging, are detailed. Experience with their implementation shows that this makes it much easier to discuss, agree and implement specific, time-bound and measurable objectives.

- **Better use of funds.** From now on, the new European Neighbourhood and Partnership Instrument (ENPI) will allow Community assistance to partner countries to be explicitly policy-driven, drawing also on new forms of cooperation (cross-border cooperation, TAIEX, twinning), and with an increase in resources. Especially for those ENP countries thus far covered by TACIS, the ENPI will mark a major improvement, moving from technical assistance to fully-fledged cooperation.

However, there are other areas of the ENP where there is considerable potential for further progress. The EU seeks to encourage a very ambitious reform programme in partner countries, with many of the political and economic costs being up-front. Yet an important part of the incentives of the ENP—for instance in terms of market access and integration and other economic benefits – will only bear fruit later. This creates a real difficulty for partner countries in building the necessary domestic support for reform.

More specifically:

- **Trade and economic integration.** The EU has continued to enhance trade relations with most ENP partners including by supporting Ukraine's WTO accession process and preparing for negotiation of a deep and comprehensive free trade agreement, preparing for the granting of autonomous trade preferences to Moldova and launching negotiations to extend free trade agreements with Mediterranean partners in terms of agricultural coverage and services. In order to reap additional economic and political benefits for all, it is important to offer all ENP partners, both in the East and the South, a clear perspective of deep trade and economic integration with the EU and to include within our liberalization offers improved access in all areas of economic potential and interest for our partners. This should include products of most importance to them.
- **Mobility and migration.** Although cooperation with ENP countries on mobility and migration management is

growing, the ENP has not yet allowed significant progress on improving the movement of partner country citizens to the EU. The length and cost of procedures for short-term visas (e.g. for business, researchers, students, tourists or even official travel) is a highly “visible” disincentive to partner countries, and an obstacle to many of the ENP's underlying objectives.

- **Regional conflicts.** The ENP has achieved little in supporting the resolution of frozen or open conflicts in the region, notwithstanding certain specific achievements (e.g. in relation to border management in Moldova and the Palestinian Territories). The EU needs to be more active, and more present, in regional or multilateral conflict-resolution mechanisms and in peace-monitoring or peace-keeping efforts.

The Commission has therefore identified a number of areas in which the ENP should be strengthened to ensure its success. In all these areas, this would mean an additional effort for the EU, but this would be outweighed by the political benefits.

3. STRENGTHENING THE POLICY

Development and reform in our partner countries is primarily in their own interest, and it is their sovereign responsibility. But it is also in the interest of the EU to support partners in these efforts. Many of the tools required for this are in place. Others should be further strengthened, as set out below. In doing so, the EU will continue to tailor its support to the needs and aspirations of partners. The more progress a partner country makes in implementing reforms, the deeper the relationship can become, and the more support the EU should provide.

3.1. Enhancing the economic and trade component

Deeper economic integration with our ENP partners will be central to the success and credibility of the policy. From the outset, a key premise of the ENP was that economic

integration should go beyond free trade in goods and services to also include “behind the border” issues: addressing non-tariff barriers and progressively achieving comprehensive convergence in trade and regulatory areas (such as technical norms and standards, sanitary and phytosanitary rules, competition policy, enterprise competitiveness, innovation and industrial policy, research cooperation, intellectual property rights, trade facilitation customs measures and administrative capacity in the area of rules of origin, good governance in the tax area, company law, public procurement and financial services). The ENP Action Plans are a step in this direction.

FTAs covering essentially industrial goods were already concluded with Mediterranean partners in the past and negotiations have recently been launched to expand their agricultural and fisheries coverage and include services and establishment. Over time, the implementation of the ENP Action Plans, particularly on regulatory areas, will prepare the ground for the conclusion of a new generation of “deep and comprehensive free trade agreements (FTAs)” with all ENP partners, like the one which the EU intends to negotiate with Ukraine.

A deep and comprehensive FTA should cover substantially all trade in goods and services between the EU and ENP partners including those products of particular importance for our partners and should include strong legally-binding provisions on trade and economic regulatory issues. Existing Mediterranean FTAs should be expanded accordingly, to other regulatory areas. Results of trade sustainability impact assessments will be integrated into this process.

Such deep and comprehensive FTAs will need to be tailored and sequenced carefully to take account of each partner country’s economic circumstances and state of development, including a certain level of asymmetry if appropriate. In the light of their complexity and ambitiousness, deep FTAs are medium-term – and for some ENP

countries even long-term – objectives. Before engaging in negotiations on deep and comprehensive FTAs, the EU needs to consider partners’ ability to implement and sustain such agreements, as well as their level of ambition. Countries will move in this direction gradually and at different speeds, but it is important to give them all the same perspective. The objective would ultimately be that our partners share a common regulatory basis and similar degree of market access. In order to achieve this goal and to strengthen their administrative capacity, partners will have to continue their efforts towards the implementation of the trade and regulatory sections of the Action Plans. Particular attention will be given to assistance in these sectors.

This may in the first instance largely remain a bilateral approach, bilaterally between the EU and each partner, in order to take account of the great differences between partner countries’ situations. It will allow the most advanced countries to move faster without being held back by others. However, the concept is fully consistent with a longer-term vision of an economic community emerging between the EU and its ENP partners. Elements of this are already being developed around the Mediterranean through the Agadir Agreement. In the longer-term, working towards a broader Neighbourhood economic community would include such points as the application of shared regulatory frameworks and improved market access for goods and services among ENP partners, and some appropriate institutional arrangement such as dispute settlement mechanisms.

3.2. Facilitating mobility and managing migration

Even from the earliest days of the European Community, the ability of the citizens of our Member States to travel within the Community, on business, for educational purposes, or on holiday, has been vital in promoting internal trade and investment, in building mutual awareness and encouraging economic, social and cultural contacts. Mobility of persons is of the utmost

importance also for all ENP partners. The Union cannot fully deliver on many aspects of the European Neighbourhood Policy if the ability to undertake legitimate short-term travel is as constrained as it is currently. Yet our existing visa policies and practices often impose real difficulties and obstacles to legitimate travel. Long queues in front of EU consulates are a highly visible sign of the barriers to entry into the Union. Whether for business purposes, for purposes of education or tourism, science and research, for civil society conferences or even for official meetings at national or local government level, the ability to obtain short-term visas in reasonable time at reasonable cost will be an indicator of the strength of our European Neighbourhood Policy.

