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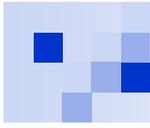
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MAKING BLACK SEA SYNERGIES WORK

The mutual expressions of enhanced interest to move ahead with the relations between the [European Union](#) and the countries of the wider Black Sea area have grown remarkably over the past two years and in particular over the last six months. This new situation needs to be acted upon. (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.



The ongoing developments, which in a way encapsulate a renewed EU commitment to better relations with its Eastern neighbours and the Black Sea region, also had implications on the institutional front. In quick succession, the European Commission issued two relevant Communications: one on 4 December 2006 on [Strengthening the European Neighbourhood Policy](#) and another on 11 April 2007 on [Black Sea Synergy – A New Regional Cooperation Initiative](#). Taken together, the two documents spell out the Commission's priorities toward the Black Sea area.

Simultaneously, the [Organisation of the Black Sea Economic Cooperation](#) has, since October 2005, repeatedly reaffirmed its intention to enhanced cooperation with the European Union, reiterating a policy objective that was first formulated in October 1996 by the BSEC Member States. This time, the Organisation of the BSEC came up, on 17 January 2007, with a concrete policy document titled [BSEC-EU Interaction: The BSEC Approach](#).

Over the last 6 months, three major institutional contacts between the BSEC and the EU took place. The first of these was a dedicated meeting of the EU COEST Working Party on 4 December 2006, with the participation of the BSEC Troika. The second was a meeting, on 23 March 2007, of the BSEC Committee of Senior Officials with representatives of the EU Troika (in open format) held in Istanbul. The third was a meeting, held in Brussels on 21 May 2007, of the EU COEST Working Party with the BSEC Troika in expanded format. It should be noted that such a privilege has not been extended to any other organisation that is active in the wider Black Sea area. The ICBSS has participated in all three aforementioned meetings.

Now that the BSEC policy document on [BSEC-EU Interaction: The BSEC Approach](#) and the European Commission's Communication on [Black Sea Synergy – A New Regional Cooperation Initiative](#) are both in the public domain, we move on from

the declaratory phase of interaction between the BSEC and the EU into the realm of concrete deeds with an eye to the future. It is timely and legitimate, therefore, to begin asking ourselves a number of new questions.

- Which specific areas of interaction belong to the domain of policy dialogue? Which ones make coordination necessary and possible? Which ones allow for immediate cooperative action?
- What should be the forms of BSEC involvement, as a representative regional organisation, with the various regional EU-sponsored programmes/initiatives such as the Baku Initiatives for energy and transport, TRACECA, INOGATE, the Black Sea Commission, and others?
- What steps should the BSEC take in its relations with other neighbouring regions such as Southeastern Europe or Central Asia or sub-regions such as the Danube basin?
- How could enhanced cooperation with the EU impact on the positive resolution of the outstanding issues, including “frozen conflicts” in the region and what, if any, the BSEC's role could be?
- How to make interparliamentary dialogue more substantive?
- How to build up further the BSEC's capacity in terms both of institutional and human resources through targeted reforms in order to cope with the challenges of enhanced interaction?
- What should be the role of the EU member states that have Observer status with the BSEC?
- How to foster cooperation among policy research communities across the BSEC space and in the EU in order to sustain and enrich the interaction in a more meaningful manner?
- How to work effectively with other non-EU actors such as the United States and Japan?
- How to maintain public interest in the Black Sea region-building process?

These are serious questions that call for serious answers that need to be assessed, defined and applied.



Every single one of the main cooperation areas described in the EC Communication on [Black Sea Synergy](#) is, in varying degrees, being addressed by the BSEC in one form or another, either through its issue-specific working groups or targeted ad hoc groups of experts with a temporary remit. Even with regard to security issues, the BSEC has not avoided addressing the subject. A background paper was agreed at expert level on [Ways and Means of Enhancing the BSEC Contribution to Strengthening Security and Stability in the Region](#), in response to a specific assignment given in the BSEC Decennial Summit Declaration of 2002. Recently, the Secretary General of the Organisation placed the issue on the table again for consideration as one meriting attention. As a result, the BSEC Committee of Senior Officials decided, in early May 2007, to ask the ICBSS to prepare suggestions on how to move forward for consideration by the BSEC member states before the end of the year.

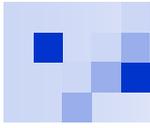
In fact, the BSEC has been energized by enhanced interaction with the EU and has already been working toward making the synergies effective. One thematic segment where much has been done is science and technology. The ICBSS has, since 2004, managed two EU co-funded projects under the 6th Framework Programme on the technological and research potential of the Black Sea region ([BS-ResPot](#)) and on the formulation and implementation of a relevant BSEC Action Plan ([ActionPlan-BS](#)). The results of these projects have helped the Commission in defining its priorities under the 7th Framework Programme, since they have already led to enhanced cooperation among the BSEC member states in this field.

In an effort to test the potential synergies between the EU and the BSEC, the ICBSS held a workshop, in May 2007, on [“Visa Facilitation between the EU and the countries of the Wider Black Sea Area”](#), thus starting a productive dialogue concerning the current state of affairs with a view to devising constructive and realistic solutions. The meeting, which was attended by

Greece’s Deputy Foreign Minister responsible for European Affairs and by representatives of all BSEC member states, 11 EU member states and the European Commission, proved to be a fruitful experience. The participants agreed on the need for the BSEC to establish an ad hoc Group of Experts from the BSEC and the EU on visa facilitation aiming at a multilateral exchange of views for a better understanding of the issues involved. It should be noted that the recently initialled visa facilitation agreements with Russia (effective as of 1 June 2007), Ukraine, Serbia, Albania and Moldova apply to 5 out of the 9 non-EU BSEC member states.

Actually, the BSEC policy document on [BSEC-EU Interaction: The BSEC Approach](#) was carefully drafted in order to allow for synergies. For example, it cites the existing BSEC ad hoc Group of Experts on BSEC-EU Interaction as a forum for continued debate and conceptual design for future action. Paragraph 71 of the document calls for joint elaboration of a comprehensive Action Plan aimed at identifying both specific priorities and concrete projects of mutual interest. This could be enhanced with the formulation of Thematic Action Plans for each field of mutual interest.

Finally, the BSEC-EU interaction could gain a lot from the transfer of best practices and lessons learned in South Eastern Europe and other regional initiatives. However, this cannot come about without accounting for the differences between regions and the processes at play in each one of them. For example, the Black Sea cooperation has developed a strong sense of regional ownership ever since the BSEC member states launched their own initiative in 1992, while the EU has had to work hard at promoting such a notion in the Western Balkans. Also, the nature of the Black Sea regional stakeholders is different, since not all the countries of the region aspire to EU membership as is the case of South Eastern Europe. The example of Russia, which has a strategic partnership with the EU, is a case in point.



The existing institutional framework, comprehensive policy documents and legal instruments that establish the BSEC's aims, structures, mechanism and operational procedures for fostering cooperation in specific areas needs to be properly accounted for before any solutions that may have been applied elsewhere are imported into the region. In fact, the BSEC has had the foresight to include Albania and Serbia within its ranks precisely as an indication of its understanding of the trans-regional dimension of cooperation.

One area, for example, where the European Union has a lot of catching up to do in the Black Sea context is combating organized crime and terrorism, which is also a key priority for Turkey as holder of the current Chairmanship-in-Office of the BSEC. Here the BSEC has a binding Agreement on Combating Organised Crime and has created a functional Network of Liaison Officers. In fact, at the last meeting of the Working Group on Combating Organised Crime and Terrorism held earlier this year, the [IOM](#), [UNODC](#), and the [SECI Center for Combating Trans-Border Crime](#) were represented. The BSEC has an ongoing joint project with the UNODC, while the IOM put forward a proposal for a joint BSEC-IOM approach to managing migration.

In brief, there is a need for more dialogue, cooperation and coordination so that duplication and the recycling of initiatives are avoided where they can be avoided. The BSEC acquis should be properly and jointly assessed so that, in their future interaction, the BSEC and the EU can make sure that the synergies they seek to promote are transparent, coherent and inclusive. Both the European Commission's [Black Sea Synergy](#) and the BSEC's [BSEC-EU Interaction: The BSEC Approach](#) are excellent starting points for further convergence of priorities in order to make the existing synergies effective, mutually beneficial and result-oriented.

