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The Nabucco Pipeline and Energy Dilemmas

In 1990, John Mearsheimer wrote a much discussed article on how he viewed the Post-Cold War world at least on the European continent titled "Back to the Future". *(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 an 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.

According to Mearsheimer, there would be no new era of peace; instead multipolarity and increased competition between great powers would probably take hold, thereby increasing instability, inequality, unpredictability and uncertainty. In recent years, Mearsheimer's thesis as well as those of other proponents of the realist school of thought (be it classical realism, offensive realism, structural realism, etc.) seems to be gaining strength albeit the popularity of post-modern schools of thought over the last two decades.

Why all this theoretical babble, you ask? Mearsheimer clearly comes to mind when one attempts to analyse the competition between and among great powers in Europe (and neighbouring regions) today in particular with reference to the energy paradigm. On 13 July 2009, the Prime Ministers of Austria, Bulgaria, Hungary, Romania and Turkey signed an Intergovernmental Agreement on the planned natural gas Nabucco pipeline from Erzurum in Turkey to Baumgarten an der March in Austria. Is Nabucco finally on track or was the ceremony an example of triumphalism on the part of the signatories?

An interesting interpretation is that more than anything the Nabucco signing ceremony is closely linked to the geopolitical realignments at play globally and particularly in Europe. A point of reference is President Obama's visit to Moscow where he pressed the reset button with Russia leading to an agreement on reduction of nuclear stockpiles and frank talk on a number of other issues. This fundamental upgrade of Russia's status is having repercussions on how other regional powers (whether of the minor or major kind) interpret the evolving relationship between Moscow and Washington.

An obvious effect is on Turkey – a regional powerhouse aspiring to a greater global standing. Ankara seeks to assure that its unsteady status quo with Moscow in their common neighbourhood (Black Sea and Caucasus) is maintained while it retains (if not augments) its "critical ally" position with Washington. One obvious instrument (both in

political and foreign policy terms) to redress the evolving balance of power is the energy card.

For a postmodern entity like the European Union with its negotiated common positions (a product of ongoing power struggles among exigent greater and smaller member states), the energy card is just as relevant. The EU external energy strategy is focused on sustainability, competitiveness and security of supply whereby the diversification of suppliers is crucial in order to avoid overdependence given the fact that the EU on the whole is dependent on imported hydrocarbons. It should be noted that under current trends, the Union's energy dependence will jump from 50% of total EU energy consumption today to about 65% in 2030 – gas imports will jump from 57% to 84% and oil from 82% to 93% by 2030. Simultaneously, the global demand for oil is bound to grow by 41% during the same period.

What does all of this imply? Basically, energy needs seem to be a crucial contributing factor in defining the world today and, in particular, the relationship between states. The Nabucco signing is indicative. Albeit its shortcomings and uncertainties - Can Turkmenistan come through on its promises of supplying the pipeline with gas given its geography whereby supply can only be through Iran or across the Caspian Sea which has no seabed agreement to date? Will Azerbaijan deliver before the Nagorno Karabakh issue is resolved in a manner suitable to its interests? Will Iran be allowed to become a supplier as Turkey and other states would want without a redefinition of its relations with the United States? Has Turkey's overreach with its demands for a 15% stake of the pipeline's potential supply for its own markets or for resale been addressed? Is the principle of "if you build first, the gas will come" viable at the time when the estimated cost of the pipeline tops 7.9 billion euros while construction commitments from the EIB and the European Commission are small and the global financial crisis deters potential investors?

While the pipeline is expected to meet only about 10% of the EU's gas needs when it becomes operational at up to 31 bcm per year, Russia currently exports 140 bcm of natural gas a year to the EU. Even more telling are the overall figures regarding Caspian oil and gas, where Russia dwarfs all other Caspian and Central Asian producers in terms of reserves, production and export availabilities (and consumption). Thus, the questions as to whether the Nabucco project contributes to the avoidance of overdependence on Russian natural gas; addresses effectively the issue of energy security; and tackles the issue of diversification remain on the table. Nabucco bypasses Russia as well as Ukraine. What does this imply for the latter? What is China's impact on Central Asia since it is the main driver of the increase in global demand for China-Turkmenistan hydrocarbons? The energy connection is relevant here.

More than anything the Nabucco project has managed to raise awareness of the interests of regional and global stakeholders. For one, it could be interpreted as a catalyst for a more cohesive EU energy security strategy. It has raised the stakes regarding Iran's present and potential role. It has paradoxically brought Russia and Turkey closer together with Moscow openly talking about Ankara's participation in the South Stream project. It has also somewhat brought Russia closer to the project with the potential supply of Russian gas to Nabucco via the Blue Stream pipeline. Finally, the perspective of Egyptian, Syrian and Iraqi gas gives the whole endeavour a geopolitical dimension.

As such, the Nabucco project contains both the seeds of further great power competition of the Mearsheimer mould as well as the potential for further symbiosis as energy superpowers might reconsider the benefit of using oil and natural gas as extensions of their foreign policies. Verdi's opera is famous for its inspirational "Va, pensiero" chorus; time will tell whether the more mundane Nabucco pipeline can

arouse greater energy cooperation in today's increasingly complicated world.

DIMITRIOS TRIANTAPHYLLOU

President Barroso and Commissioner Piebalgs Welcome the Signature of the Nabucco Intergovernmental Agreement (Brussels, 10 July 2009)

President of the European Commission José Manuel Barroso and Energy Commissioner Andris Piebalgs welcome the signature in Ankara on Monday of the Nabucco Intergovernmental Agreement, which sets out the terms and conditions under which gas can be exported from the Caspian Sea and the Middle East to the European Union and Turkey. Potentially Nabucco can supply up to 5-10% of European gas demand, but in countries that are currently 100% reliant on one external supply route, it will provide immediate tangible security of supply benefits.

"The Nabucco project is of crucial importance for Europe's energy security and its policy of diversification of gas supplies and transport routes. The signature will show that we are determined to make this pipeline a reality as quickly as possible. I'm proud of the role that the Commission has played and extremely pleased that Turkey and the Member States of the European Union have reached an agreement based on the principles of mutual solidarity, mutual equality and interdependence" said President Barroso.