An enhanced ENP will therefore require a very serious examination of how visa procedures can be made less of an obstacle to legitimate travel from neighbouring countries to the EU (and vice versa). Of course this can only be addressed in the context of broader packages to address related issues such as cooperation on illegal immigration, in particular by sea, combating trafficking and smuggling in human beings, efficient border management, readmissions agreements and effective return of illegal migrants, and adequate processing of requests for international protection and asylum. But with a solid commitment from our partners to work on these prerequisites, it should be possible to offer very substantial improvements on the visa side – providing simpler and faster visa procedures for certain specific categories of travel, particularly for business, official and educational purposes – at the same time as we strengthen our joint efforts against illegal immigration.

As an illustration of what can be achieved, visa facilitation and readmission agreements were initialled with Ukraine in October 2006, while discussions with Moldova on such agreements are expected to be launched shortly. Negotiations with Morocco on a readmission agreement are almost concluded. Visa facilitation agreements are negotiated back-to-back with readmission agreements and are “tailor-made”,

responding to the specific needs of the third country concerned and provide simplification of the short-term visa issuing procedures for certain categories of persons.

Wider developments in visa policy in the EU are also relevant here, for example with negotiations between Member States on the creation of the Visa Information System which would include biometrics for visa applicants and which would enable the exchange of visa data between Member States. Moreover, the Commission has proposed several types of cooperation between Member States, including the creation of common visa-application centres, which could greatly facilitate the reception of visa applications in ENP countries.

Taking account of the need for a balanced approach and building on the dialogue on migration and visa issues foreseen in the ENP Action Plans, the Union should be willing to enter negotiations on readmission and visa facilitation with each neighbouring country with an Action Plan in force, once the proper preconditions have been met.

Distinct from the mobility issue, the ENP must have a “human face”, and citizens of the EU and of the neighbouring countries should have more opportunities to interact, and to learn more about each others’ societies and understand better each others’ cultures. The ENP cannot only be a matter for officials and politicians. On both sides of the borders, people should be able to see directly the impact of a stronger bond between the Union and its neighbours.

- Educational and youth exchanges must be a core element of the ENP, just as such exchanges have helped to build bridges and overcome prejudices within the EU. University cooperation will be supported through TEMPUS, while a new scholarship scheme for the ENP region will be launched in 2007 under Erasmus Mundus. Policy dialogue on higher education should be reinforced to support the modernisation and reform efforts of partner countries. The dissemination and exchange of best practice in this area will be further enhanced. These instruments

will help to establish an area of cooperation in higher education and contribute to convergence with EU policies, such as the Bologna Process, in which many ENP partners participate. Assistance for education reform should be strengthened, including through the European Training Foundation. A new ENP programme could also be envisaged to promote exchanges among young professionals in all walks of life, including culture and the arts, as well as among regulators. Member States will have an important part to play in supporting such activities.

- Mobility of researchers is an essential part of increasing research cooperation between the EU and the ENP countries and improving excellence. Circulation of scientists requires common action to raise awareness of opportunities for mobility grants (e.g. Marie Curie fellowships), fully exploiting existing information tools.
- More generally, civil society exchanges should also be strengthened, reaching beyond governmental contacts to build bridges in many areas – for example, contacts among trade unions, regional and local authorities (including city-twinning programmes), health practitioners, NGOs, and cultural groups. The cross-border cooperation programmes to be funded under the ENPI will play an important role here, but broader EU-wide exchanges will also be necessary. Many of these exchanges will be predominantly economic and social in character, but cultural exchanges and inter-cultural dialogue will also be important here.
- An important specific instance of these civil society exchanges will be enhanced business-to-business contacts. Employers' organisations in the EU and in ENP countries, particularly those for small and medium-sized companies, should be actively encouraged to establish closer links and transfer experience.
- Civil society participation in the ENP should go beyond exchanges and cooperation programmes. We must

encourage partner governments to allow appropriate participation by civil society representatives as stakeholders in the reform process, whether in the preparation of legislation, the monitoring of its implementation or in developing national or regional initiatives related to the ENP. At the national level, or in a broader regional context, government / civil society seminars on the challenges of reform will help build a climate of confidence.

- Visibility will also be important in strengthening the ENP, making it meaningful to the citizens of the EU and of the partner countries. The Commission has already put in place an ENP information and communication strategy. Member States should also reflect ENP objectives and achievements in their own information activities, both externally and internally.

The human dimension of the ENP is as much a matter for the Member States as for the Community. Integrating these elements in bilateral programmes, and sharing information and best practices on people-to-people activities, will enhance the image of the Union as a whole in the partner countries. To help improve the overall EU visibility of these efforts, the Commission intends to establish a “one-stop website”, linking to Member State websites, to provide simpler access to information on exchange programmes across the Union.

3.4. Building a thematic dimension to the ENP

Thus far, the ENP has been largely bilateral, between the EU and each partner country. This is essential due to the large differences between partners in terms of their political and economic situations, needs and aspirations. Such differentiation needs to remain at the heart of the policy.

Nevertheless, there are a number of cross-cutting themes where the EU and its ENP partners, both South and East, share common interests and concerns and which could usefully be addressed in a multilateral

context. In areas such as energy, transport, the environment, rural development, information society, research cooperation, public health, financial services, border management, migration or maritime affairs, problems are often not merely bilateral in nature and could benefit from common debate, action and cooperation between the EU and all or most ENP partners. These areas are important for durable growth, prosperity, stability and security.

The list of topics for such ENP-wide themes would need to be explored and debated in depth. Likewise, the ways of addressing such themes need further consideration. Some could be dealt with through relatively loose methods such as ad hoc or more regular ministerial or expert-level meetings. Others are likely to benefit from a more institutionalised or integrated setup. Attention must be paid to the effective implementation of multilateral agreements and processes, whether existing or new. Multilateral agreements between the EU and ENP partners in a small number of key sectors should be urgently considered; the most obvious examples are energy (extending the Energy Community Treaty), and transport (horizontal / global aviation agreements). The extension of networks should also be considered, ensuring their interoperability with EU systems. Another important element of the ENP is the possibility for ENP partners to participate in certain Community agencies and programmes. In an accompanying Communication on this subject², the Commission proposes a general approach to these issues.

3.5. Strengthening political cooperation

If the ENP cannot contribute to addressing conflicts in the region, it will have failed in

² As detailed in the simultaneous Commission Communication "The General Approach to enable ENP partner countries to participate in Community agencies and Community programmes", COM(2006)xx of 29 November 2006

one of its key purposes. Such conflicts can threaten the Union's own security, whether through the risk of escalation or of an exodus of refugees, or by interrupting energy supplies or cutting trade and transport links, or through the spread of terrorism and organised crime including trafficking in human beings, drugs and arms. The Union makes a very large contribution to assisting refugees and displaced persons – how much better if these resources could be used to promote sustained development. There is also a need, in the interest of all concerned, to engage Russia in closer cooperation in preventing conflicts and enhancing stability across Eastern Europe and the Southern Caucasus.