DIMITRIOS TRIANTAPHYLLOU

**Declaration of the Ministers of Foreign
Affairs of the Member States of the
Organization of the Black Sea Economic
Cooperation
(Belgrade, 19 April 2007)**

The Ministers of Foreign Affairs of the BSEC Member States: the Republic of Albania, the Republic of Armenia, the Republic of Azerbaijan, the Republic of Bulgaria, Georgia, the Hellenic Republic, the Republic of Moldova, Romania, the Russian Federation, the Republic of Serbia, the Republic of Turkey and Ukraine, met in Belgrade on 19 April 2007, and

Recognizing the need for promoting and strengthening all forms of regional cooperation in an age of dynamic development in international political and economic affairs;

Reaffirming their commitment to the Charter of the United Nations, the principles of the OSCE, to the values promoted by the Council of Europe and to international law;

Being convinced of the growing importance of the Organization of the Black Sea Economic Cooperation on the current international stage;

Renewing their resolve to further strengthen cooperation within BSEC for the benefit of all its Member States and their peoples, based on the objectives and provisions of the BSEC Charter, the BSEC Summits Declarations and the BSEC Economic Agenda for the Future;

Emphasizing the need to achieve concrete results as the best motivation for promoting further cooperation and for encouraging other countries, primarily observer states and international organizations to participate in and contribute to the achievement of the objectives of the Organization;

Reiterating the significance of further transformation of the BSEC Region into an area of stability and security, well-being and prosperity, respect for national, religious and

cultural diversity, with a view to building a region of equal opportunities for all citizens;

Stressing the importance of effective cooperation against the transnational risks posed by terrorism and organized crime and commending the considerable progress achieved by BSEC in this respect;

Being determined to continue and deepen cooperation with other international organizations and structures, in particular the European Union, which now expanded to the Black Sea shores;

Commending the significant progress achieved during the Serbian Chairmanship-in-Office in reforming and restructuring the Organization and its interaction with the EU, as well as in the activities of the Working Groups and BSEC Related Bodies;

Stressing the importance of the BSEC 15th anniversary Summit in Istanbul on 25 June 2007 which should assess the development of the Organization, identify priorities and set guidelines for future activities with a view to making it a milestone for the Organization, as well as the participation at the highest level in the Summit,

1. Emphasize that their common objective should be to further build up BSEC as a project-oriented Organization, fully representative of the wider Black Sea area, and the economic interests of its countries, and to encourage closer cooperation for joint development in a regional format;
2. Underline that there has been substantial progress in the process of reform envisaged in the Bucharest Statement, aiming at increasing the effectiveness of the Organization of BSEC, and reaffirm the necessity to continue the steps taken in this direction. The reform process, once completed, will have a considerable impact on the strengthening and deepening of cooperation among the Member States;

3. Emphasize that the objective of institutionalization of BSEC interaction with the European Union and the identification of possible areas of future BSEC-EU relations could yield concrete results and be mutually beneficial. In this regard, the Ministers of Foreign Affairs welcome the Communication of the European Commission on the “Black Sea Synergy – A New Regional Cooperation Initiative” of 11 April 2007 and express their hope that it could be the first step in order to enhance relations between BSEC and the EU, as well as to strengthen the BSEC role within this process;

Furthermore, they call for a joint BSEC-EU declaration that could be adopted on the occasion of the BSEC Summit of 25 June 2007;

4. Agree that there is great potential for cooperation between BSEC and the EU in the fields of transport, energy, environmental protection, fight against organized crime, joint action in education and culture and call on those countries that are members of both organizations (Bulgaria, Greece and Romania) and on the EU Member States having Observer status with BSEC to enhance their concerted efforts to strengthen and further promote BSEC-EU interaction;

5. Underline the significance of cooperation among the Diplomatic Academies of the BSEC Member States following the signing of the Memorandum of Understanding on Cooperation among Academies and Institutes of the Ministries of Foreign Affairs of the Member States of the Organization of the Black Sea Economic Cooperation and consider that the training of young diplomats will contribute to better communication and successful cooperation among the Member States;

6. Highlight the importance of further developing integrated land and maritime

transportation networks of the BSEC Member States with a view to further promoting economic and trade relations in the BSEC Region;

7. Welcome the signing of the Memorandum of Understanding on the Coordinated Development of the Black Sea Ring Highway and the Memorandum of Understanding on the Development of the Motorways of the Sea in the BSEC Region and stress the importance of the implementation of these documents for the enhancement of regional cooperation and the achievement of BSEC goals;

8. Welcome the launching today of the Black Sea Ring Highway Caravan 2007 aiming to promote the economic benefits of that major project for the peoples of the BSEC Member States;

9. Call upon the Member States and BSEC executive, subsidiary and related bodies to concentrate their efforts and their international outreach on opening new prospects for enhanced cooperation as a foundation of stability, security and prosperity in the wider Black Sea area.

The Ministers of the Foreign Affairs of the BSEC Member States expressed their gratitude to the Government, the Ministry of Foreign Affairs and the people of the Republic of Serbia for the warm hospitality extended to the participants during the Meeting and for the excellent organization provided for the Belgrade Meeting of the BSEC Council.

**General Affairs and External Relations
Council Conclusions on the Black Sea
Region
(Brussels, 14 -15 May 2007)**

[...]

BLACK SEA REGION - *Council conclusions*

The Council held a brief exchange of views on a communication from the Commission on a new regional cooperation initiative for the Black Sea region.

It adopted the following conclusions:

"The Council welcomed the Commission's Communication "Black Sea Synergy – A new Regional Cooperation Initiative". The Council underlined that following the accession of two Black Sea littoral states, Bulgaria and Romania, the EU's interest in furthering stability and prosperity in the Black Sea area has become even greater.

The Council looked forward to further examining the Communication and invited the future Presidencies and the European Commission to continue work on an enhanced and coherent EU engagement in and with the Black Sea area, particularly in the framework of a strengthened European Neighbourhood Policy and building on synergies with regional bodies and initiatives. The aim should be to intensify regional cooperation in sectors of cross-border relevance such as energy, the environment, transport, telecommunications, science and technology, freedom, justice and security, as well as democracy, human rights promotion, respect for international law and civil society cooperation.

Given the strategic importance of the Black Sea area to the EU, the Council invites the Commission to carry out a review during the first half of 2008 of the development of the Black Sea Synergy Initiative, as a basis for further consideration by the Council of its engagement towards the region as a whole."

[...]

**General Affairs and External Relations
Council Conclusions on Central Asia
(Luxembourg, 23-24 April 2007)**

CENTRAL ASIA - *Council conclusions*

The Council discussed the future EU Central Asia strategy as well as developments in the region and adopted the following conclusions:

1. The Council welcomes the successful holding of the first EU Foreign Ministers' Troika Meeting with the five Central Asian countries: Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan in Astana on 28 March 2007. The Council agrees that the meeting was an important further step towards the strengthening of political dialogue with the Central Asian countries. In this context, the Council commends the efforts by the EU Special Representative for Central Asia, Ambassador Pierre Morel.
2. The Council expresses its satisfaction at the agreement by the Foreign Ministers in Astana to intensify cooperation between the EU and the five Central Asian countries.
3. The Council held a first discussion on the draft EU Central Asia Strategy drawing on the results of the Astana meeting, earlier EU discussions and the views put forward by the Central Asian countries. The Council agreed to intensify within the framework of the Central Asia Strategy the Union's cooperation with Central Asian countries on an individual and regional basis, especially in the following fields: rule of law, human rights, and democratisation; education; energy and transport; environment; trade and economic development cooperation; regional security challenges, such as border management, combating drug trafficking and organised crime. The EU will draw upon the experience of the

OSCE, the UN, international financial institutions and other regional organisations and will enhance cooperation with them.

4. Recalling the mandate of the European Council in December 2006 the Council agreed to return to the subject in June 2007 with a view to the adoption of the Strategy by the European Council in June 2007.
5. The Council continues to follow closely the situation in the Central Asian countries and in this context the Council takes note of some important recent developments:
 - the Council notes that the second round of experts' talks took place on the Andijan events in Tashkent on 2 and 3 April 2007, recalling its previous Conclusions. The Council has decided to enter into a regular and result-oriented human rights dialogue between the EU and Uzbekistan. The Council looks forward to holding the first round of this dialogue as soon as possible.
 - the Council takes note of promising first reform steps taken by the new Turkmen Government in the education and social systems. The EU encourages the Turkmen Government to implement necessary reforms and stands ready to support these efforts particularly in the fields of human rights, the judiciary and the rule of law, education, health and agricultural reform.
 - the Council encourages all political forces in the Kyrgyz Republic to pursue a political dialogue that will enable the new Government to meet the high expectations of the Kyrgyz people for fundamental reforms. The EU stands ready to support all efforts which the Government is taking to strengthen the constitutional, legal, judicial and administrative systems in the Kyrgyz Republic in order to uphold the principles of international law and to improve the social situation as well as the investment climate."

[...]

**Communication from the Commission
to the Council and the European
Parliament on a
Black Sea Synergy - A New Regional
Cooperation Initiative
[COM(2007) 160 final]
(Brussels, 11 April 2007)**

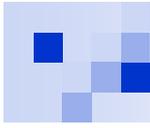
**1. INTRODUCTION – THE NEED FOR A
REGIONAL POLICY**

On 1 January 2007, two Black Sea littoral states, Bulgaria and Romania, joined the European Union. More than ever before, the prosperity, stability and security of our neighbours around the Black Sea are of immediate concern to the EU.

The Black Sea region¹ is a distinct geographical area rich in natural resources and strategically located at the junction of Europe, Central Asia and the Middle East. With a large population, the region faces a range of opportunities and challenges for its citizens. The region is an expanding market with great development potential and an important hub for energy and transport flows. It is, however, also a region with unresolved frozen conflicts, with many environmental problems and insufficient border controls thus encouraging illegal migration and organised crime. In spite of significant positive developments in the last years, differences still remain in the pace of economic reforms and the quality of governance among the different countries of the region. A dynamic regional response to the issues can greatly benefit the citizens of the countries concerned as well as contribute to the overall prosperity, stability and security in Europe.