"Turkey and the European Union have found the right balance in the Nabucco intergovernmental agreement – let us hope that this is a starting point for further fruitful cooperation in our bilateral relationship, between supplier and consumer countries and to give all players the freedom to pursue their own interests, within a secure legal framework", said Commissioner Piebalgs

The agreement is between Turkey and four Member States (Bulgaria, Romania, Hungary and Austria) of the European Union. The pipeline will run between Eastern and Southern Turkey and Baumgarten in Austria, and therefore crosses the territory of these states. The agreement has taken six months of intense negotiations, building on many years of patient technical work. The Commission acted as a facilitator in the

negotiations for all sides, helping to find solutions to real problems, after having been invited to take this role by the states concerned.

The Nabucco Intergovernmental Agreement is fully compatible with international law, European law and the law of Turkey. The Agreement is the first of its kind; no other pipeline project into the European Union has its development underpinned by such a comprehensive agreement.

The Intergovernmental Agreement applies EU law up until the border of the European Union and then within Turkey applies a specific regime, consistent with Turkey's domestic legal situation. Within the EU, a pipeline must be open to third party access unless it has derogation from the rules. An interconnector between Member States can obtain such derogation. Α pipeline connection to a third country requires a process to ensure the compatibility of the regime that applies within the European Union with the regime applying outside.

With regard to Nabucco, the European Commission has ensured the compatibility of the regimes in Turkey and in the European Union. The consequence is that a company that wants to use the pipeline only has to deal with one interlocutor - Nabucco International Company - in order to bring gas from Eastern Turkey to the heart of the European Union (or vice versa). This is the one stop shop principle that simplifies the shipping of gas across multiple jurisdictions. The Intergovernmental Agreement ensures the regulatory coherence of this project and makes it compatible with the legal requirements that apply within the European Union's internal gas market.

The next stage is to conclude capacity contracts. These are commitments to put gas into the pipeline for a fixed period. Either buyers of gas or sellers of gas can make these commitments. These commitments are what underpin the financing of the pipeline. This stage will begin in the second half of 2009.

Nabucco is a third party access pipeline; at least 50% of its capacity will be sold on the open market so that any shipper may buy

capacity in order to ship gas. The remaining 50% is given by a first option to the pipeline's owners or their affiliates; if these companies do not make use of this option, the capacity is offered on the open market.

There is strong interest from companies in Azerbaijan and Iraq to make commitments immediately. Further gas can come from Central Asia and the Caspian region. There is no shortage of potential gas sources available to the pipeline as the Caspian/Middle East region contains the largest gas reserves in the world.

In the medium term, the European Union and Turkey will jointly look at how to construct a Caspian Development Corporation to provide an assurance to Turkmenistan and other potential suppliers that European Union and Turkish companies are able to make commitments to purchase and pay for gas.

Declaration by the Presidency on behalf of the European Union on the Termination of UNOMIG (Brussels, 19 June 2009)

The EU regrets Russia's decision to block agreement in the UN Security Council despite efforts to accommodate the concerns of all parties involved and also regrets the Russian veto on the technical roll-over of the United Nations Observer Mission in Georgia (UNOMIG) to extend the presence of the Mission.

The Mission has proven to be an effective confidence-building measure and an important tool for enhancing stability and security in Georgia as well as the whole South Caucasus region. Its termination further complicates the already volatile situation in the region and is clearly not in the interest of the civilians in this conflict zone. There continues to be need to create the security conditions to allow unhindered access for humanitarian aid and the prospect for IDPs to return to their homes in safety and dignity.

The non-renewal of the UNOMIG mandate removes an element of independent

oversight by the international community over the developments in the region including the implementation of the agreements of 12 August and 8 September 2008. The EU calls on all parties to implement these two agreements in full and reiterates its strong support for the remaining mechanisms: The EU reaffirms commitment to the EU Monitoring Mission as well as its support for the ongoing discussions in Geneva, and calls on all participants to pursue these discussions in a constructive manner. The EU calls on all parties with forces on the ground to exercise the utmost restraint and refrain from violence.

The EU reiterates its firm support for sovereignty and territorial integrity of Georgia within its internationally recognized borders.

The EU recalls its aim to strengthen EU-Georgia relations, in particular through the Eastern Partnership initiative, in order to improve stability and prosperity in Georgia.

The Candidate Countries Turkey, Croatia*, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and the EFTA countries Iceland, Liechtenstein and Norway, members of the European Economic Area, as well as Ukraine and Azerbaijan and align themselves with this declaration.

*Croatia continues to be part of the Stabilisation and Association Process.

Council of the European Union Presidency Conclusions (Brussels, 18-19 June 2009)

 $[\ldots]$

V. External Relations

41. The European Council welcomes the launch of the Eastern Partnership. It reiterates its conviction that further implementation of this initiative, in both its bilateral and multilateral dimensions, is important and mutually beneficial to the EU and the Eastern Partners, helping to bring

prosperity and stability to citizens of all countries involved. It calls upon the Commission and incoming Presidencies to continue their work in line with the Joint Declaration of the Prague Summit of 7 May 2009.

[...]

EU/Belarus Human Rights Dialogue (Prague, 16-17 June 2009)

On 16-17 June 2009, the European Union and Belarus held the first round of human rights dialogue in Prague.

The dialogue was held in a constructive and open atmosphere.

The dialogue allowed an exchange of views on the human rights situation both in Belarus and in the EU, focusing in particular on freedom of assembly and association, labour rights, freedom including expression and information, freedom of thought, conscience and religion, combating different forms of intolerance and hate crimes, rights of migrants and persons minorities, belonging to trafficking of human beings, protection of different vulnerable groups, situation in prisons and detention facilities, penalty. Several areas of future cooperation and for further in-depth discussion were identified.

The day before the meeting a special session was dedicated to functioning of national institutions for the protection of Human Rights. This meeting featured the Office of Ombudsman in the Czech Republic.

During the talks, both sides raised individual cases of concern related to specific human rights issues in the EU and Belarus. These included freedom of media, expression, association and assembly.

The EU and Belarus discussed human rights cooperation within different international organisations, in particular the UN Human Rights Council and the UN General Assembly but also vis-à-vis the OSCE. They also addressed prospects for a rapprochement of Belarus to the Council of Europe.

In keeping with the EU's practice of incorporating the voice of civil society into its meetings on human rights with third countries, the EU met with representatives of Belarusian NGOs and international NGOs prior to the consultations.