Whether in Moldova or the Southern Caucasus, the Palestinian Territories or the Middle East more generally, or the Western Sahara, the Union's neighbourhood has suffered the effects of such conflicts for many years. The ENP can never substitute for the regional or multilateral efforts underway to address these issues. But the EU must be prepared to play a more active role here, whether through full participation in such efforts (as is the case in the Quartet), or indeed through case-by-case participation in civil or military monitoring or peacekeeping operations. Border-management operations also have an important part to play here - the success of the EUBAM mission on the Moldovan border and the deployment in Rafah, for example, offer important pointers. The Commission stands ready to develop, together with the Council Secretariat, further proposals in the field of conflict resolution. The new Stability Instrument will also provide opportunities to strengthen EU involvement in these areas.

The ENP can also provide the means for a strengthened dialogue, accompanied by concrete support for reform and development, which can make its own longer-term contribution to addressing these issues. Enhanced regional cooperation (point 3.6 below) can make an important contribution in this context. In addition, there are a number of steps which could

considerably strengthen the ENP's political dimension.

- The possibility of aligning, on a case-by-case basis, with CFSP Declarations (already offered to eastern ENP partners), could be proposed also to southern partners.
- ENP partners could be invited, also on a case-by-case basis, to briefing and coordination meetings organised by the EU in international fora such as the UN, Council of Europe, and OSCE.
- An informal high-level meeting with all ENP partners with whom an Action Plan is in force could take place in 2007 serving the immediate practical purpose of launching the enhanced ENP proposed in this Communication.
- Parliamentary cooperation could also be intensified, whether between the European Parliament and national parliaments, or through the work of European political foundations.
- The Union's presence across the region could also be enhanced through the strengthening of EC and Member State diplomatic missions in ENP countries. Full Commission Delegations should be opened in all ENP countries as soon as possible.

3.6. Enhancing regional cooperation

In the Black Sea region, where Moldova, Ukraine and the countries of the Southern Caucasus come together with the EU and with Russia and Turkey, the ENP also offers great potential for dialogue and cooperation at regional level. From January 2007, when the Black Sea will form one of the borders of the Union, a strengthened regional approach will become an essential part of our neighbourhood policy. In our cooperation at regional level with the partner countries around the Black Sea (whether under the ENP, or in the case of our relations with Russia under the Strategic Partnership and with Turkey as a candidate country), the EU should be fully inclusive, whatever the formal context of its bilateral relations with these countries. Concrete sectoral issues

could be addressed through relevant initiatives e.g. mutually beneficial scientific cooperation underpinned by policy dialogue; or fora such as the International Commission for the Protection of the Black Sea.

Enhanced cooperation in the Black Sea region – a “Black Sea Synergy” – can also help to prepare the ground for overcoming long-standing regional conflicts. The Black Sea Economic Cooperation Organisation (BSEC) provides a useful platform for our dialogue and cooperation with the region as a whole. The Commission is currently examining the possibility of establishing closer contacts with BSEC, including observer status. In addition, and building on these closer contacts, it will be useful to establish a regular dialogue with BSEC at Foreign Minister level, which would help implement and develop further the Union's Black Sea regional policy. Back-to-back with these BSEC meetings, it would be useful to have gatherings between ministers of EU and Eastern ENP countries for political dialogue and discussions on ENP-related matters. The Commission intends to address the question of strengthened Black Sea dialogue further in a separate Communication next year. The “Black Sea Synergy” should take account of other regional initiatives, such as the Baku Initiative in the transport and energy fields.

Around the Mediterranean, the ENP provides a new and important complement to the longstanding regional dialogue and integration carried forward in the context of the Euro-Mediterranean Partnership. The Euro-Mediterranean Partnership has allowed the EU and its Southern neighbours to build bridges of dialogue and cooperation, at regional level, in the political, economic, commercial, social and cultural fields. The Five-Year Work Programme agreed at the 2005 Barcelona Summit, building on the ENP agenda, has already set a clear path for strengthened regional cooperation in the coming years.

Building on the Euro-Mediterranean Partnership and the Association Agreements now in place with most Mediterranean partners, the ENP has given a real

opportunity to strengthen our relations with our Mediterranean partners, acknowledging fully the different circumstances and interests of the partner countries. The jointly-agreed reform commitments set out in each of the five Action Plans currently in force (Israel, Jordan, Morocco, Palestinian Authority, Tunisia) have already borne fruit, as indicated in the respective Progress Reports. In particular, these Action Plans have set clear shared priorities, allowed us to integrate diverse topics in a unitary dialogue, and enabled real progress even in sensitive areas. With the Action Plans with Egypt and Lebanon now being finalised, the bilateral aspect of Euro-Mediterranean relations will be on a par with the regional aspect. Furthermore, synergies to support economic reforms and sustainable growth in the Mediterranean could be sought with other economic areas, such as the Gulf Cooperation Council, where resources and investment can be jointly mobilised for this purpose.

Both around the Mediterranean and the Black Sea, the greater flexibility offered by the new cooperation instruments will be of great importance. For example, the new cross-border cooperation programmes being established under the ENPI will for the first time offer a real possibility of promoting grass-roots cooperation among local and regional authorities, on both sides of the these Seas, and addressing issues of common concern – such as the environment, transport and communications, maritime safety, the marine environment, regional economic development, tourism, and socio-cultural exchanges.

We should also look beyond the Union's immediate neighbourhood, to work with "the neighbours of our neighbours". In Central Asia, for example, or in the Gulf, the new instruments (both ENPI and DCI) will be able to fund regional cooperation activities including countries in both regions – this could be of particular importance in sectors such as energy, transport, environment and research policy. More generally, private and public investment and funding, to sustain the development and modernisation needs of our immediate

neighbours, could be attracted. Similar considerations also apply beyond the North African ENP countries, in the context of the EU-Africa Strategy, where broader regional cooperation programmes and cooperation in areas like migration, infrastructure, energy and peace and security will be of great interest. Looking beyond such regional cooperation activities, consideration might also be given to building a comparable agenda for dialogue and reform with Kazakhstan, in response to their expressed interest. Central Asia will be addressed in a forthcoming policy document.

3.7. Strengthening financial cooperation

From 2007, our cooperation with neighbouring countries will be funded under the European Neighbourhood and Partnership Instrument (ENPI), together with the new lending mandate of the European Investment Bank. Both will represent a significant improvement on what has gone before. The ENPI, for example, will be considerably more flexible than previous instruments (particularly so in comparison with TACIS), and will represent an increase in resources over what was previously available (an increase of some 32%, in constant prices, comparing 2007-13 with 2000-06). Other new cooperation instruments (human rights, nuclear safety, as well as thematic programmes) will also be available for ENP partners. The new EIB mandate should bring increased support for Eastern Europe and the Southern Caucasus, although likely to be significantly less than that originally proposed by the Commission.