The European Union has already made major efforts to stimulate democratic and economic reforms, to project stability and to support

¹ The Black Sea region (See Map in Annex II) includes Greece, Bulgaria, Romania and Moldova in the west, Ukraine and Russia in the north, Georgia, Armenia and Azerbaijan in the east and Turkey in the south. Though Armenia, Azerbaijan, Moldova and Greece are not littoral states, history, proximity and close ties make them natural regional actors.



development in the Black Sea area through wide-ranging cooperation programmes. Three EU policies are relevant in this context: the pre-accession process in the case of Turkey, the European Neighbourhood Policy (with five eastern ENP partners also being active in Black Sea cooperation) and the Strategic Partnership with the Russian Federation. Moreover, the EC has contributed to a whole range of sectoral initiatives of regional relevance. (See Annex I)

There are significant opportunities and challenges in the Black Sea area that require coordinated action at the regional level. These include key sectors such as energy, transport, environment, movement and security. Enhanced regional cooperation is not intended to deal directly with long-standing conflicts in the region, but it could generate more mutual confidence and, over time, could help remove some of the obstacles that stand in the way. Given the confluence of cultures in the Black Sea area, growing regional cooperation could also have beneficial effects beyond the region itself.

The moment has therefore come for increased European Union involvement in further defining cooperation priorities and mechanisms at the regional level. In the present Communication, the Commission puts forward Black Sea Synergy as a new regional cooperation initiative of the EU.

2. THE CHARACTERISTICS OF BLACK SEA SYNERGY

It is not the Commission's intention to propose an independent Black Sea strategy, since the broad EU policy towards the region is already set out in the pre-accession strategy with Turkey, the ENP and the Strategic Partnership with Russia. The further evolution and the largely bilateral implementation of these policies will continue to determine the strategic framework.

What is needed is an initiative complementary to these policies that would focus political attention at the regional level and invigorate ongoing cooperation processes. The primary task of Black Sea

Synergy would therefore be the development of cooperation within the Black Sea region and also between the region as a whole and the European Union.

This fully transparent and inclusive initiative is based on the common interests of the EU and the Black Sea region and takes into account the results of consultations with all Black Sea states. It would also enhance synergies with and build upon experiences of existing regional initiatives linking the Black Sea region to the EU, such as the Danube Cooperation Process.²

Black Sea Synergy is intended as a flexible framework to ensure greater coherence and policy guidance. In assessing the usefulness of Community support for particular initiatives, the active involvement of the countries and regional bodies directly concerned, including through financing, should serve as a key criterion.

The scope of actions could extend beyond the region itself, since many activities remain strongly linked to neighbouring regions, notably to the Caspian Sea, to Central Asia and to South-Eastern Europe. There would be a close link between the Black Sea approach and an EU Strategy for Central Asia. Black Sea cooperation would thus include substantial inter-regional elements. It would also take account of other regional cooperation programmes supported by international organisations and third countries.³

3. THE MAIN COOPERATION AREAS

At the outset, Black Sea Synergy would focus on those issues and cooperation sectors which reflect common priorities and where EU presence and support is already significant. Consequently, this Communication formulates a number of

² An initiative developed by Austria, Romania, the European Commission and the Stability Pact to broaden and deepen Danube cooperation and give to it clear political and economic dimensions.

³ Like the programmes of the UN, the OSCE, the OECD and the Council of Europe or the Black Sea Trust for Regional Cooperation of the GMF of the United States.

short- and medium-term tasks related to these areas.⁴

3.1 Democracy, respect for human rights and good governance

The Council of Europe and the OSCE have set standards on human rights and democracy which apply to all Black Sea states. EU efforts in these regards are principally bilateral. Nevertheless, actions taken at the regional level can play a substantial role in underpinning and invigorating national measures. Black Sea regional organisations have in recent years undertaken commitments to developing effective democratic institutions, promoting good governance and the rule of law. The EU should *support these regional initiatives through sharing experience* on measures to promote and uphold human rights and democracy, *providing training and exchange programmes and stimulating a regional dialogue with civil society.*

3.2 Managing movement and improving security

Improving border management and customs cooperation at regional level increases security and helps to fight organised cross-border crime such as trafficking in human beings, arms and drugs and contributes to preventing and managing irregular migration. Successful examples such as the EU Border Assistance Mission for Moldova and Ukraine show that it can also contribute to the resolution of conflicts.

The Commission will shortly present a Communication applying the Global Approach to Migration to eastern and south-eastern neighbours, including new *initiatives on better managing migration and tackling illegal migration.* Important illegal migration routes run through the Black Sea region, making regional cooperation on these issues particularly relevant.

The Commission has also been encouraging the countries in the region to develop further practical co-operation on countering cross-

⁴ Concrete tasks under Chapters 3 and 4 appear in italics.

border crime in general, by *channeling experience from other similar initiatives in South-Eastern Europe and the Baltic area.* Further intensified regional cooperation will *enhance the performance of national law enforcement,* in particular in the fight against corruption and organised crime. Black Sea regional actors might usefully *develop best practices, introduce common standards for saving and exchanging information, establish early warning systems relating to trans-national crime and develop training schemes.* This could build on the experience and activities of the SECI regional centre⁵ and the BBCIC.⁶

3.3 The “frozen” conflicts

The Commission advocates *a more active EU role through increased political involvement in ongoing efforts* to address the conflicts (Transnistria, Abkhazia, South Ossetia and Nagorno-Karabakh) and has proposed that the EU should also *look at ways of enhancing its participation e. g. in monitoring.* Black Sea Synergy could offer one means of addressing the overall climate by tackling the underlying issues of governance and lack of economic development, lack of social cohesion, of security and of stability. Special attention must be paid to *promoting confidence-building measures in the regions affected, including cooperation programmes specifically designed to bring the otherwise divided parties together.*

3.4 Energy

The Black Sea region is a production and transmission area of strategic importance for EU energy supply security. It offers significant potential for energy supply diversification and it is therefore an important component of the EU's external energy strategy. Energy supply security

⁵ South-East European Cooperation Initiative Regional Centre for Combating Trans-border Crime. Based in Bucharest, it has several Black Sea states as members or observers.

⁶ Black Sea Border Coordination and Information Centre based in Burgas. It provides information about illegal activities in the Black Sea region and fosters the exchange of information among coastguards.

diversification is in the interest of our partners in the region, as well as the EU.

The Commission will continue to enhance its relations with energy producers, transit countries and consumers in a *dialogue on energy security*. This dialogue will promote *legal and regulatory harmonization* through the Baku Initiative (See Annex I) and in the framework of the ENP and the EU-Russia Energy Dialogue. This would be pursued also through the expansion, when appropriate, of the Energy Community Treaty to Moldova, Turkey and Ukraine, also through the Memoranda of Understanding with Azerbaijan and Ukraine, PCA and trade agreements, WTO accession negotiations and, where appropriate, via other bilateral energy agreements. The objective is *to provide a clear, transparent and non-discriminatory framework*, in line with the EU *acquis*, for energy production, transport and transit.

The EU is also helping the countries of the region to *develop a clearer focus on alternative energy sources and on energy efficiency and energy saving*, which will release important energy resources.

The EU is working closely with regional partners to enhance energy stability through the *upgrading of existing and the construction of new energy infrastructure*. In this context, the Commission is developing, in cooperation with its partners, *a new trans-Caspian trans-Black Sea energy corridor*. This corridor will include several technical options for additional gas exports from Central Asia through the Black Sea region to the EU. In addition, given the growing quantities of oil transiting the Black Sea, which have led to increasing safety and environmental concerns, the EU has a specific interest in *developing a sustainable and ecological oil dimension to its co-operation in the region*. Already a number of Bosphorus bypass projects are under consideration. (See Annex I)

The EU therefore should encourage *the significant investments* necessary to achieve the above objectives.

Finally, for the medium term and as proposed in the recent Communication on an

Energy Policy for Europe⁷, the Commission will *examine the possibility of a legal framework between the EU and the ENP region* that covers the common interests of security of supply, of transit and of demand. A *feasibility study* will be launched to determine whether it is necessary to develop such an overall legal framework covering producer, transit and consumer countries.

3.5 Transport

The Commission should continue to actively *support regional transport cooperation* with a view to *improving the efficiency, safety and security of transport operations*. The EU would build on the experience of all the various transport initiatives relevant to the Black Sea area. (See Annex I)

With its recent Communication⁸, the Commission has launched a debate on how to enhance transport cooperation and *streamline the various ongoing cooperation activities*. Efforts should continue in the context of *developing the transport axes between the Union and the neighbouring countries as identified by the High Level Group*. There is a need for close coordination with ongoing initiatives, which should lead to a *clear division of labour or even a partial merger between existing regular events and structures*. The TRACECA Strategy until 2015 should continue to provide an important base for regional transport development.

Transport policy dialogue with a view to regulatory approximation would remain a central goal. The Commission intends to *assist in identifying those actions that will help to achieve uniform and consistent application of relevant instruments and standards*. Competitiveness, the capacity to attract traffic flows, improving safety, security, interoperability and inter-modality should be decisive factors in drawing up plans for the future. *Aviation safety and*

⁷ COM(2007) 1 final of 10.01.2007.