EU-Ukraine Cooperation Council Thirteenth Meeting (Luxembourg, 16 June 2009)

At the thirteenth EU-Ukraine Cooperation Council today, the Cooperation Council welcomed the progress made in EU-Ukraine relations over the last year, recalling in particular the positive impetus provided in this respect by the EU-Ukraine Summit held in Paris in September 2008.

The Cooperation Council underlined the significant progress made in negotiations on the new EU-Ukraine Association Agreement and looked forward to the conclusion of the negotiations as soon as possible. It stressed that the new Agreement would provide considerable scope for deepening EU-Ukraine relations.

The Cooperation Council also welcomed the successful outcome of consultations on the EU-Ukraine Association Agenda, and highlighted its potential to serve as the reference document for reform in Ukraine in the process of preparing for the entry into force of the Association Agreement.

The Cooperation Council emphasised the importance of the launch of the visa dialogue in October 2008 and took note of the progress made in subsequent technical discussions. The EU recalled that visa free travel for Ukrainian citizens to the EU was a long-term goal whose realisation depended on Ukraine's progress in the implementation of relevant reforms. The Cooperation Council also underscored the value of deepened EU-Ukraine cooperation in a number of areas including energy, transport, environment and health.

The EU urged Ukraine to continue to make determined efforts to stabilise the economic and financial situation in the country, in cooperation with the IMF and other International Financing Institutions. It also stressed the importance of continued political and economic reforms and called for constructive cooperation among the country's institutions in this regard.

The EU recalled the critical importance of constitutional reform carried out in a transparent and inclusive manner. Ukraine was encouraged to continue consulting the Venice Commission in this process. Ukraine was also reminded of the importance of improving the business and investment climate, paying particular attention to fight against corruption, tackling red-tape and securing an independent judiciary.

In view of the forthcoming Presidential elections, the EU called on Ukraine to build on its reputation of conducting elections in accordance with international standards.

The Cooperation Council looked forward to making use of the opportunities provided by the Eastern Partnership to strengthen the EU's relationship with Ukraine and other Eastern Partnership countries, and welcomed the leadership provided by Ukraine in this regard.

The Cooperation Council welcomed further strengthening of cooperation in the area of foreign and security policy. It underlined in particular the importance of continuing good cooperation in the regional framework, notably on the Transnistria issue. In this context, the Cooperation Council welcomed the agreement to extend the mandate of EUBAM beyond 2009.

The EU was represented by Mr Kohout, Minister for Foreign Affairs of the Czech Republic; Mr Solana, High Representative for the Common Foreign and Security Policy; Ms Ferrero-Waldner, Commissioner for Relations External and European Neighbourhood Policy, and Mr Lyrvall, Political Director of the Ministry for Foreign Affairs of Sweden. Prime Minister Tymoshenko led the Ukrainian delegation.

Joint Statement by the Group of Friends of the UN Secretary General on the United Nations Observer Mission in Georgia Resolution (Washington, D.C., 16 June 2009)

Following is the text of a Joint Statement by the Spokespersons of the United Kingdom, the United States, Germany, and France as members of the Group of Friends of the UN Secretary General.

Begin Text:

We deeply regret Russia's decision to veto a resolution on the United Nations Observer Mission in Georgia (UNOMIG), which has resulted in the termination of the Security Council mandate for the Mission after 15 years of valuable service providing military transparency on the ground, promoting the human rights of the local population, and seeking to create conditions for the voluntary, safe, and dignified return of internally displaced persons and refugees. We note that Russia had twice accepted a reference to UNSCR 1808 since the August conflict, in resolutions 1839 and 1866. The closure of the UN mission, like that of the OSCE mission, is a setback to international efforts to resolve this conflict.

We call on all parties with forces on the ground to exercise the utmost restraint and to abide by the August 12 and September 8 ceasefire agreements. We call on all participants in the Geneva talks to commit themselves to continuing efforts to find a peaceful and political resolution to the conflict and to alleviate the plight of refugees and IDPs. We reaffirm our firm support for the European Union Monitoring Mission.

We also reiterate our strong support for Georgia's independence, sovereignty and territorial integrity within its internationally recognized borders.

EU General Affairs Council Conclusions on the Relations with the Republic of Moldova (Luxembourg, 15 June 2009)

[...]

The Council adopted directives for the negotiation of a new agreement between the EU and the Republic of Moldova.

It adopted the following conclusions:

"The Council recalls its strong commitment to further deepening the relationship between the EU and the Republic of Moldova, on the basis of shared values and principles. The Eastern Partnership, launched in Prague on 7 May as a specific Eastern dimension of the ENP, provides a new, ambitious framework for taking the EU-Republic of Moldova relationship to a new level. The Council is committed to enhancing EU support for further political and economic reforms in the Republic of Moldova, aimed particular in strengthening democracy and good governance, the rule of law, freedom of the media and respect for human rights and fundamental freedoms. The Council welcomes in this context the Commission's intention to launch a comprehensive package for democracy support in the Republic of Moldova.

Against this background, the Council has adopted the EU's negotiating directives for a new, comprehensive EU-Republic of Moldova agreement which will go beyond the current Partnership and Cooperation Agreement. The Council expresses its willingness to start negotiations as soon as circumstances allow.

In this context, and with a view to the start of the negotiations, the Council calls on the Republic of Moldova to ensure equal treatment to all EU citizens in its visa policy and underlines the importance of the principle of good-neighbourly relations.

At the same time, the Council expresses serious concern over the human rights abuses that took place after the 5 April parliamentary elections in the Republic of

Moldova. It calls for a transparent, impartial and effective investigation of the human rights violations as well as the events around 7 April, through a process that includes the opposition as well as international experts. The Council underlines that the use of violence for political aims is unacceptable. The Council is also concerned by the deterioration of freedom of expression and media freedom and urges the Republic of Moldova to ensure equal access of political parties to the public media, to ensure transparent allocation of media licences and to refrain from the use of administrative pressure against independent media, civil society organisations and political parties.

The Council is closely following political developments in the Republic of Moldova and underlines the need for constructive political dialogue. It urges the Moldovan authorities to ensure that the forthcoming parliamentary elections are free and fair and calls on them to work closely with the OSCE/ODIHR and the Venice Commission of the Council of Europe to address their recommendations.