The funding available to support the ENP reform agenda will still be relatively modest, notwithstanding the ENP's ambition to address a very comprehensive reform agenda. Private investment flows to most countries of the region also remain disappointingly low, as does their capacity to finance crucial infrastructure.

It is therefore essential to maximise the impact and leverage of EU funding – being more innovative in the type of actions supported, seeking synergies between ENPI and other EU funds as well as with Member

States and their financing institutions, with IFIs and other donors.

In order to reward progress in implementing reforms and to leverage financial assistance available for investment from IFIs and other donors, the Commission intends to introduce two innovative financing mechanisms, with a significant part of ENPI funding being set aside to support governance and investment facilities. Detailed proposals will be presented during the programming exercise, but in principle, over the period 2007-13, the Commission intends to set aside:

- An amount of €300m (some €43m per year, on average) for a Governance Facility, intended to provide additional support, on top of the normal country allocations, to acknowledge and support the work of those partner countries who have made most progress in implementing the agreed reform agenda set out in their Action Plan. In line with an assessment of progress made in implementing the (broadly-defined) governance aspects of the Action Plans, this funding would be made available to top-up national allocations, to support key elements of the reform agenda; this will help reformist governments to strengthen their domestic constituencies for reform.
- An amount of €700m (some €100m per year, on average) for a Neighbourhood Investment Fund, building on the FEMIP2, to be used to support IFI lending in ENP partner countries. This fund would provide grant support for lending operations by institutions such as (in the context of its new external lending mandate), EBRD and possibly Member-development-finance institutions, in line with established EU priorities. It is estimated such a fund could leverage as much as four to five times the amount of grant dedicated to it in concessional lending for investment projects in ENP partner countries, priority sectors as identified in the Action Plans. Concrete support from Member adding their own grant funding to the EC contribution to the Trust Fund, will be desirable in reflecting the Union's political

backing for an enhanced ENP. If States were to match the EC contribution, the Facility could generate very substantial amounts of concessional lending. The governance of such a Trust Fund could involve contributors in accordance with their contribution and the degree of coordination of policies towards the region with the ENP. Coordination between the Neighbourhood Investment Fund and the EU-Africa Infrastructure Trust Fund will allow coherence synergy.

In keeping with ongoing efforts to enhance coordination among EU donors as a group, Member States should increasingly align their own cooperation programmes on the agreed priorities and reform agendas established in the ENP Action Plans. Continued coordination with World Bank activities should also be ensured.

4. CONCLUSIONS

In the two years since its inception, the progress achieved under the ENP has confirmed the great potential of this long-term policy. We need now to turn this potential into a reality by enhancing the credibility and impact of the policy.

The ENP remains distinct from the process of EU enlargement. For European ENP partners, the ENP does not in any way prejudice the possible future development of their relationship with the EU, in accordance with Treaty provisions. Independently of such a perspective, we must work towards successful implementation of agreed reform agendas to bring all of our neighbours closer to the Union.

To support our neighbours in pursuing demanding and costly reform agendas, we must be able to present a more attractive offer on our side. We can do more in relation to economic and commercial issues, to visa-facilitation and migration management to people-to-people contacts and contacts among administrators and regulators. More on political cooperation and regional cooperation, and more on financial cooperation. Some of these actions will have

a certain cost, but this cost is not prohibitive - and is certainly much less than the cost of inaction.

To achieve this, Member States will need to play their part – the enhancements proposed here will require both full political commitment and a commensurate economic and financial commitment. The Commission is also taking the necessary measures to ensure that ENP policy considerations are fully integrated into all aspects of its own work. The Commission looks forward to discussing these ideas further with Council and Parliament. At the same time, it will be important to pursue an open dialogue with our partner countries, in order to enhance the mutual ownership of the ENP. The Commission intends to organise a high-level conference to this effect in 2007.

As is shown in the Progress Reports, our partner countries have already confirmed their own commitment, through the adoption and initial implementation of the ambitious ENP Action Plans. For the Union to be able to support them adequately in their reform processes, to encourage and reward progress, it will be imperative to ensure that the potential of the ENP is matched by its reality. The proposals set out above will represent a robust offer to our ENP partners, which is clearly in the Union's interest.

European Parliament's resolution on the Commission's Communication on the Enlargement Strategy and Main Challenges 2006–2007 (Brussels, 29 November 2006)

The European Parliament,

- *having* regard to the Commission's Communication on the Enlargement Strategy and Main Challenges 2006–2007 (COM(2006)0649),
- *having* regard to its resolution of 27 September 2006 on Turkey's progress towards accession,

- *having* regard to the Presidency conclusions of the Copenhagen European Council of 21-22 June 1993 and of the Madrid European Council of 15-16 December 1995, of the Luxembourg European Council of 12-13 December 1997, of the Thessaloniki European Council of 19-20 June 2003 and of the Brussels Councils of 16-17 December 2004, 16-17 June 2005 and 15-16 June 2006,
- *having* regard to its resolution of 16 March 2006 on the 2005 enlargement strategy paper,
- *having* regard to its resolution of 19 January 2006 on the period of reflection ,
- *having* regard to Rule 45 of its Rules of Procedure,
- *having* regard to the report of the Committee on Foreign Affairs (A6-0436/2006),

Whereas:

A. the European Union is a political project based on shared values and commonly pursued objectives,

B. the EU has evolved into a political union of democracies which is itself committed to democratic standards and to developing a vivid democratic culture,

C. the incentive offered by the prospect of EU membership has undeniably contributed to the promotion of reforms, the consolidation of democracy, increased respect for human rights and increasing stability in neighbouring countries,

D. the Thessaloniki European Council of 19-20 June 2003 reaffirmed the commitment to full implementation of the Thessaloniki agenda, and the Brussels European Council of 15-16 June 2006 reaffirmed the intention to honour the existing commitments made to the South-East European countries (Turkey and Croatia, countries with which accession negotiations are underway, the Former Yugoslav Republic of Macedonia/FYROM, as candidate country, and the Western Balkans countries, as potential candidates) concerning enlargement, while emphasising the need to ensure that the Union "is able to

function politically, financially and institutionally as it enlarges",

E. the EU must proceed from its irreversible commitment to democracy and from its understanding that democracy only functions if the *demos* – the citizenry of Europe – recognises and supports its own enlargement through the accession of new Member States and integration of their citizens,

F. the European Parliament, in conjunction with national parliaments, and with the support of regional and local authorities and civil society bodies, can contribute to improving transparency and accountability of the enlargement process and thereby increase public consensus on this issue,