⁸ COM(2007) 32 final "Guidelines for Transport in Europe and the Neighbouring Regions". This Communication, building on the High Level Group recommendations, outlines the first steps for closer integration of the EU transport system with that of the neighbouring countries.

extending the common aviation area are important objectives. Given the growing hydrocarbon transportation needs, *maritime safety would be high on the agenda.* In particular, *the practices and procedures of the Paris and Black Sea Memoranda of Understanding on Port State Control should be harmonized at the highest level of performance.* The Commission proposes to *fully exploit the advantages offered by short sea shipping and inland waterways, notably the Danube.*

3.6 Environment

Here many regional processes exist but implementation is lagging behind. The need to address marine environment problems at regional level is recognised by the EU Marine Strategy and proposed Marine Strategy Directive adopted by the Commission in 2005⁹. The EU Marine Strategy will require EU Member States in all regional seas bordered by the EU to ensure cooperation with all countries in the region. To this end, Member States will be encouraged to work within the framework of regional seas conventions – including the Black Sea Commission. (See Annex I) *Community accession to the Convention on the Protection of the Black Sea against Pollution is a priority.*

Countries of the Black Sea region need to *enhance implementation of multilateral environmental agreements and establish a more strategic environment co-operation* in the region. In this respect, the approach of the DABLAS Task Force, in cooperating on improving water investments, *could be replicated for other regional environment issues* such as nature protection, waste management, industrial or air pollution in so far as a regional approach would bring true benefits. The Commission should also *promote regional-level activities to combat climate change*, in particular by *making use of the joint implementation of the clean development mechanism of the Kyoto Protocol* and engage the Black Sea Region countries in international discussions on

future action. Other mechanisms could be explored, such as a longer-term development of national emissions-trading schemes in the region.

3.7 Maritime Policy

Black Sea Synergy provides an opportunity for *dialogue on the emerging holistic maritime policy* of the Union which aims to maximise sustainable growth and job creation in sea related sectors and coastal regions. This would include building a network of clusters of maritime cross-sectoral co-operation among services, industries and scientific institutions and also *improving cooperation and integration on the surveillance of the sea*, with a view to safety and security of shipping and environmental protection.

3.8 Fisheries

The Black Sea is an important fishing region and the majority of its stocks are trans-boundary. A number of these are in a bad state and *action at regional level is therefore needed to help them to recover.* The EU would seek to *promote sustainable development through fisheries management, research, data collection and stock assessment* in the Black Sea region. *New ways to ensure sustainable and responsible use of fisheries resources in the region should be explored.* The possibilities offered by the General Fisheries Commission for the Mediterranean, which includes the Black Sea in its mandate, *should be better used.*

3.9 Trade

The EU is an important economic and trading partner for the Black Sea countries, and closer economic cooperation ties and preferential trade relations are an important element of our relationship. The WTO accession of all Black Sea states and our negotiations on successor agreements to the PCAs with Russia and Ukraine will be an important step towards trade liberalisation in

⁹ COM(2005) 504 and COM(2005) 505 of 24 October 2005.

the region and the EU will *continue to support that process*.

The implementation of the ENP Action Plans' trade and economic provisions, in particular further market economy reforms and progressive regulatory approximation of legislation and practices to the EU trade-related *acquis* continue to play an important role in regional trade-facilitation and integration.

Black Sea regional cooperation organizations have put forward several initiatives to develop free trade areas. In principle, the EU welcomes steps that serve genuine trade liberalisation, to the extent that these are compatible with the multilateral trade regime and reflect existing agreements between the EC and the states concerned. Any initiative should take due account of the fact that EU Member States and countries bound to the EU's common commercial policy by a customs union cannot autonomously participate in regional free trade schemes.

3.10 Research and Education Networks

The Commission intends to *stimulate the interconnection of all countries in the area to the pan-European research backbone GEANT*. There is mutual interest in *providing high-speed connectivity between research and education communities* and in promoting *legal and regulatory harmonisation of these countries' frameworks with the EU framework*. This would require *the establishment of independent and efficient regulatory authorities*. Furthermore, there is a need to *promote the deployment of broadband infrastructure and the introduction of online services* in the field of e-Government, e-Business, e-Health and the use of ICT in education and research. The Tempus programme will serve as a useful instrument for establishing cooperation projects between universities in the EU and Black Sea region, focusing on higher education reform.

3.11 Science and Technology (S&T)

The Commission intends to promote capacity-building and S&T policy dialogue with the Black Sea countries, in particular through the new instruments available under the 7th Research Framework Programme (FP7). It will ensure *the inclusion of specific research activities and topics of mutual interest in FP7 work programmes* and will promote synergies between FP7-funded activities and other appropriate EC financial instruments.

3.12 Employment and social affairs

The partner countries of the Black Sea region face similar challenges, like high unemployment, a widespread informal economy, as well as issues related to the promotion of decent work, such as social dialogue, social protection and gender equality. Fighting poverty and social exclusion is highlighted in several ENP Action Plans. Better integration of ethnic minorities and combating discrimination are key concerns for social cohesion in many of the Black Sea partner countries. Cooperation at regional level on these issues could provide additional value, particularly when it comes to the *exchange of information and best practices, as well as awareness-raising initiatives, including training programmes for relevant officials, social partners and civil society organizations*. The EU should *support such activities through appropriate technical assistance programmes*.

3.13 Regional Development

With the accession of Bulgaria and Romania, European Union Regional Policy funding has become available to the Black Sea coastline for the first time. Regional Policy programmes in these two Member States will contribute to improving their coastal regions' competitiveness and environmental situation in particular, via a special focus on the Lisbon and Gothenburg agendas. Lessons learned in these programmes will be able to be shared around the Black Sea via the co-operation programmes mentioned in Section 4.

4. CROSS-BORDER COOPERATION (CBC) AND THE ROLE OF LOCAL AND CIVIL SOCIETY ACTORS

The Commission has established a Black Sea CBC programme under the European Neighbourhood and Partnership Instrument (ENPI). This “sea basin programme” focuses on *supporting civil society and local level cooperation* in Black Sea coastal areas. The programme will be managed locally in the region, with the partners taking joint responsibility for its implementation. This programme facilitates the *further development of contacts between Black Sea towns and communities, universities, cultural operators and civil society organisations, including consumer organisations*. This can play a particularly important role in conflict areas, where civil society actors are especially useful for the development of cooperation with and among inhabitants. In addition, there will be new cross-border co-operation programmes between Bulgaria and Romania (funded from the European Regional Development Fund) and between Bulgaria and Turkey (funded from the Instrument for Pre-Accession). These will both allow for maritime and coastal actions that will enhance the development of links and co-operation along the western coast of the Black Sea.

5. THE STRENGTHENING OF THE ENP

Five countries of the Black Sea region are ENP partners. The strengthening of the European Neighbourhood Policy, including the building of a thematic dimension to the ENP and the gradual development of deep and comprehensive Free Trade Agreements, would enrich Black Sea cooperation. The removal of obstacles to legitimate travel, the new scholarship scheme under the External Cooperation Window of the Erasmus Mundus programme as well as greater cooperation between universities could help facilitating regional contacts. The proposed Neighbourhood Investment Facility, for the countries with ENP Action Plans, could contribute to the preparation and co-financing of infrastructure investments, in

particular in the areas of energy, transport and environment and in close co-operation with International Financial Institutions, notably the EIB and EBRD.

6. THE ROLE OF REGIONAL ORGANISATIONS

The Commission is not proposing the creation of new institutions or bureaucratic structures. The Black Sea states would remain the EU's main interlocutors, whether in a bilateral framework or during discussions at the regional level. The bulk of the EC's contribution will continue to be provided through the established sectoral programmes managed by the Commission.

The EU, however, should be ready to strengthen contacts with regional organisations. The EU's Black Sea regional initiative aims at a comprehensive approach including all countries in the region; therefore the wide membership of the Organisation of the Black Sea Economic Cooperation (BSEC)¹⁰ and the fact that Russia and Turkey are its founding members is a decisive advantage and could substantially contribute to the success of Black Sea Synergy.

EU-BSEC links would serve primarily for dialogue at the regional level. This might include meetings between senior officials with a view to better coordinate concrete projects.

A kick-off high-level political event would provide political orientation and visibility to EU Black Sea Synergy. Should Black Sea Synergy partners so decide in the light of tangible progress, regular ministerial meetings might take place, attended by the EU and BSEC countries. Meetings between the EU and ENP partners from the Black Sea region could be organized back to back with these meetings and provide an opportunity for consultations on ENP-related questions. Black Sea Synergy would also take advantage of the useful contacts already existing

¹⁰ BSEC was established in 1992 and transformed into an international organization in 1999. Initially concentrated on economic cooperation, but its focus has been gradually enlarged. Membership includes all Black Sea countries as listed in footnote 1 plus Albania and Serbia.

between the European Parliament and the Parliamentary Assembly of BSEC.

At present seven EU Member States have observer status with BSEC.¹¹ Responding to BSEC's initiative, the Commission intends to also seek observer status and to support EU Member States' application for observer status.

At the same time, the Commission will remain open to all appropriate cooperation possibilities that might be provided by other regional bodies and initiatives. Given its focus on regional partnerships and networks, the Black Sea Forum¹² could be particularly useful at the non-governmental, civil society level.