The Council underlines continued efforts of the EU to contribute to a peaceful and viable settlement of the Transnistria conflict and stresses the importance of fully observing the principles of independence, sovereignty and territorial integrity of the Republic of Moldova. In this context, the Council welcomes the work of the EUSR and the Commission on confidence-building measures and calls on all sides to support these. The Council reiterates that a settlement has to be negotiated in the 5+2 framework which is the only format that can guarantee the necessary transparency and legitimacy. The Council calls for the resumption of 5+2 negotiations as soon as possible."

[...]

The Priorities of the Azeri Chairmanship of the Organization of the Black Sea Economic Cooperation (Baku, 10 June 2009)

The Republic of Azerbaijan assumes its Chairmanship-in-Office in BSEC with the aim to provide further impetus to the process of reforms in the Organization in order to enhance its effectiveness and efficiency. Azerbaijan - BSEC founding member is one of the most dynamic emerging economies in the region with strong potential to further contribute to the development of regional prosperity of BSEC and cooperation countries and of the region as a whole. Azerbaijan has pioneered and is among major contributors to the development and implementation regional of large infrastructure projects in energy transport that changed economic landscape of the region. Since our last Chairmanships in 2003-2004 major regional infrastructure projects, such as Baku-Tbilisi-Ceyhan (oil pipeline) and Baku-Tbilisi-Erzurum (gas pipeline) has been realized and put in operation. Another important infrastructure project - Baku - Tbilisi - Kars railways is under implementation. Azerbaijan turned into a net investor in regional economies contributing to the development and prosperity of the countries of the region.

We consider wider Black Sea region as an area of vital interests for our economic, social and political development, therefore we are willing to further contribute to the development of the region as a stable, secure and prosperous area. Consequently, we would like to see the role of BSEC – most advanced, comprehensive and inclusive structure in this region as more capable and pro-active regional organization.

The Chairmanship of the Republic of Azerbaijan in BSEC coincides with important jubilee - 10th Anniversary of the transformation of BSEC into regional organization. Since 1 May 1999, when the Charter entered into force, BSEC has evolved into a full-fledged organization now covering governmental, parliamentary, business,

financial and academic dimensions, as well as numerous areas of cooperation.

This jubilee is not only a good reason to celebrate, but also an opportunity to critically assess past 10 years of functioning of the organization in rapidly changing environment.

It is widely acknowledged that BSEC region is of ever growing geo-strategic importance and significance due to its geography, market size, economic and human potential, rich energy resources, transport and transit potential. This is also one of the most dynamic developing areas in global economy, possessing great potential and strong advantages for regional cooperation and growth. At the same time regional cooperation is a hostage to numerous conflicts and political tensions spread across this vast area. These are the challenges that we all face and they have to be adequately addressed.

In this context, we believe that BSEC as a multilateral inter-governmental organization should not only serve as useful framework for dialogue but should also play active role of an important regional instrument in shaping common vision and be able and capable of developing conducive political environment for the implementation of regional projects.

Therefore, we believe that organizational setup and modus operandi of BSEC should be appropriately amended in order to meet these challenges. As our experience shows, organization cannot operate efficiently and effectively based on rules and procedures designed in 90s when the context and environment, in which it operated were different. Therefore, the Republic of Azerbaijan as Chairmanship-in-Office considers the need for CHANGE in BSEC of paramount importance and puts this as its first priority.

Reforms and reorganization

During its last consecutive Chairmanships from May 2003 until May 2004 Azerbaijan initiated the process of reforms in BSEC and has ardently been following that guideline. The Bucharest Council of 2006 and

subsequent events and efforts to address organizational deficiencies in BSEC, though provided certain steps forward, were not enough to bring about necessary improvements in BSEC.

This Chairmanship we would consider as yet another attempt to gain momentum for the process of reforms with the aim to make BSEC more relevant and adequate to the development challenges that our region faces. For that purpose we will strive to mobilize political will of the Member States to proceed with necessary steps in that direction.

We intend to initiate high-level political dialogue and for that purpose to convene a conference on "Future of Wider Black Sea Area - Ways and Means of Promoting Regional Cooperation: BSEC Perspective", back to back with the Informal Meeting of the Deputy Ministers of Foreign Affairs in charge of BSEC. The objective of the former event will be to ensure broad and open exchange of assessments and views on the future of BSEC region with the participation of all regional stakeholders from both inside and outside the region. Guided by the conclusions of the Conference we hope that informal meeting of the Deputy Ministers will provide necessary political impulse and guidelines to the process of reforms. BSEC in order to be successful needs clearly defined mission and objectives and the overall aim of the above events will be to trigger the process in that direction. Scheduled meetings of the WG on Organizational Matters and of the Committee of Senior Officials will serve to translate political guidance into practical steps.

Priority areas of cooperation

We will support the ongoing activities in BSEC areas of cooperation with particular attention attached to such priority fields as energy, transport, SME and trade & economic development. In energy we will encourage and urge the PERMIS and the WG to draft BSEC Regional Energy Strategy 2020, so that the WG is equipped with clear vision and objectives. The Chairmanship will support further cooperation with the USAID and the USEA and positive developments in

the implementation of the Black Sea Transmission Planning Project (BSTPP).

In transport, while supporting the ongoing BSEC projects (Black Sea Ring Highway and Motorways of the Sea), special attention will be given to the facilitation of road transportation of goods, as necessary precondition for the implementation of large infrastructure projects.

During its Chairmanship Azerbaijan will also pay particular attention to further promotion of cooperation in such field as Information and Communication Technologies (ICT). As Country-Coordinator of the Working Group (WG) on ICT for the next two years we consider the promotion of yet another transregional project – "Transnational-Eurasian Information Super Highway" as the core for the activities in the field. We are also planning to host a meeting of BSEC Ministers on ICT.

We are also planning to organize in Baku the Meeting of BSEC Ministers of Emergencies with the aim to assess the current status and to define prospects of cooperation in this important area.

Furthermore, with the aim to enhance the efficiency and effectiveness of cooperation in different fields, we will give particular attention to the assessment of the Evaluation Reports of the activities of the working groups prepared by the Country-Coordinators. We believe that Evaluation Reports provide necessary analysis and recommendations for the improvement of cooperation in the framework of BSEC.