G. enlargement should – as laid down in the Treaty – contribute to the European integration process and to the achievement of an ever closer union among the peoples of Europe but not undermine the political nature of this project; it should promote peace, security, stability, democracy and prosperity in Europe,

H. for that reason, the Union's integration capacity must be taken into account when consideration is given to the future of the Union,

I. the declaration issued at the European Council in Copenhagen of 21-22 June 1993 mentioned as an important consideration 'the Union's capacity to absorb new members, while maintaining the momentum of European integration',

J. Member States and the EU Institutions must address courageously the institutional, financial and political factors which underlie the Union's capacity to integrate new Member States,

K. this presupposes a thorough analysis of the implications which increased membership may entail for the Union's cohesion policies and for its finances,

L. integration capacity is an evolutionary concept which must be assessed regularly in the light of new circumstances,

M. integration capacity is based on objective criteria and addresses real problems and therefore should not be confused with public perception of the impact of further enlargements,

N. integration capacity is not a new criterion applicable to the candidate countries but a pre-requisite for the success of enlargement and for deepening the process of European integration; responsibility for improving its integration capacity lies with the Union and not with the candidate countries,

O. acceding and candidate countries must comply with the accession criteria established by the Copenhagen European Council (Copenhagen criteria) and all other obligations stemming from the Treaties and bilateral agreements,

1. *Agrees* with the Commission that past enlargements have been a success, have strengthened the European Union by stimulating its economic growth, reinforcing its role in the world and promoting the development of new EU policies, and have promoted democracy, peace and prosperity in Europe; emphasises that enlargement in general is among the most effective instruments of foreign policy and conflict prevention policies of the EU; recalls that this success derives from the widespread support for past enlargements as the fulfilment of the initial mission of European integration to reunite the European continent after the political divisions of the twentieth century;

2. Notes nevertheless that lessons can be learned from past experience, notably the need to judge each candidate country on its own merits and to negotiate its accession in accordance with a timetable based on effective compliance with the Copenhagen criteria, as well as the need to avoid setting too early a date for final accession;

3. *Believes* that these lessons should be used to improve the quality and transparency of the enlargement process;

4. *Is of the opinion* that the Union should honour its commitments to the countries which already have membership prospects, provided that those countries comply with the Copenhagen criteria and fulfil the obligations arising therefrom; emphasises that fulfilment of these commitments is a strong incentive for those countries to pursue their reforms;

5. *Agrees* that consolidation, conditionality and communication are the guiding principles of the EU's enlargement strategy; is of the view that any further commitment to enlarge will require far more in-depth scrutiny than ever before of the question of the Union's integration capacity, be it from an institutional, financial or political standpoint;

6. Therefore *regrets* the Commission's failure to provide a sufficiently in-depth analysis of the issues which need to be resolved before the Union can proceed with further enlargements;

7. *Considers* the 'Special report on the EU's capacity to integrate new members' in Annex I of the Communication, an unsatisfactory answer to Parliament's request, in paragraph 5 of its abovementioned resolution of 16 March 2006, for a 'report ... setting out the principles which underpin this concept';

8. *Is of the opinion* that the integration capacity of the Union rests fundamentally on three pillars, namely its institutions and their legitimacy and ability to act and take decisions democratically and efficiently under new circumstances, its financial resources and their overall contribution to economic and social cohesion, and the capacity of an enlarged Union to pursue its political objectives;

9. *Recalls* that responsibility for improving its integration capacity therefore lies with

the Union and not with the candidate countries;

10. *Believes* that the EU can only expect its citizens to have a positive attitude towards enlargement if they see a Europe that delivers results; emphasises, therefore, that integration capacity cannot be seen in isolation from the EU's capacity to act; considers that enlargement should be a part of the Union's Citizens' Agenda and should be communicated accordingly;

11. *Considers* that the Union's proper functioning rests on the unqualified adherence of all its members to the universal values that underlie the EU as a political project: the inalienable and inviolable rights of the human person, freedom, democracy, equality and the rule of law which make up the European identity;

12. *Believes* that any failure to ensure that the EU's integration capacity matches its enlargement agenda would weaken the Union internally and externally and reduce the benefits of increased membership for all its members, and that this effect would not be compensated by increased external size;

13. *Criticises* the Commission for the superficial way in which it deals with the institutional aspects, and refers in this respect to its resolution of 13 December 2006 on the institutional aspects of the EU's capacity to integrate new Member States;

14. *Recalls* the terms of its abovementioned resolution of 19 January 2006 and reaffirms that, following the accession of Bulgaria and Romania, the Treaty of Nice will not provide an adequate basis for further enlargements;

15. Therefore *urges* the Heads of State and Government to conclude the constitutional process by the end of 2008, as stated at the European Council in Brussels of June 2006, in order to enable the Union to work more effectively, more transparently and more democratically, which is a pre-requisite for further enlargements;

16. *Reminds* Heads of State and Government of their duty to complete this process before the next European elections, so as to avoid delay in current accession negotiations;

17. *Emphasises* that the institutional reform of the Union is a need per se, regardless of further enlargements, and should be pursued rigorously and expeditiously;

18. *Confirms* that accession negotiations will progress according to the merits and achievements of each negotiating partner;

19. *Welcomes* and supports the Commission's commitment to improve the quality of the accession process by making it more benchmark-driven and transparent and by systematically making impact assessments on key policy areas at key stages of the process;

20. *Takes the view* that the planned revision of the Union's budget in 2008/2009 must take account of the future integration of the current candidate and pre-candidate countries;

21. *Points out* that the Commission's Communication does not deal thoroughly with the financial implications of further enlargements and calls on the Commission to provide clear and credible estimates of the budgetary implications before any further accession;

22. *Reiterates* that this debate involves difficult issues which might have implications for the Union's common policies, including its cohesion policies;

23. *Takes* the view that the financial implications of further enlargements, the complexity of which has been implicitly recognised by Heads of State and Government when they declined to take them into account in the 2007-2013 financial framework, must be urgently addressed; calls on the General Affairs and ECOFIN Councils to hold a joint debate on this issue;

24. *Emphasises* that compliance with the political criteria set out at the Copenhagen European Council, including in the area of the rule of law, should be given greater priority than has hitherto been the case in accession negotiations, and that a direct link should be established between those criteria and the start, as well as the overall pace, of negotiations;

25. *Welcomes* in this respect the inclusion in the current negotiating framework of a chapter on Judiciary and Fundamental Rights, covering the political issues, which will enable EU institutions to closely scrutinise progress in these crucial areas;

26. *Is of the opinion* that in previous enlargements progress in the fields of justice, corruption and fundamental rights did not receive enough attention in the early phases of negotiations; pledges to take a much more active role in monitoring the accession process, with particular emphasis on its political aspects, and calls upon the Council to do the same and to issue clear and duly reasoned recommendations to candidate countries, rather than merely take note of technical progress in the negotiations;