7. Financial support

As a general principle, co-financing would be applied. Where appropriate, Community financial support could be available under the national, regional and cross-border programmes of the ENPI, other external assistance instruments and, for EU Member States, the European Regional Development Fund. The increased flexibility of the new EC funding instruments should facilitate the funding of regional cooperation initiatives.

The regional activities of the EBRD and the EIB as well as the Black Sea Trade and Development Bank¹³ are already significant and Black Sea Synergy could offer new possibilities, including the development of mechanisms for joint financing, making use of experience gained with schemes like the Northern Dimension partnerships.

8. Conclusion

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

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

**Joint Declaration on Institutional
Renewal and Good Governance of the
Ministers in Charge of
Public Administration of the BSEC
Member States
(Athens, 3 April 2007)**

We, the Ministers in charge of Public Administration of the Member States of the Organization of the Black Sea Economic Cooperation (BSEC) met in Athens, on 3 April 2007, in order to examine the cooperation in the field of institutional renewal and good governance,

Aiming to implement the BSEC Economic Agenda for the Future (Moscow, 27 April 2001), which affirmed the commitment of the BSEC Member States to support joint actions on key aspects of governance, we met for the first time in Athens two years ago (21 February 2005),

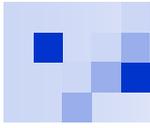
Acknowledging that transparent, responsible, accountable and participatory administration is the foundation on which good governance rests, we declared our will and determination to collaborate for the planning and implementation of reform actions in the public administration,

Recognizing that good governance and the building of effective democratic institutions are a continuous process for all Governments, we invited the BSEC Council of Ministers of Foreign Affairs to approve the establishment of a Working Group in order to institutionalize regional cooperation in the field of institutional renewal and good governance, to implement and promote

¹¹ The Czech Republic, Germany, France, Italy, Austria, Poland and Slovakia

¹² The Black Sea Forum is a Romanian initiative.

¹³ The Black Sea Trade and Development Bank (BSTDB) is based in Thessaloniki. Shareholders are the founding BSEC member states.



cooperation, to submit recommendations and guidelines in creating short and medium-term action plans for specific aspects of building governance capacity,

Today, two years after the Decision of the BSEC Council for the establishment of the Working Group and after it became operational through the adoption of its Terms of Reference and Action Plan,

Declare the following

We recognize that in the framework of the implementation of the Action Plan particular interest was given in the topic of the improvement of relations between state institutions and society. Thus, the undertaking of Actions such as:

- the training of civil servants in innovative practices and in the use of Information and Communication Technologies, with a view to improve the quality and delivery of public services and to contribute to the simplification of the administrative procedures and
- the cooperation in technical issues and know-how transfer regarding the citizens' right for free access to public information was encouraged.

We recognize that cooperative action is essential, in order to achieve the effective control of the public administration. In this framework, we greet and support the gradual establishment of a mechanism for exchange of experience and best practice between the institutions responsible for the control of public administration in the BSEC Member States, with the Hellenic Republic as project leader of the initiative.

We consider that the finding of effective methods for the planning and implementation of administrative reform programs constitutes a question of top priority for all the BSEC Member States. In this framework, a relative study by the International Centre for Black Sea Studies (ICBSS) was carried out, for the recording of

the existing situation in the sector of administrative reform efforts in all Member States, as well as for the indication of the particularities that are presented in each State. This study, proposes ways of tackling the existing problems, as well as methods of maximization of government action, in the sector of planning and implementation of administrative reform programs. The implementation of the recommendations of this study in the administrative reform process of the BSEC Member States could be a contribution to the national efforts undertaken to that end.

We realize the common interest for the planning of programs for the implementation of the regulatory reform principles and for the simplification of administrative processes. For this reason, the planning of a pilot program is encouraged for the implementation of the regulatory reform principles for the facilitation of the Small – Medium Enterprises. This action will contribute in the examination of the institutional and legal aspects and dimensions of this important for the BSEC area of cooperation, through the development of cooperative activities, in consultation with the BSEC Working Group on Small – Medium Enterprises.

We consider as a very important action the transfer of know-how, experiences and good practices on effective and efficient administration from one country to another, as well as from international organizations and institutions such as the United Nations, the Organization for Economic Cooperation and Development, the European Union, the Council of Europe etc, organizing expert meetings, educational seminars, conferences or exchange of civil servants. In this framework we support the implementation of common programs and joint projects, in which the BSEC Member States, international institutions and non governmental organizations will be involved.

We invite the BSEC Council of Ministers of Foreign Affairs and the BSEC Permanent International Secretariat (PERMIS) to

continue supporting the constructive and creative activities of the Working Group on Institutional Renewal and Good Governance, which is responsible for the planning and implementation of respective cooperative actions, based on the provisions of this Joint Declaration, as well as on the provisions of the BSEC Economic Agenda for the Future (Moscow, 27 April 2001).

We express our appreciation and gratitude to the Governments of the Hellenic Republic and the Republic of Serbia for taking the initiative of this Meeting and particularly to the Ministry of Interior, Public Administration and Decentralization of the Hellenic Republic for the organization of this Meeting and the hospitality in Athens.

This Joint Declaration was adopted in Athens, on 3 April 2007.

Agreement between the Government of the Russian Federation, the Government of the Republic of Bulgaria and the Government of the Hellenic Republic Relating to the Cooperation in the Construction and the Operation of the "Burgas - Alexandroupolis" Oil Pipeline (Athens, 15 March 2007)

The Government of the Russian Federation, the Government of the Republic of Bulgaria and the Government of the Hellenic Republic (hereinafter referred to as the "Parties")

noting the key importance of the energy sector for the successful development of their countries' economies,

desiring to develop their cooperation in this sector on the basis of equality of rights and mutual benefit, and

aiming at promoting the integration processes and good neighborly relations between countries,

striving to create a reliable and efficient route for oil transportation designed to enhance the energy security of the European countries and to reduce environmental risks inherent to the increasing pressure placed on traditional routes of transportation of hydrocarbons and other energy resources in the region,

guided by the Declaration on the Cooperation in the energy sector adopted by the President of the Russian Federation, the President of the Republic of Bulgaria and the Prime Minister of the Hellenic Republic at their meeting held on September 4, 2006 in Athens,

pursuing the provisions of the Memorandum on Cooperation in Implementing the "Burgas - Alexandroupolis" Oil Pipeline Project, signed on April 12, 2005 in Sofia between the Government of the Russian Federation, the Government of the Republic of Bulgaria and the Government of the Hellenic Republic,

HAVE AGREED as follows:

Article 1

The purpose of this Agreement shall be to define the modalities of cooperation between the Parties in the construction and operation of the "Burgas -Alexandroupolis" Oil Pipeline, with initial throughput of 35 million tons of oil per year and the potential expansion to up to 50 million tons of oil per year (hereinafter referred to as the "Oil Pipeline"), which consists of:

- oil loading terminal in the city of Burgas (Republic of Bulgaria),
- oil loading terminal in the city of Alexandroupolis (Hellenic Republic),
- trunk oil pipeline connecting the two aforementioned oil loading terminals with the oil pumping stations, oil storage tanks for petrol and all other necessary infrastructure.

All the mentioned facilities and the land on which they are located constitute integral parts of one and indivisible system of transportation.

The Parties shall undertake every effort to ensure the uninterrupted transportation of oil through the Oil Pipeline, making full use of its technical capacity.

Article 2

The Parties shall assist in establishing the International Project Company which shall be the owner of the Oil Pipeline.

The International Project Company shall be established by economic entities (hereinafter referred to as "Project Participants") with the following shares in the initial (shareholders') capital of the International Project Company:

- 51% - the Russian Participant: Pipeline Consortium "Burgas Alexandroupolis" Limited;
- 24.5% - the Bulgarian Participant: Joint Stock Company "Pipeline Burgas-Alexandroupolis - BG Project Company";
- 24.5% - the Hellenic Participants: Joint Venture "HELPE S.A. – THRAKI S.A." (23,5%), and the Greek State (1%).

Following the establishment of the International Project Company, the share of each Project Participant may be fully or partially transferred to oil producing companies interested in participating in the International Project Company. The aforementioned right of the Project Participants to transfer their shares cannot be abolished by the International Project Company constituent documents.

The Parties shall take into account that such transfer by the Russian, Hellenic or Bulgarian Project Participant shall be accomplished upon a written consent of the Russian, Hellenic or Bulgarian Party, respectively.

The International Project Company shall establish relevant branches on the territories of the Republic of Bulgaria and the Hellenic Republic, as well as subcontract Bulgarian and Hellenic companies, not excluding the International Project Company shareholders,

taking into account the economic efficiency, with the aim to ensure the technical operation of the Oil Pipeline.

Article 3

In implementing this Agreement, the Parties shall be guided by the following:

- the place of registration of the International Project Company shall be determined by the Project Participants. The place of registration of the International Project Company shall be in one of the European Union Member States,
- the International Project Company constituent documents shall provide for the relevant rights of its minority shareholders, including those related to the changes in the International Project Company shareholders' capital, in accordance with the national legislation of the country where the International Project Company is registered,
- the most effective modality of financing the construction of the Oil Pipeline is the principle of "project financing" which is recommended by the Parties to be used by the International Project Company, in accordance with the international practice.