Project-oriented dimension and development of close cooperation with business communities

Transformation of BSEC into a projectoriented endeavor is set as one of the priority objectives of our cooperation. However, we believe that most appropriately, BSEC as inter-governmental structure could contribute to that objective through creation of favorable environment for the economic agents on the ground to take advantage of. In this connection, establishing close cooperation with business communities and its associations so that BSEC has feedback is viewed as another important task. In this respect, we will attach particular importance to the development of cooperation with BSEC Business Council, Union of the Black Sea and Caspian Confederation of Enterprises (UBCCE) and other regional representatives of business communities.

BSEC financial structures – BSEC Project Development Fund, BSEC Hellenic Development Fund and BSTDB should be used more efficiently in supporting private enterprise and developing regional projects.

Related Bodies

Overall effectiveness and efficiency of cooperation in the framework of BSEC depends on the degree of cooperation and coordination of activities among BSEC, PABSEC, BSEC BC, BSTDB and ICBSS. As Chairmanship-in-Office we will attempt to ensure closer cooperation and coordination of activities with BSEC Related Bodies. In particular, we will try to forge close cooperation with BSEC BC and other business structures active in the region.

International cooperation

We understand the challenges of regional cooperation and development in wider Black Sea area, therefore we consider the engagement of the international community, in particular international stakeholders with strategic interests in the development of the region as secure, stable and prosperous area, as another important task. In this regard, the development of close ties between BSEC and EU, as well as the Observer States and Sectoral Dialogue Partners is of particular significance. In view of the abovementioned, we reckon that the use of the European Union expertise, experience and resources in the promotion and development of regional cooperation could be mutually beneficial bring greater results. Therefore. development of regional framework of cooperation between BSEC and EU for the implementation of the EC Black Sea Synergy Initiative will remain in the focus of our attention.

We will support the implementation of the ongoing projects in the framework of cooperation between BSEC and UN

Organizations, as well as between BSEC and OECD. The Chairmanship of Azerbaijan would also urge the development of closer cooperation between BSEC and the Energy Charter.

Regional conflicts

BSEC region hosts most protracted conflicts in Europe. They remain major impediments to comprehensive regional cooperation in this important area. Azerbaijan as one of the BSEC countries who suffers from aggressive separatism and consequences of occupation of its territories, considers resolution of these conflicts as the most important issue for comprehensive promotion of cooperation and utilizing the potential of BSEC. BSEC philosophy based on the premise that economic cooperation without resolution of the conflicts could contribute to the confidence-building among Member States and consequently bring stability and security to this region proved to be mistaken. For 17 years now BSEC was unable to contribute to the improvement of political environment. As a result, there is no significant progress or tangible achievement in developing regional cooperation in the framework of BSEC.

Therefore, we believe that overlooking this situation does not serve the interests of our Organization. As Chairmanship-in-Office we intend to organize an event in appropriate format to address this issue.

Approach and guiding principles

Throughout our Chairmanship we will try to substitute numerous activities with focused and result-oriented actions putting emphasis on CHANGE. We believe that improvement of the existing organizational setup and mechanism of cooperation will speed up the integration processes both of intra-regional and interregional character.

We will also try to ensure that Chairmanship in BSEC play objective, balanced, unbiased and impartial role in representing interests of all Member States and the Organization as a whole. However, we understand that the results of our efforts will depend on the collective will and commitments of all Member States.

We hope that second decennial of the Organization will be marked with more tangible results on the ground and BSEC will play more visible and important role in shaping and developing of the region. Azerbaijan will do its utmost to contribute to that end.

Declaration by the Presidency on behalf of the EU on the "Parliamentary Elections" in South Ossetia, Georgia (Brussels, 2 June 2009)

REV1, 2.6.2009: The EU is aware that "parliamentary elections" took place in the South Ossetian region of Georgia on 31 May 2009.

The EU does not accept the legality of the "elections", nor its results. The holding of such elections is illegitimate and represents a setback in the search for a peaceful and lasting settlement of the situation in Georgia. The EU reiterates its firm support for sovereignty and territorial integrity of Georgia within its internationally recognized borders.

The Candidate Countries Turkey, Croatia* and the former Yugoslav Republic of Macedonia*, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro and the EFTA countries Iceland, Liechtenstein and Norway, members of the European Economic Area, as well as Ukraine, the Republic of Moldova and Azerbaijan align themselves with this declaration.

* Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.

Declaration by the Presidency on behalf of the European Union – Report on the Council of Europe and the Conflict in Georgia (Strasbourg, 28 May 2009)

Declaration on the Secretary General's report on the Council of Europe and the conflict in Georgia – SG/Inf (2009)5.

The EU welcomes the report of the Secretary General on the activities for the promotion of Council of Europe values and standards following the conflict in Georgia (SG/INF(2009)5) which is part of the wider package of the documents prepared following the decision adopted by Ministers' Deputies on 11 of February 2009.

The EU is encouraged by and welcomes the activities carried out by the different Council of Europe institutions, in order to alleviate the consequences of the August 2008 conflict and improve the situation of the people living in the conflict area, in particular the action of the Commissioner for Human Rights, whose latest report is to be discussed soon.

We consider that these activities should be continued and strengthened in a coordinated manner, in order to make a real difference on the ground. In this respect, we reiterate the importance of unhindered access to all zones affected by the conflict and to all persons in need of human rights protection or humanitarian aid.

The EU also welcomes the assessment of the Secretary General of the state of implementation by Georgia and the Russian Federation of their commitments and obligations undertaken upon joining the Council of Europe, as set forth in the opinions of the Parliamentary Assembly nos. 193/1996 on Russian Federation and 209/1999 on Georgia and their subsequent resolutions on honouring of obligations and commitments. In this context, we recall the duty of all member states to implement fully and in a timely fashion all their commitments to the Council of Europe.

The European Union looks forward to the continued engagement by the Council of

Europe with a view to addressing the consequences of the recent conflict. The next set of reports by the Secretary General will provide a useful means to assess progress in this regard. The European Union stands ready to engage constructively in the thorough examination of the projects proposed by the Secretary General to this end.

We invite the Secretary General to forward to the EU, the UN and the OSCE the documents prepared following the decision adopted by Ministers' Deputies on 11 of February 2009.