27. *Recalls* the clear European membership prospects which the Thessaloniki European Council of 19-20 June 2003 offered to the western Balkan countries; remains fully committed to these prospects which have to be maintained in order to consolidate stability and peace in the region; reminds those countries that they will each be assessed on the basis of their own merits and that this will determine the pace of their integration into the EU;

28. *Welcomes* the Council's decision of 13 November 2006 to adopt the negotiation mandates for visa facilitation and re-admission agreements with western Balkan countries as a first step in promoting people-to-people contacts between those countries and the EU; emphasises, however, that the objective is visa-free travel;

29. *Welcomes* the continued progress made by the candidate country Croatia towards EU integration and calls on the negotiators on both sides to maintain the momentum achieved in these negotiations, with a view to their early conclusion;

30. *Notes* the Commission's Turkey 2006 Progress Report, which, whilst stating that political reforms in Turkey have continued, points out that their pace has slowed down and confirms the shortcomings in the reform process already laid out in Parliament's abovementioned resolution of 27 September 2006 on Turkey's progress towards accession; insists that this also includes the ratification and full implementation by Turkey of the Additional Protocol extending the EC-Turkey Association Agreement to the ten new Member States, signed by Turkey in July 2005, in compliance with the EU Declaration of 21 September 2005;

31. *Stresses* that the Turkish refusal to fully comply with the terms of the Additional Protocol is seriously endangering the good progress of the accession negotiations; points out that the Council decision not to open the negotiations on eight important chapters covering policy areas relevant to Turkey's restrictions as regards the Republic of Cyprus and not to close provisionally any chapters is an unavoidable consequence of Turkey's position on this issue; urges Turkey to cooperate in a constructive way to ensure full implementation of the Additional Protocol as soon as possible; welcomes in this respect the invitation addressed to the Commission to submit yearly reports on progress made in addressing the issues covered by the EU declaration of 21 September 2005;

32. *deplors* the fact that the efforts of the Finnish Presidency to find a solution to the current stalemate regarding the full implementation of the Additional Protocol the one hand and further alleviating the isolation of the Turkish Cypriot Community on the other were not successful; calls on the German Presidency to continue these efforts

with determination in close co-operation with UN efforts;

33. *Takes the view* that the European Union must be prepared to adopt a timetable to ensure that the above goals can be achieved within a reasonable period of time;

34. *Urges* the Council to take on new commitments only on the basis of an in-depth assessment of their institutional, financial, political and socio-economic consequences; therefore calls on the Commission to provide comprehensive impact assessments whenever it considers new applications for membership and when it submits its recommendations on the opening and closing of negotiations;

35. *Recalls* that, during accession negotiations, when the Council, acting by unanimity on a proposal of the Commission, lays down benchmarks for the opening and provisional closure of each chapter, Member States should act even-handedly with regard to all accession countries;

36. Believes that Parliament's right of assent should apply not just after the conclusion of the negotiation process but also before the opening of membership negotiations;

37. *Notes* that, as the EU continues to conduct, and open, enlargement negotiations with the countries of the Balkans, tackling endemic corruption and regional organised crime networks will become an increasingly important feature on the road to accession; strongly recommends, therefore, that current enlargement financial instruments are strengthened and re-focused so as to target, as a top priority, the fight against corruption and organised crime, with particular emphasis on reforming judiciaries, reinforcing public administrative capacity and improving cross-border cooperation;

38. *Reminds* Member States' governments and national parliaments that it is their responsibility to inform the public adequately about the benefits of past enlargements and the stakes involved in further enlargements, and that they should

provide the public with reasons for the decisions they take, unanimously, throughout the accession process;

39. Therefore *calls* on the Commission to work together with Member States, the European Parliament and national parliaments in order to communicate the enlargement agenda more effectively to the public, thus improving the transparency of the process;

40. *Welcomes* the recommendation made by the Commission that screening reports, benchmarks for opening negotiation chapters and the final EU common position be made public;

41. Urges the Commission to provide a more precise definition of its 'reinforced Neighbourhood Policy' and to specify in detail what this type of relationship would involve;

42. *Reiterates* its previous call on the Commission and the Council to submit, for all European countries currently having no membership prospects, proposals for a close bilateral or multilateral relationship with the EU that matches their specific needs and interests; emphasises that it is up to all countries with recognised membership prospects whether or not to join this multilateral framework as an intermediate step towards full membership;

43. *Calls* in this context on the Commission and the Council to consider establishing, as part of a reinforced Neighbourhood Strategy, and in addition to the strategies concerning relations with other countries, an overall EU regional policy in the wider Black Sea area in order to build stronger bilateral or multilateral economic and political relations between the EU and all the countries of this area, particularly with regard to free trade, as is the case for the Central European Free Trade Agreement, investment, energy security and migration policy;

44. *Is of the opinion* that the above options, which entail a broad spectrum of operational possibilities, could constitute a real and

attractive option which, without excluding full membership, would grant partner countries a stable long-term perspective of institutionalised relations with the EU and provide the incentive necessary to foster the internal reforms required in the countries in question;

45. *Invites* the Commission and the Council in this context to consider modulating Community assistance in the light of the progress made by beneficiary countries in achieving the reforms required for their European integration;

46. *Emphasises* that while Russia is neither a candidate for EU membership nor part of the European Neighbourhood Policy, relations with the EU's largest neighbour nevertheless remain vital in the context of any future EU enlargement strategy; urges that in this context the EU must continue all attempts to develop a unique, wide-ranging partnership with Russia, encompassing trade and energy, but above all human rights and democratisation issues;

47. *Instructs* its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States, accession states and candidate states.

BSEC Agreed Documents
(Last Updated, 12 February 2007)

The ICBSS just issued a document titled "BSEC Agreed Documents" which lists all such documents since the Organisation's inception in 1992. The text which can be found in the Library section of the ICBSS' website under the heading BSEC Agreed Documents will progressively become interactive as a full text version of all documents will be uploaded over time. It will also be updated regularly to include any new agreed documents BSEC member states sign.

The agreed documents referred to here below are classified into two categories,

legally and non-legally binding documents. The legally binding documents encompass the Resolutions of the Council of the Organisation of the BSEC by which “all Member States shall abide” and the Decisions of the Council of the Organisation of the BSEC by which “all Member States who have voted in favor shall abide” (art. 17, para. 3 and art. 18, para. 3 of the Rules of Procedure). The legally binding documents also encompass the conventional texts concluded in the framework the Organisation of the BSEC as well as those to which the Organisation is a contracting party. Under the same category are classified the “basic instruments” of the BSEC Related Bodies, that are binding upon them by virtue of the BSEC Charter (art. 19). The agreed policy documents that are not formally covered by one of the aforementioned forms of legally binding acts are designated by the usual term “politically binding”.