Article 4

For the period of designing, construction and operation of the Oil Pipeline, the Parties shall conclude a Transit Agreement with the International Project Company, outlining the terms of cooperation between the International Project Company and the States of the Parties, including (but not limited to) the following:

- provision by the Republic of Bulgaria and the Hellenic Republic of plots of land to the International Project Company, which would meet the objectives and the terms of the construction of the Oil Pipeline, and irrevocable granting to the International Project Company of land-use rights in respect of such plots, that would ensure

the unimpeded construction and operation of the Oil Pipeline, including all its facilities referred to in Article 1 of this Agreement,

- establishing all tax and non-tax payments, duties and compensations payable to the Republic of Bulgaria and the Hellenic Republic, associated with the necessary quantity of oil transported via their territories to achieve the economic efficiency of the project,
- connection to the energy production systems, as well as steady energy supply of the Oil Pipeline,
- ensuring free transit of oil, without any delays and obstacles, after the Oil Pipeline is put into operation,
- provision of a favourable customs treatment,
- solving environmental protection issues, as well as other issues.

In estimating the amounts of tax and non-tax payments, duties and compensations, the Bulgarian and the Hellenic Parties to the Transit Agreement shall take into account the feasibility study results, as well as bear in mind that the terms of the oil transit through the Oil Pipeline must be competitive as compared with other oil transit routes in the region.

Article 5

The Parties have agreed that the International Project Company, in order to ensure the transit of oil through the Oil Pipeline, shall conclude relevant agreement(-s) (contracts) with the Joint Stock Company «Transneft» which shall perform, inter alia, the following functions:

- shall enter into oil transporting services agreements (contracts) with the oil consignors (oil owners) on the transportation of oil from production areas to the port of Alexandroupolis,
- shall form the oil flows along the entire transit route,
- shall manage the dispatcher services,
- shall elaborate and implement the schedules of supply and loading (unloading) of oil tankers at oil loading

terminals, as well as schedules of oil transit through the system of the oil trunk pipelines.

The Russian Party, in accordance with the request of oil consignors - oilproducing companies, shall ensure that the oil shipment volumes transported through the Oil Pipeline are included in the schedules of oil transit through the system of the oil trunk pipelines, approved in accordance with the procedure established by the Russian Party.

The right of ownership to the oil transported through the Oil Pipeline shall be retained by the oil consignors, in accordance with the provisions of the relevant commercial agreements (contracts).

Article 6

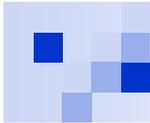
The tariffs for the Oil Pipeline transit services, including the loading and unloading services, shall be set by the International Project Company as part of its exclusive competence.

Article 7

The choice of contractor(-s) for the construction, as well as of suppliers of materials and technologies, and organizations, providing services required for the construction and operation of the Oil Pipeline shall be made by the International Project Company on a tender basis, preferably among the economic entities of the Parties, subject to the competitiveness of the goods, works and services provided, including sea transports.

The Parties shall instruct the relevant state authorities to ensure a simplified transit regime over the borders of the States of the Parties for specialists, materials, construction and technological machines and equipment essential for the construction and operation of the Oil Pipeline, including all its facilities referred to in Article 1 of this Agreement.

Article 8



The Parties shall ensure the necessary conditions for a smooth construction and operation of the Oil Pipeline, issuing all the necessary permits to the International Project Company, including granting land-use rights (allotment of land), as well as the attraction of financing and credits, and the securing of guarantees for the creditors.

Article 9

For achieving better economic efficiency during the construction and operation of the Oil Pipeline, the Republic of Bulgaria and the Hellenic Republic shall undertake to grant the most favourable tax regime to the International Project Company, in accordance with the legislation of these States, providing, in particular, for:

- exemption from the payment of VAT (Value Added Tax), when importing equipment and components necessary for the implementation of the works related with the construction and operation of the Oil Pipeline, subject to their subsequent exportation in the future,
- acceleration of VAT refund procedures in respect of materials, services and works that are necessary for the construction and the operation of the Oil Pipeline.

Article 10

New legislative and other regulatory acts adopted by the States of the Parties following the entry into force of this Agreement, implying an increase in the levels of any tax, fee, duty or other similar payment by the International Project Company, as well as by the contractors performing the construction and operation of the Oil Pipeline, as compared with the levels of any tax, fee, duty or other similar payment, calculated at the date of entry into force of this Agreement, shall not apply to the International Project Company and the aforementioned contractors during the period of construction and commissioning of the Oil Pipeline, and throughout its cost

recovery period, envisaged in the Oil Pipeline construction plan.

The provisions of this Article shall apply to the income and transactions related to the implementation of works (services) during the construction and operation of the Oil Pipeline performed by the International Project Company and the aforementioned contractors.

Article 11

The provisions of this Agreement shall not prejudice the rights and obligations of any of the Parties under other international agreements to which their respective States are parties.

The Parties shall not be liable for the obligations of the Project Participants arising from their participation in the construction and operation of the Oil Pipeline. Meanwhile, the Parties shall take all reasonable and acceptable measures so that the Participants fulfill their obligations related to the Oil Pipeline construction and operation.

Article 12

The Parties shall designate the following authorized bodies to coordinate and monitor the implementation of this Agreement and of the Transit Agreement referred to in Article 4 of this Agreement:

- from the Russian Side - the Ministry of Industry and Energy of the Russian Federation;
- from the Bulgarian Side - the Ministry of Regional Development and Public Works of the Republic of Bulgaria;
- from the Hellenic Side - the Ministry of Development of the Hellenic Republic.

In case of change of the authorized bodies the Parties shall inform each other through diplomatic channels.

Article 13

Disputes regarding the interpretation and the application of the provisions of this

Agreement, which cannot be settled through consultations between the authorized bodies, shall be resolved through negotiations between the Parties and shall be appropriately documented.

Article 14

This Agreement is concluded for an unlimited period of time. Each Party can withdraw from this Agreement after the end of the Oil Pipeline cost recovery period.

This Agreement shall be subject to ratification and shall enter into force on the date of the deposit of the last instrument of ratification.

The provisions of Articles 1-5, 12, 13 of this Agreement shall be applied on a temporary basis, following the signing of the Agreement.

The Government of the Russian Federation shall serve as the Depository of this Agreement.

Done at Athens, on March 15, 2007 in three original copies, each in the Russian, Bulgarian, Hellenic and the English languages, all texts being equally authentic.

In case of any dispute as to the interpretation of the provisions of the Agreement, the English text shall prevail.

**Communication from the Commission to the Council and the European Parliament on the Extension of the major trans-European transport axes to the neighbouring countries
Guidelines for transport in Europe and neighbouring regions
[COM(2007) 32 final]
(Brussels, 31 January 2007)**

1. INTRODUCTION AND POLICY BACKGROUND

An important objective for the external policy of the European Union (EU) is to

facilitate the spread of the Union's policies, such as the internal market principles and rules, to the neighbouring countries. This is clearly underlined in the recently adopted Communication on the 'Strengthening of the European Neighbourhood Policy'¹⁴. In the transport sector, the aim is to ensure that legislation, standards and technical specifications of our main trade partners are compatible with those of the EU and thus contribute to the achievement of the Lisbon agenda by encouraging trade and sustainable growth as well as social cohesion.

This Communication outlines the first steps of a comprehensive policy for closer integration of the EU transport system with the neighbouring countries. The policy focuses on the main infrastructure used by international transport and on the relevant legislation affecting the use of these routes by all transport modes; over time this approach may lead to the development of common rules and regulations for the transport sector as a whole and thus create an effective transport market involving the EU and its neighbours.

1.1. The EU and the neighbouring regions

After the historic enlargement by 10 countries of Central and Eastern Europe and the Mediterranean in 2004, Romania and Bulgaria have now joined the EU at the beginning of 2007. Croatia and Turkey are candidate countries and accession negotiations are ongoing with both of them. The Former Yugoslav Republic of Macedonia is a candidate country. Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo¹⁵, are potential candidate countries.

The European Neighbourhood Policy (ENP) was developed with the objective of avoiding the emergence of new dividing lines between the EU and its neighbours: its aim is at promoting peace, stability, security, growth, development and prosperity in the

¹⁴ COM(2006) 726, 4.12.2006.

¹⁵ Under United Nations Security Council Resolution 1244 of 10 June 1999.

neighbouring countries as well as modernisation of economy and society. The ENP was originally addressed to the immediate neighbours. In the meantime action plans have been concluded with Israel, Jordan, Lebanon, Moldova, Morocco, the Palestinian Authority, Tunisia, Ukraine, Armenia, Azerbaijan and Georgia, the one with Egypt will soon be concluded. The EU and Russia have approved road-maps for strengthening their cooperation by establishing four “common spaces” at the summit in May 2005.

These initiatives have established a novel, comprehensive and forward looking framework through which the EU seeks to extend the principles of the ‘Single Market’, promote political and economic reform, development and modernisation for mutual benefit. As underlined by the recent Communication on the ‘Strengthening of the European Neighbourhood Policy’ there are a number of cross-cutting themes, among which transport, where the EU and its neighbours have common interests and concerns and which usefully could be addressed in a multilateral context. In order to take full advantage of closer relations with the EU and the prospect of improved access to its market, neighbouring countries’ transport systems must be able to handle increased transport flows. The accession process and ENP frameworks clearly state that trans-European network policy should include strategies to reach this objective.