The candidate countries CROATIA, YUGOSLAV REPUBLIC OF FORMER MACEDONIA and TURKEY, countries of the Stabilization and Association Process and candidates ALBANIA potential MONTENEGRO, along with the European Free Trade Association countries and members of the European Economic Area ICELAND, LIECHTENSTEIN and NORWAY as well as ANDORRA, AZERBAIJAN and UKRAINE align themselves with this declaration.

Joint US-EU Statement on Georgia (Brussels, 25 May 2009)

The United States and the European Union urge Georgia's government and opposition to end the current stalemate on the streets and begin negotiations immediately and without preconditions on a new program of reforms to invigorate Georgia's democracy. We call on all Georgians to respect the rule of law, abide by Georgia's Constitution, avoid violence, and honor the right of peaceful protest. The European Union and the United States pledge our full support for all such efforts aimed at strengthening Georgia's democratic freedom and prosperity, and reiterate our unyielding support for Georgia's independence and territorial integrity.

News Conference Following Russia-EU Summit (Khabarovsk, 22 May 2009)

PRESIDENT OF RUSSIA DMITRY MEDVEDEV: Ladies and gentlemen, representatives of the media,

I would like to begin by summing up the results of the Russia-EU summit that has just ended. First of all, I think that the choice of venue, so far from central Europe, created a unique and special atmosphere that our European friends will remember, I hope. I think that this atmosphere helped us to discuss openly and constructively all of the different areas of Russian-European cooperation: issues on which we share one and the same position, and issues on which our views differ. At any rate, I think that we will continue to choose different regions as venues for our summits. I think that this is a very productive practice and I hope it will continue. Russia is a big country and has even more remote and hard-to-reach corners.

We discussed all the current issues on the global agenda today. We began with the financial crisis over dinner last night, discussed the measures our countries are taking. It seems to us quite evident that, unfortunately, no one has understanding of exactly how this crisis will develop. This would be an achievement worthy of the highest prizes. At the moment, we are forced to respond to circumstances as they arise. But we have nonetheless produced some results over these last months. There have been the consultations between Russia and the European Union and of course the results of the G-20 summit of the world's biggest economies. In any event, this work will continue.

We had an extensive discussion on energy security issues, including the Russian Federation's recent proposal to establish a new legal foundation for international cooperation. It seemed to me that our European colleagues show interest in these ideas. I hope that we will continue our discussions in this area. This is clearly in the European continent's interests.

We took a close look at the regular issues on our agenda such as implementing the roadmaps approved back in 2005. We see progress in this area as the main mechanism for cooperation between the Russian Federation and the European Union. I am referring to the four common European spaces: the common economic space; freedom, security and justice; external, that is, international security; and science, education and culture. We want to continue the work in this area and broaden as much as possible our constructive cooperation on all of these issues.

We also discussed our strategic dialogue. Of course, we looked at the issue of the new basic agreement that is to replace the current Russia-European Union Partnership and Cooperation Agreement. Overall, despite the brief delay we had along the way, we are happy with the pace at which things are progressing now. In itself, the work on this agreement facilitates rapprochement between our positions on various important current issues, and we hope that we will continue to make headway. We hope that the work on settling and approving the main conditions will go ahead smoothly and will take into account our countries' interests.

cooperation mechanisms were Existing another important and productive subject of discussion. We think that these mechanisms have proved their worth overall, both during quiet periods and crisis moments. I think that the European Union accomplished much during the crisis period in the Caucasus last August. The EU showed that it has sufficient means at its disposal for responding to crises that arise. But there is never any complete guarantee against future crises of this kind, and in our view, if we want to prevent such crises we need to put in place the legal foundations for anti-crisis action. The new European security treaty would give us just such a foundation.

We exchanged views on current international issues, in particular on the unresolved conflict situations in Europe. I am referring of course to Cyprus, Kosovo, the security problems in the Caucasus, and the situation with Georgia, South Ossetia and

Abkhazia. We discussed developments in the situation in Moldova, and also looked at the Middle East, the Iranian nuclear programme, and the situation in Afghanistan and Pakistan. This was a frank and constructive discussion. We all have an interest in these issues and on many points we share close positions, something I think is very positive, and also very important for resolving these various problems. We do have our differences on some issues, of course, but this does not stop us from continuing our discussions and looking for constructive ways to settle our differences.

Overall, I want to say that we have no doubt as to the strategic nature of the partnership between Russia and the European Union. We think that this kind of partnership enables us to respond to the most complex challenges and resolve even the most complex problems, including the financial and economic crisis. We will continue to work together to develop our economic relations, fight international terrorism and trans-border and address other threats to crime, humanity's development. Overall therefore, I want to say that I am happy with the results of our work today.

I will now give floor to President of the EU Council and President of the Czech Republic Vaclav Klaus.

PRESIDENT OF THE CZECH REPUBLIC VACLAV KLAUS: Ladies and gentlemen, let me use English. Thank you, Mr President. I would like to first use this opportunity to express my and our gratitude to President Medvedev and the Russian Government for organising this important meeting, for bringing us to this beautiful part of Russia, that we had never seen before, and for creating a very friendly atmosphere during our talks yesterday and today.

I think I can say on behalf of all of us that we consider today's talks fruitful and productive. On the one hand, there are concrete practical details, on the other there is the general approach and attitude, the general atmosphere, and I do believe that this meeting increased our mutual understanding of our positions on many points, and I do believe that this meeting increased our

mutual trust, which is very much needed and very important.

President Medvedev used several times in his presentation the term "strategic partnership." I would like to confirm that the European Union considers Russia as its strategic partner. We feel that it is necessary to do something to make it real, not just as a formal proclamation, and for a strategy partnership, trust is very much needed. In this respect, today's gathering was definitely important and, as I said, positive.

As was mentioned, we seriously touched and discussed several issues of the economic and financial crisis. We exchanged information on the situation in our countries and the ways to tackle the crisis. We discussed energy issues, which are very relevant for us. We discussed the Euro-Atlantic security problems and we touched several very important and topical international regional issues, like Middle East, Iran, Georgia, Moldova, Kosovo, Afghanistan.

So, to summarise, I would like that the EU and now I speak on behalf of the Czech Republic in its role as the presidency of the EU, we are satisfied with the results of this meeting.