I. Institutional

Inter-governmental dimension

Legally Binding

- Charter of the Organisation of the Black Sea Economic Cooperation (Yalta, 5 June 1998)
- Additional Protocol on the Privileges and Immunities of the Organisation of the Black Sea Economic Cooperation (Tbilisi, 30 April 1999)
- Headquarters Agreement between the Organisation of the Black Sea Economic Cooperation and the Government of the Republic of Turkey (Chisinau, 27 April 2000)
- Rules of Procedure of the Organisation of the Black Sea Economic Cooperation (Kyiv, 22 October 1997)
- Regulations for the Staff of the Organisation of the Black Sea Economic Cooperation (Thessaloniki, 27 October 1999)
- Financial Regulations and Procedures of the Permanent International Secretariat of the Organisation of the Black Sea Economic Cooperation (Moscow, 27 April 2001)

Politically Binding

SUMMIT DECLARATIONS

- Decennial Summit Declaration “Looking Beyond Ten Years of Cooperation and Progress” (Istanbul, 25 June 2002)
- Istanbul Summit Declaration (Istanbul, 17 November 1999)
- Yalta Summit Declaration (Yalta, 5 June 1998)
- Moscow Declaration of the Heads of State or Government of the Participating States of the Black Sea Economic Cooperation (Moscow, 25 October 1996)
- Statement of the High Level Meeting of the BSEC Participating States (Bucharest, 30 June 1995)
- Summit Declaration on the Black Sea Economic Cooperation (Istanbul, 25 June 1992)
- The Bosphorus Statement (Istanbul, 25 June 1992)

STATEMENTS AND DECLARATIONS IN THE FRAMEWORK OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS OF THE ORGANISATION OF THE BLACK SEA ECONOMIC COOPERATION

- Declaration of the Ministers of Foreign Affairs of the Member States of the Organisation of the Black Sea Economic Cooperation (Moscow, 1 November 2006)
- Bucharest Statement. BSEC Towards Its 15th Anniversary (Bucharest, 26 April 2006)
- Komotini Statement of the Council of Ministers of Foreign Affairs of the Member States of the Organisation of the Black Sea Economic Cooperation (Komotini, 23 April 2005)

Parliamentary Assembly of the Black Sea Economic Cooperation

Politically Binding

- Declaration on the Establishment of the Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) (Istanbul, 26 February 1993)

Legally Binding

- Host Country Agreement between the Organisation of the Black Sea Economic Cooperation (BSEC) and the Government of the Republic of Turkey for the International Secretariat of the Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) (Kyiv, 25 April 2002)
- Protocol Concerning the Privileges and Immunities of the Parliamentary Assembly of the Black Sea Economic Cooperation (Baky, 31 October 2003)

BSEC Business Council

Legally Binding

- Statute and Rules of Procedure of the Business Council of the Organisation of the Black Sea Economic Cooperation (Komotini, 20 April 2005)

Black Sea Trade and Development

Bank

Legally Binding

- Agreement Establishing the Black Sea Trade and Development Bank (Tbilisi, 30 June 1994)
- Headquarters Agreement between the Government of the Hellenic Republic and the Black Sea Trade and Development Bank (Athens, 13 August 1998)

International Centre for Black Sea

Studies

Legally Binding

- Statute of the International Centre for Black Sea Studies (Athens, 29 October 1998)

II. Sectoral

General Policy

Legally Binding

- BSEC Economic Agenda for the Future: Towards a more consolidated, effective and viable BSEC partnership (Moscow, 27 April 2001)

Cooperation in combating crime and terrorism

Legally Binding

- Agreement among the Governments of the Black Sea Economic Cooperation participating states on Cooperation in Combating Crime, in particular in its organised forms (Kerkyra, 2 October 1998)
- Additional Protocol to the Agreement among the Governments of the Black Sea Economic Cooperation participating states on Cooperation in Combating Crime, in particular in its organised forms (establishing the Network of Liaison Officers, Kyiv, 15 March 2002)
- Additional Protocol on Combating Terrorism to the Agreement among the Governments of the Black Sea Economic Cooperation participating states on Cooperation in Combating Crime, in particular in its organised forms (Athens, 3 December 2004)

Politically Binding

- Statement of the Council of Ministers of Foreign Affairs of the Organisation of the Black Sea Economic Cooperation (BSEC) on Joint Measures in Combating International Terrorism (Antalya, 26 October 2001)**
- Joint Declaration of the Ministers of Interior/Public Order of the Member States of the Organisation of the Black Sea Economic Cooperation (BSEC) on combating trafficking in human beings (Athens, 3 December 2004)
- Joint Statement adopted at the fifth meeting of the Ministers of Internal Affairs/Public Order of the Black Sea Economic Cooperation (BSEC) Member States (Kyiv, 15 March 2002)
- Statement of the Council of Ministers of Foreign Affairs of the Organisation of the Black Sea Economic Cooperation (BSEC) on joint measures in combating international terrorism (Antalya, 26 October 2001)
- Joint Statement adopted at the fourth meeting of the Ministers of Internal Affairs/Public Order of the Black Sea

Economic Cooperation (BSEC) Member States (Poiana Brasov, 28 April 2000)

Education

Legally Binding

- Memorandum of Understanding on Cooperation among Diplomatic Academies and Institutes of the Ministries of Foreign Affairs of the Member States of the Organisation of Black Sea Economic Cooperation (adopted at working level in Belgrade, on 31 January 2007, subject to approval by the Council)

Politically Binding

- Joint Athens Declaration of the Ministers Responsible for Education of the BSEC Member States on Cooperation in Higher Education and University Research (Athens, 29 September 2005)
- Joint Baky Declaration of the BSEC Ministers of Education (Baky, 16 April 2004)

Emergency assistance

Legally Binding

- Agreement among the Governments of the participating states of the Black Sea Economic Cooperation (BSEC) on collaboration in Emergency Assistance and Emergency Response to natural and man-made disasters (Sochi, 15 April 1998)
- Additional Protocol to the Agreement among the Governments of the participating states of the Black Sea Economic Cooperation (BSEC) on collaboration in Emergency Assistance and Emergency Response to natural and man-made disasters (establishing a Network of liaison Officers, Kyiv, 20 October 2005)

Politically Binding

- Joint Statement of Ministers and Heads of Emergencies and Rescue Governmental Agencies of the BSEC Member States (Sochi, 7 June 2006)
- Joint Statement of Ministers and Heads of Governmental Agencies in charge of Prevention and Elimination of Consequences of Emergencies of the

Republic of Armenia, the Republic of Azerbaijan, the Republic of Bulgaria, Georgia, the Republic of Moldova, the Russian Federation and Ukraine (Sochi, 16 May 2002)