1.2. Transport context

1.2.1. Trans-European transport networks in the European Union

The trans-European transport network (TEN) policy, revised in 2004¹⁶, focuses investments on 30 priority transnational axes and projects. The policy has a strong focus on the integration of the networks of the new Member States. As emphasised by the European Council in December 2003, the trans-European axes will reinforce the competitiveness and cohesion of the enlarged Union by better connecting the internal

market. The TEN policy does not, however, address transport connections between the EU and the neighbouring countries or other trade partners. These links have been developed through the Pan-European Corridors and Areas since the early 1990’s.

1.2.2. Pan-European Corridors/Areas

Pan-European Corridors and Areas (PEC) were developed during two Ministerial Conferences in Crete (1994) and in Helsinki (1997) with the aim of connecting the EU-15 with the then neighbouring countries. Following the 2004 and 2007 enlargements, the Corridors are now mainly within the EU and thus part of the TEN network.

The cooperation along the PECs is organised through non-binding Memoranda of Understanding (MoU), which also establish a Chair and Secretariat for most of them. The financing of the Secretariats, being the responsibility of one country along the Corridor, has been uneven and much depends on the particular circumstances of the PEC; in particular, the following weaknesses have been identified:

- Planning and prioritisation of investments is in most cases done in a piecemeal fashion that follows national logic neglecting the needs of international movements along the whole axis.
- The focus is on infrastructure and insufficient attention is paid to removing non-infrastructure related bottlenecks, which are often the primary cause for delays, particularly at border crossings.
- There are no commonly agreed methodologies to assess the economic, social and environmental impacts of plans and projects that would meet the standards of best international practice.

1.2.3. Network development at regional level

The identification of core networks in some of the neighbouring regions has gone some way to addressing the weaknesses of the Pan-European Corridors/Areas. These exercises,

¹⁶ Decision No 884/2004/EC.

supported under the accession framework and the bilateral action plans of the European Neighbourhood Policy, aim at improving the policy implementation and infrastructure of the regional transport systems:

- In 2004 the countries in the Western Balkans¹⁷ and the European Commission signed a Memorandum of Understanding for the development of a core network. A Steering Committee was set up to implement the MoU, which is supported by a Secretariat and the South East Europe Transport Observatory (SEETO). SEETO is operational since June 2005 and aims to establish information systems and to formulate a five-year multi-annual plan and procedures for improving the core network. In addition, the international donors, led by the World Bank and the EU have set up an Infrastructure Steering Group to coordinate donor activities.
- In the Mediterranean region, cooperation in the transport sector was launched in 1995 under the Barcelona Process, which set goals designed to lead to a free trade area in the Mediterranean region by 2010. A Euro-Mediterranean Transport Forum was created in 1998 to co-ordinate common approaches and to develop an integrated regional transport system. The first Euro-Mediterranean Transport Ministerial Conference, which took place in 2005, identified the main priorities for the development of the transport sector and requested the Forum to adopt a regional transport action plan for the next five years.
- Turkey is in the process of identifying a core network and a list of priority infrastructure projects as part of the accession negotiations. Turkey is involved in both the Pan-European Corridors and the TRACECA corridor.

- The TRACECA corridor, developed since 1993, connects Europe with Turkey and further with Armenia, Azerbaijan and Georgia in the Southern Caucasus until Central Asia. Cooperation is organised through a basic multilateral agreement signed by the countries concerned¹⁸, which set up an Inter-Governmental Commission and a permanent Secretariat. The Secretariat supervises the implementation of the decisions of the Commission and puts forward appropriate proposals to ensure the realisation of the multilateral agreement.
- For Belarus, Moldova and Ukraine, the Pan-European Corridors remain the reference network.
- Regarding Russia, cooperation in transport is established under the EU-Russia dialogue that was launched in 2005. Five expert working groups have been created, covering transport strategies, infrastructure and public-private partnership; transport security; air transport; maritime, sea-river and inland waterway transport; road and rail transport.
- The Caspian and Black Sea cooperation is established as a follow-up to the EU-Black Sea-Caspian Basin Transport Ministerial Conference in 2004 in Baku and it brings together the TRACECA countries, Russia and Belarus. As part of this "Baku process", four expert working groups have been set up in transport, covering aviation, security, road and rail transport, and infrastructure. The objective is to strengthen cooperation between the EU and the partner States and, even more importantly, among the countries of the region.

The Commission believes that these initiatives are a key step in achieving sustainable development and regional integration. Notably, the process of

¹⁷ Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo (under the UN Security Council Resolution 1244).

¹⁸ These are: Afghanistan, Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan. Pakistan and Iran have applied for TRACECA membership.

integrating the neighbouring countries into the EU markets and society requires compatible and interconnected infrastructure and approximated regulatory environments. It also requires focusing on a limited number of key transnational connections to ensure that the inevitably scarce resources bring about a noticeable stimulus to trade and economic growth both in the EU and in the neighbouring countries. An outline of such a policy is presented below (Chapter 2).

1.3. Policy development process

To implement the concept of European Neighbourhood Policy into the transport field and to find ways to better connect the EU with its neighbours, the European Commission established in 2004¹⁹ the High Level Group on the *Extension of the major trans-European transport axes to the neighbouring countries and regions*, chaired by former Commission Vice-President Loyola de Palacio. The report²⁰ of the Group was submitted to the Commission in December 2005. A public consultation process was organised throughout the work of the Group to integrate the views and concerns of the stakeholders. Whilst the majority of stakeholders welcomed the Group's recommendations; some concern was raised regarding the inclusion of environmental and social aspects²¹.

2. GUIDELINES FOR TRANSPORT IN EUROPE AND NEIGHBOURING REGIONS

Having examined the proposals of the High Level Group and the reactions received through the public consultation, the Commission considers that the Group's work forms a good basis for cooperation between the EU and the neighbouring countries. The Commission therefore recommends to the

¹⁹ Commission Decision C(2004) 3618 of 29 September 2004.

²⁰See

http://europa.eu.int/comm/ten/transport/external_dimension/index_en.htm

²¹ The written and oral contributions for both consultations can be downloaded from http://ec.europa.eu/ten/transport/external_dimension/hlg/index_en.htm

Council and to the European Parliament to take note of the Group's report and accept the proposal to revise the concept of the Pan-European Corridors/Areas (PEC) in the following ways:

- To extend the geographical coverage of the concept of the PECs to take fully into account the revised trans-European network policy and the accession framework and European Neighbourhood Policy objectives.
- To extend the relevant internal market principles and rules to the neighbouring countries by taking into account sustainability and by underlining the importance of non-infrastructure measures to facilitate trade and transport flows along the main axes.
- To strengthen coordination and monitoring frameworks to ensure full commitment of the countries concerned, to enable pooling of resources towards sustainable development of infrastructure and enabling the projection of the Union's policies, including the social dimension.

2.1. Five axes to connect the EU and the neighbours

The Commission considers that the extent of the Pan-European Corridor/Area concept needs to be updated to reflect the new geopolitical context following the EU enlargement and to better connect the major axes of the trans-European networks with those of the neighbouring countries. It therefore proposes to adopt the following five transnational axes, which are in line with those proposed by the High Level Group (for the alignment, see Annex):

- Motorways of the Seas: to link the Baltic, Barents, Atlantic (including Outermost Regions²²), Mediterranean, Black and the Caspian Sea areas as well as the littoral countries within the sea areas and with an extension through the Suez Canal towards the Red Sea.

²² Canaries Islands, Azores and Madeira.

- Northern axis: to connect the northern EU with Norway to the north and with Belarus and Russia to the east. A connection to the Barents region linking Norway through Sweden and Finland with Russia is also foreseen.
- Central axis: to link the centre of the EU to Ukraine and the Black Sea and through an inland waterway connection to the Caspian Sea. A direct connection from Ukraine to the Trans-Siberian railway and a link from the Don/Volga inland waterway to the Baltic Sea are also included.
- South Eastern axis: to link the EU with the Balkans and Turkey and further with the Southern Caucasus and the Caspian Sea as well as with the Middle East up to Egypt and the Red Sea.
- South Western axis: to connect the south-western EU with Switzerland and Morocco, including the trans-Maghrebin link connecting Morocco, Algeria and Tunisia and its extension to Egypt.

Following the analysis made by the High Level Group, these five axes contribute most to promoting international exchanges, trade and traffic. They also include some branches in regions, where traffic volumes are relatively low due to current political problems, aiming thus at strengthening regional cooperation and integration in the longer term. In this context, the Commission underlines that open and secure borders between the EU and the neighbouring countries and between the neighbouring countries themselves are of fundamental importance for stimulating trade and strengthening regional cooperation.

The Commission proposes to consider at this stage only the connections linking the EU with the neighbouring countries and not those links from the neighbouring countries to third countries (see however point 2.1.2). It also underlines that these five axes do not amend the priorities set for the trans-European transport networks for the EU (see point 1.2.1).