Mr President, thank you very much.

PRESIDENT OF THE EUROPEAN COMMISSION JOSE MANUEL BARROSO:

Thank you. As Presidents Medvedev and Klaus have already presented many results of the summit, I will stress a few points I consider particularly important.

First of all, Russia and the European Union need to work closer together, so that we can successfully face challenges related to the financial crisis, security, trade, energy, and the environment. We are deeply, and inevitably interdependent, and this could and should be perceived positively by our citizens. We work in the spirit of positive interdependence. I am convinced that President Medvedev personally, and Russia as an indispensable partner of the European Union, share this spirit. So, my main message, of interdependence and cooperation today was precisely this one. Let's apply this

spirit and develop all the untapped potential of our relationship.

The global financial and economic crisis has hit us both, the European Union and Russia, and that is one of the reasons why we need to coordinate efforts to handle it. The London meeting of G20 clearly showed the resolve of the international community to work together closely in addressing the crisis, avoiding protectionist measures. We now need to fully implement the measures agreed on in London. I will be joining President Medvedev at the G8 summit in Italy in July, the G20 summit in the United States in September, to ensure that we fully deliver.

In this context I also welcome the confirmation of Russia's goal to become a WTO member soon. President Medvedev was very clear on his commitment. The [European] Commission has been very supportive of Russia's accession to the WTO, which guarantees fairness, open markets and a better-spread prosperity worldwide.

On energy, I am sure that confidence and stability can be restored. Disruptions of transit and export of gas must not be allowed to occur again. We have proposed an early warning mechanism on energy, covering oil and gas and electricity, and consisting of three steps: notification, consultation, and implementation. We will now work on ways to finalise this agreement.

I welcome President Medvedev's agreement to discuss updating the Energy Charter Treaty. This will provide us with opportunities to make the best use of the ideas recently put forward by President Medvedev on the new international energy rules. As was already said, we consider some of these ideas very useful, and they should be in fact discussed in the framework of this revision process.

This brings me to our negotiations on the new comprehensive agreement, where we also aim for anchoring the principles of the Energy Charter Treaty in its energy chapter. This new agreement will reflect the full breadth of our relationship. We are making some good progress.

This summit was one more occasion to elaborate on what the Eastern Partnership will bring in closer cooperation between the European Union, and the six partner countries, as well as among them: more stability, consolidation of democracy, and more prosperity in our common neighbourhoods. I am sure that these three objectives are also in the interests of Russia.

In our discussions, I also stressed the importance we attached to progress in the implementation of rule of law, as part of our open and comprehensive political dialogue, I do believe that the vibrant and pluralistic civil society is both the basis and the yardstick of any democracy.

Regular, frank and open political dialogue is indeed the right way to manage our relationship, and this must occur at all times, no matter how difficult the issues at stake. We did so during the conflict in the Caucasus and again over the gas prices, and I appreciate the willingness shown by President Medvedev to keep this frank and regular dialogue.

To conclude, let me say that the fact that this summit took place in Russia's Far East, here in Khabarovsk, in the broad dimension of Russia, is a good symbol of an equally broad ambition of our bilateral relationship, and I believe it was a summit that produced some important results and a very good spirit of common understanding.

SECRETARY-GENERAL OF THE EU COUNCIL JAVIER SOLANA: Thank you very much. Mr President, thank you very much for your hospitality. I think this is not the first time that we meet in this format and every time it is better. It is a great pleasure to be here, to know this beautiful part of your great country. Mr President, thank you very much for your hospitality.

There are two things that I would like to say. As you can imagine, most of the time was spent discussing the international crisis, the financial crisis, which is of most interest to the people – the people of Russia and the people of all our own countries. But unfortunately, the crisis does not stop our international problems. And we're here to

devote time and try to see how together we can solve other important problems. Let me mention just three, to give you time to ask the many questions I'm sure you want to ask.

As you remember, President Medvedev, in the first speech he made, talked of the need for a new structure of security in Europe. As you know, we thought about that, we talked about that, and we have decided to get engaged in that debate, and today we have agreed than in the coming month or two months, we will have another go to debate that important issue that the President detailed.

The second thing I would like to say is that we discussed the Middle East peace process. That is an important challenge for all of us, for all the people here, and for the Russian Federation in particular, since they will have the responsibility of convening the first conference on the Middle East peace process in the year 2009. The Russian Federation and President Medvedev can have the certainty that we will be behind them, helping them to make that conference a success.

Iran, as you can imagine, was on the agenda. We discussed that, and we are working on the same wavelength. Many other topics were dealt with today, but I think those are the most important ones. But again, the economic, financial system, the economy, is no doubt the most important thing, but as I said, the world continues to be moving, and problems continue to exist in the international arena, and we have the obligation to deal with it. Thank you very much, Mr President.

QUESTION: Ceska Televize. I have a question for all the speakers. Did you at least partly touch on the energy security issue, the repeated warning from the Russian side, even today, that a new crisis in gas deliveries via Ukraine might come, that there's a real danger of another disruption of deliveries to Europe.

So, Mr President Medvedev, do you consider the situation really critical, and what kind of concrete assurances did you give to the European side that another possible crisis will not end with the disruption of the deliveries?

And also, the European delegation, did you hear any assurances, previously or today, from the Russian side, that a new crisis will not appear and that the gas crisis with Ukraine is really over?

DMITRY MEDVEDEV: Energy security is one of our key cooperation areas, as I and my colleagues have just said. We discussed the question of building a modern system for guaranteeing energy security. Russia has made its proposal known and it was the subject of a very constructive discussion today that I followed with interest. Overall, I am happy with the discussion that took place because I think we looked precisely at the legal mechanisms that we could use to better regulate energy cooperation issues, and spoke about the need for discussion and analysis of the ideas Russia has put forward.

I made it clear to our colleagues and can state once more now that Russia is not a party to the Energy Charter and does not intend to become a party to it in its present version. Russia is not a party to the Energy Charter Treaty and will not implement it and we have given international notification of this fact. But this does not mean that we think everything in it is harmful. This is not the case. The Energy Charter involved serious work, serious talks, and a large number of countries have signed and ratified it. It should not be discarded, but rather, should be used as a base for developing more effective energy-sector instruments, including either a separate new agreement on procedures we agree on, or a new version of the Energy Charter, but based on provisions that have been agreed separately with Russia, because as I said, Russia has not ratified and will not ratify the current version of these documents.