Energy

Legally Binding

- Memorandum on Cooperation of the Black Sea Economic Cooperation participating states in the field of Electric Power Industry (Yerevan, 15 April 1998)

Politically Binding

- Statement of Ministers of Energy of the Member States of the Organisation of the Black Sea Economic Cooperation (BSEC) (Sochi, 27 September 2006)
- Alexandroupolis Declaration on energy cooperation in the BSEC region (Alexandroupolis, 4 March 2005)
- Baky Declaration on energy cooperation on the BSEC region (Baky, 19 September 2003)

Environment

Politically Binding

- Declaration of the Ministers of Environment of the BSEC Member States (Bucharest, 3 March 2006)
- BSEC Action Plan for Cooperation in the Field of Environmental Protection (Bucharest, 3 March 2006)

Institutional Renewal and Good

Governance

Politically Binding

- Joint Declaration on institutional renewal and good governance of the Ministers in charge of Public Administration and the Ministers of Justice of the Member States of the Organisation of the Black Sea Economic Cooperation (Athens, 21 February 2005)

Science and Technology

Politically Binding

- Declaration of the Ministers Responsible for Science and Technology of the BSEC

- Member States (Athens, 28 September 2005)
- Action Plan on Cooperation in Science and Technology (Athens, 28 September 2005)

Small and Medium-Sized enterprises

Politically Binding

- Declaration on Small and Medium-Sized enterprises at the dawn of the 21st Century and Joint Ministerial Statement of the Organisation of the Black Sea Economic Cooperation (Istanbul, 27 September 2001)

Tourism

Politically Binding

- Rhodos Declaration of the Ministers of Tourism of the Member States of the Organisation of the Black Sea Economic Cooperation (Rhodos, 31 March 2005)
- Declaration of the Ministers of Tourism or Heads of Delegations of the BSEC Members States (Tirana, 27 September 2002)

Trade

Politically Binding

- Declaration of Intent for the establishment of the BSEC Free Trade Area (Istanbul, 7 February 1997)

Transport

Legally Binding

- Memorandum of Understanding on facilitation of road transport of goods in the BSEC region, (Kyiv, 6 March 2002)
- Memorandum of Understanding on the Development of the Motorways of the Sea at the BSEC Region (approved, Moscow, 1 November 2006)
- Memorandum of Understanding for the Coordinated Development of the Black Sea Ring Highway (approved, Moscow, 1 November 2006)

Politically Binding

- Joint Declaration on Cooperation in the Sphere of Transport in the BSEC Region (Sochi, 27 September 2006)

- Joint Declaration on the further developments in the field of Transport in the BSEC Region (Bucharest, 15 March 2006)
- Joint Declaration on the connection of the Black Sea Transport Network with the Trans-European Transport Network within the framework of the Euro-Asia Transport Links (Thessaloniki, 28 January 2005)
- Baky Declaration on the Development of Transport Cooperation in the Black and Caspian Seas Region (Baky, 3 October 2003)
- Declaration of the Second International Black Sea Transport Conference (Kyiv, 5-6 March 2002)
- Joint Statement of the Ministers of Transport of the BSEC Member States (Sochi, 30 March 2001)
- Transport Action Plan for the Organisation of the Black Sea Economic Cooperation (Sochi, 30 March 2001)

III. Documents on BSEC cooperation with other Organisations

BSEC-EU

- BSEC – EU Interaction: The BSEC Approach (Istanbul 17 January 2007)
- Declaration of the Ministers of Foreign Affairs of the Member States of the Organisation of the Black Sea Economic Cooperation on the enhancement of cooperation with the European Union, 13th Council of Ministers of Foreign Affairs of the BSEC Member States (Chisinau, 28 October 2005)
- Platform for Cooperation between the BSEC and the EU (Tbilisi, 30 April 1999)

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- Memorandum of Understanding between the European Commission and the Black Sea Trade and Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the International Bank for Reconstruction

and Development, the International Finance Corporation, the Nordic Investment Bank on Co-operation for Eastern Europe and Southern Caucasus, Russia, and Central Asia (signed by the BSTDB on 20 December 2005)

- Amended Memorandum of Understanding between the European Commission, in Liaison with the European Investment Bank, the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, the International Finance Corporation, the Nordic Investment Bank, the Nordic Environment Finance Corporation, the Council of Europe Development Bank and the Black Sea Trade and Development Bank on Cooperation in (I) Economic Development of the New EU Member States of Central and Eastern Europe, Cyprus, Malta, and (II) Accession Preparation in the EU candidate and Potential Candidate Countries (signed by the BSTDB on 20 December 2005)

BSEC-UNIDO

- Relationship Agreement between the Black Sea Economic Cooperation (BSEC) and the United Nations Industrial Development Organization (Istanbul, 8 September 1997)

BSEC-UN/ECE

- Cooperation Agreement between the Organisation of the Black Sea Economic Cooperation (BSEC) and the United Nations Economic Commission for Europe (Istanbul, 3 July 2001)

BSEC-UNEP

- Cooperation Agreement between the Organisation of the Black Sea Economic Cooperation (BSEC) and the United

Nations Environmental Programme (Istanbul, 20 February 2002)

BSEC-UNDP

- Agreement between the Black Sea Economic Cooperation (BSEC) and the United Nations Development Programme (UNDP) on “Supporting cross border cooperation within the Black Sea region” project to be implemented jointly by the UNDP, the contributing member states and the BSEC (signed by the two Organizations in Istanbul, 29 November 2006)

BSEC-World Bank

- Joint Letter between the Organisation of the Black Sea Economic Cooperation (BSEC) and the World Bank’s Europe and Central Asia Region (ECA) on BSEC - World Bank Cooperation: Framework and Structure (disseminated on 1 February 2005)

BSEC-Eurasian Economic Community

- Memorandum of Understanding between the Permanent International Secretariat of the Organisation of the Black Sea Economic Cooperation (BSEC PERMIS) and the Secretariat of the Integration Committee of the Eurasian Economic Community (SIC EAEC) (Istanbul, 18 December 2006)

BSEC-OECD

- Agreement between the Organization of the Black Sea Economic Cooperation (BSEC) and the Organisation for Economic and Cooperation Development (OECD) Development Center on “Black Sea and Central Asia Outlook” project to be implemented jointly by the OECD, OSCE and BSEC (approved Moscow, 1 November 2006)

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3. International Crisis Group. "Abkhazia: Ways Forward", *Europe Report* N°179, International Crisis Group, Tbilisi, January 2007
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5. Asmus, D. Ronald (ed.). *Next Steps in Forging a EuroAtlantic Strategy for the Wider Black Sea*, German Marshal Fund of the United States, Washington D.C., 2006
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