2.1.1. Integration of the Pan-European Corridors/Areas

In line with the views of the Pan-European Corridor Chairs, the Commission proposes to fully integrate the PECs into the new structures and to build on their expertise. Whilst most of the Pan-European Corridors I, IV, V, VI and VII are now in the territory of the EU and thus part of a priority project of the trans-European transport networks, the remaining Corridors are covered by the proposed five axes as follows:

- The four Pan-European Areas (Barents, Black, Ionian and Mediterranean Seas) are incorporated into the Motorways of the Seas as far as maritime connections are concerned.
- Northern axis incorporates the PEC II and the northern part of PEC IX. It also includes a land connection to the Pan-European Area of Barents linking Norway through Sweden and Finland with Russia.
- Central axis includes the PEC III and a branch of PECs V and IX.
- South Eastern axis merges and extends the PECs IV and X, incorporates PECs VII and VIII as well as a branch of PEC V. The axis is further extended to the Middle East and it joins with TRACECA in Turkey, Armenia, Azerbaijan and Georgia.
- South Western axis includes a land connection in the Pan-European Area of the Mediterranean.

2.1.2. Cooperation with other organisations

The Commission considers essential that the development of the five axes is closely coordinated with organisations developing international transport corridors in other regions. These include in particular the TRACECA corridor in Central Asia, the trans-African networks²³ as well as networks linking Europe with Asia, developed by the United Nations Economic Commission for

²³ These are developed under the framework of African Union and the EU-Africa Partnership on Infrastructure.

Europe, the United Nations Economic and Social Commission for Asia and the Pacific and the European Conference of Ministers of Transport.

2.2. Infrastructure projects

The High Level Group put forward a number of infrastructure projects, which it classified into two categories depending on the maturity. The public consultation raised concerns that the further development of some of the transnational axes could have negative impacts on the surrounding environment and particularly on biodiversity. The Commission therefore proposes to consider the project lists as indicative and underlines the importance of developing master plans for the axes. These master plans should be subject to strategic economic, environmental and social impact assessment in line with best international practice and when relevant with EU legislation²⁴.

2.2. Horizontal measures to promote interoperability

The Commission proposes to endorse the horizontal measures proposed by the High Level Group as the basis for cooperation in view of making transport along the axes more rapid and effective. These measures aim at gradually approximating the neighbouring countries' legislation and policies with the relevant *acquis communautaire*; they concern all transport modes and include, among others:

- Ensuring technical, legal and administrative interoperability with systems in the EU as regards e.g. railway networks, signalling systems, infrastructure charging schemes.
- Speeding up border crossing procedures by implementing without delay the relevant international conventions, as

²⁴ For practical guidance on the implementation of socio-economic appraisal and on strategic environmental assessment, see the 6th Research Framework Programme projects HEATCO at <http://heatco.iier.uni-stuttgart.de/> and BEACON at <http://www.transport-sea.net/results.phtml>

already adopted in the EU, by introducing “one-stop” offices through shared facilities, simplification and harmonisation of trade and transport related documentation in line with the EU practice.

- Implementation of new technologies like traffic management and information systems in all modes (notably ERTMS²⁵ and SESAR²⁶), including satellite navigation (Galileo), that are effective and compatible with those implemented in the EU territory.
- Measures to improve safety and security and working conditions in all transport modes, e.g. through harmonisation of standards and procedures at the highest level of performance.
- Application of international conventions, social and environmental impact assessment, public procurement procedures etc. in accordance with the EU standards, donors' funding rules and best international practice.

2.3.1. EU cooperation to implement horizontal measures

Action plans under EU cooperation frameworks are one of the key instruments for the implementation of the horizontal measures. These action plans are jointly agreed with partner countries with the following aims (see also point 1.2.3):

- For candidate and potential candidate countries, the aim is gradual alignment with the *acquis communautaire* in all sectors.
- Regarding the countries under the ENP, bilateral action plans and strategy papers identify priorities in a broad range of areas, including transport and customs as well as in cross-cutting fields like environment and social issues.
- Multilateral cooperation, in particular in the context of the implementation of the TRACECA strategy until 2015 and the

²⁵ ERTMS is the European Rail Traffic Management System.

²⁶ SESAR is the European air traffic control infrastructure modernisation programme.

Baku process, as well as the plans for a Mediterranean regional transport action plan complement the bilateral action plans.

- Cross-border cooperation between adjacent regions in the EU and in the neighbouring countries will play a growing role including actions to improve transport as well as to increase cooperation in legal and administrative areas.

Whilst the EU cooperation frameworks already address most of the horizontal measures, the Commission believes that there is a need to look at them in conjunction with infrastructure development along the major trans-national axes. This is to ensure that the most important bottlenecks along an axis are addressed in a synchronised and timely manner and that the different procedures and standards are compatible along the whole axis used by international transport to and from the Union.

3. IMPLEMENTATION OF THE POLICY GUIDELINES

3.1. Multilateral structure for coordination and monitoring

The growing challenges facing the EU make it even more important to improve the efficiency and the coherence of its external policies and to deliver better strategic planning, more coherence between its various external policy instruments, and enhanced cooperation between the EU institutions, the Member states, the neighbouring countries and other relevant stakeholders. This cooperation should:

- Bring together the countries in a multilateral setting whilst at the same time enabling effective regional cooperation.
- Promote interoperability of networks between the EU and the neighbouring countries and further approximation of legislation and policies in the neighbouring countries towards EU standards with a view of ensuring continued economic and social development and environmental sustainability.

- Address development needs of infrastructure projects of mutual interest and attract and direct investments to these projects.
- Monitor the removal of non-infrastructure related bottlenecks and the implementation of the horizontal measures along the axes.
- Ensure and promote sustainable development by taking into account the economic, environmental and social consequences of infrastructure plans and projects and horizontal measures.

3.2. Financing of the measures

Implementation of this ambitious plan requires pooling together all the relevant financing sources, both public and private as well as nationally and internationally. Whilst the public budgets will remain important, the role of the international financing institutions (IFIs) such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank is crucial in funding the balanced development of the major transnational axes and the overall transport system.

The Commission recommends to build on the successful cooperation with the IFIs in the Western Balkans Infrastructure Steering Group (see point 1.2.3) and to extend the concept to other regions. EU Member states and other donor should be integrated in such cooperation when relevant.

From 2007 onwards the European Neighbourhood and Partnership Instrument (ENPI) will provide financial assistance to neighbouring countries. This will include support for Financial Institutions lending in the priority sectors through a proposed “Neighbourhood Investment Facility” as well as support for the implementation of the horizontal measures. In addition EU assistance could help countries to prepare for investments by supporting studies on the definition of master plans, feasibility of projects and on public-private partnerships. In addition the Commission proposal for the new EIB external lending mandates for 2007-2013 foresees a considerable increase in the

lending ceilings for the neighbouring countries. A specific Memorandum of Understanding has been signed between the Commission, the EIB and the EBRD to facilitate co-operation in Eastern Europe and Southern Caucasus, in Russia and Central Asia.

The Pre-Accession Instrument (IPA) will provide financial assistance to the candidate countries and the potential candidate countries (see point 1.1). Depending on the status of the country, the range of support varies. The candidate countries will be offered the full range of pre-accession assistance, including support to fulfil the accession criteria and to prepare for cohesion policy, including investments in infrastructure, whereas the potential candidates will benefit from a more limited range of measures.

3.3. Institutional setting

Following the analysis presented in the preceding chapters and the strong support received from the different stakeholders through the public consultation, the Commission is of the opinion that a strong binding coordination framework is essential. This would ensure strong commitment and joint ownership of the countries concerned to implement the necessary measures in a timely and synchronised manner along the axes.

One possible coordination framework could foresee the establishment of a cost effective institutional setting to support the implementation and monitoring of the axes. This could entail the setting up of a three-level structure consisting of:

- Regional steering groups to follow the implementation of the agreed axes and measures at technical level. The regional steering groups could also organise Donors' Conferences by axis and involve social partners and other stakeholders when relevant. All the regional steering groups should meet together regularly, e.g. annually, to ensure coherent implementation of the agreed measures as well as to agree on common methods

for strategic and project level assessment and monitoring.

- Ministerial meetings to take strategic decisions regarding the coordination framework as well as the transnational axes, infrastructure projects and horizontal measures and their further development based on a joint recommendation of the regional steering groups.
- A Secretariat to provide administrative and technical support. Sustainable, sufficient and long-term financing for the Secretariat should be guaranteed envisaging contribution from the countries concerned by the axes to strengthen their commitment and ownership.

To ensure cost effectiveness and to avoid unnecessary duplication of work, the existing regional Steering Groups and Secretariats should provide the above functions, whenever they exist (see point 1.2.3).

3.4. Stepwise approach

To speed up the overall process and to ensure that the format and content of the cooperation structure meets the needs and expectations of the parties concerned, the Commission will take a two-step approach to implement the policy:

1. In the first phase, exploratory talks would be launched with all the neighbouring countries. These talks would aim at assessing the interest and commitment of the countries to strengthen the multilateral coordination frameworks, where these exist, or to put such a framework in place, where these do not exist today. In this phase, eventual interim solutions would also be sought to allow for uninterrupted development of the axes.
2. As a second step, following the outcome of the exploratory talks, the Commission would make concrete recommendations and/or proposal to implement the policy and coordination framework.

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8. Missiroli, Antonio, “The ENP three years on: where from - and where next?”, *ECP Policy Brief*, European Policy Centre, Brussels, March 2007

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