To answer the second point you raised, the Russian Federation has given no specific assurances and has no plans to do so. What would be the point? We have no problems on our side. We have no problems with gas supplies or with fulfilling our obligations. Assurances should be given by those who have to pay for the gas. On this matter too

there are possibilities for ensuring normal work together.

I spoke with our partners about this situation and proposed that we analyse once again the situation with gas supplies to Ukraine. At the moment, a sizeable amount of gas - around 19.5 billion cubic meters – is to be delivered to Ukraine's underground reservoirs. These supplies represent a value of more than \$4 billion. If Ukraine has this money, that is excellent. But we have doubts about Ukraine's ability to pay. On this point you are right. What do partners do in such situation? They help each other out. We are ready to lend Ukraine a helping hand, but we would like to see other countries with an interest in reliable and secure energy cooperation, perhaps the European Union too, take a big share in this work.

What we are talking about, in other words, is loans. Let's work together to organize syndicated loans to Ukraine. This should not be Russia's task alone. After all, it is not Russia that is having trouble paying its debts.

JOSE MANUEL BARROSO: Regarding the first part of the question, of the Energy Charter, the positions are well known. As President Medvedev stated, Russia does not agree with the Energy Charter, and is not part of it. We in the European Union consider the Energy Charter Treaty as a legal framework that we respect – and not only we, but the other partners – and we are fully committed to it. So, I think what was important today to understand was, in face of the proposals made by President Medvedev, as I stated at the meeting and now here, that you can see some of them are very interesting and deserving our attention, that you could consider those proposals in the process of revision of the Energy Charter Treaty. This is, I think, the most constructive result of our meeting in this matter. Because if not, we would not come out of this dilemma. So we understand clearly that Russia does not agree with the Energy Charter in its present form, but at the same time, we understand that Russia is ready to engage in the process of discussion of some proposals in this revision of the Energy Charter Treaty.

Regarding the problems of disruption: we certainly hope that they will not happen again. This had a devastating effect at the end of last year and the beginning of this year. One thing is sure: it was not created by the European Union. The problem is that the European Union states were suffering the consequences of a problem that was not originated in the European Union or by any member state of the European Union, so of course we ask Russia and Ukraine both to do everything that is in their capability to avoid another kind of crisis next year, because I do not think it will be good for the overall atmosphere and relations if another crisis of that type were to come again. That's why we came up with some proposals regarding early warning mechanisms. But apart from the mechanisms, I think the most important thing is, in fact, the political willingness to work on all sides to avoid for such a crisis to happen again. This was something I mentioned during the meeting. And of course we hope that both Russia and Ukraine will do everything they can do so that European consumers, who are responsible for those problems, won't again be in the position of suffering negative consequences.

QUESTION: Rossia Television Channel. A question to the President of Russia and Mr Barroso. To what extent has energy become a contentious issue at these sorts of talks, and is a compromise possible? To what extent can the proposals Russia recently made in Helsinki consolidate the approach to the subject?

The second question is to Mr Barroso. Recently, the EU and Ukraine signed a memorandum on modernising gas supply network. Would Europe engage in the process without involving Russia? Is Europe ready to accept all of the financial obligations relating to implementation of the process?

DMITRY MEDVEDEV: Energy is not a contentious subject. On the contrary, it is something that can unite us, something that binds together the Russian Federation and the European Union countries. It is our common business and it is something that guarantees a comfortable life for millions of

Europeans. Energy is therefore not a problem but an advantage. But it is important of course to ensure that our energy cooperation develops in civilised form. We saw at the start of the year what can happen when energy relations take a different turn. We have our own view on this problem and I will not go back to this matter right now. I just want to state the obvious and say that it is preferable to trade at market prices, sign international contracts, and it is not a bad thing to pay up on those contracts from time to time. No one has yet abolished these principles of contractual law.

As for the future, as I see it, the way forward would be to draw up a comprehensive legal framework for energy cooperation. We all agree on the need for this. I was pleased to hear what our partner, Mr Barroso, had to say on this subject. We will continue to work on giving a legal foundation to our energy sector cooperation. I am confident that we can achieve this. We must make an effort to prevent crises and problems from arising, and this should be precisely the objective of future energy agreements, because the current agreements, whatever view we take of them, do not resolve these issues.

Incidentally, Ukraine is a party to the Energy Charter and the Energy Charter Treaty, but what good has this done? They have acted as they pleased and ignored the Energy Charter and the Energy Charter Treaty. Clearly, other instruments, including in the areas of liability and arbitration, are needed so as to avoid constantly having to resort to political resolution. We will not forget what things were like in January. Mr. Barroso and I also spoke then on the phone. We really would not want to go through this kind of situation again.

JOSE MANUEL BARROSO: First of all, regarding the proposals made recently by President Medvedev, as I stated already, I welcome the fact that this proposal contains a number of international principles that the European Union already subscribes to, and which are, in fact, already covered by different international frameworks, like the Energy Charter Treaty. I said during the meeting that we are ready to discuss these

proposals with Russia. We are open to a discussion on an international level on how to improve the existing frameworks. But frankly, we should not throw away agreements that already exist, that have been negotiated over many years. We are bound by those agreements, and the other partners are bound by those agreements. So our idea is that we are open to discuss the proposals put forward by Russia, but rather, by building on the existing agreements and seeing those proposals that are now being put forward, but without destroying or putting in question the system that already exists.

Anyway, this should not distract us from the more urgent task of improving our bilateral working arrangements on energy in the short term. That's why we came up with some proposals also regarding these early warning mechanisms.

Regarding the other part of your question, on Ukraine. For several years, we have already established a bilateral agreement with Ukraine, technical cooperation on energy. So this conference that took place on the 23d of March in Brussels was not directly linked to the recent gas crisis between Russia and Ukraine. It was in fact the result of work over several years, when our Ukrainian partners were asking for some cooperation with the European Union, and not only the European Union but also international financial institutions, to upgrade their grid and to modernise their network. So that's what happened.

But in fact, we very much welcome Russian participation in this process. I was opening that conference, and I stated at that moment in Brussels that we very much welcome Russian participation in the efforts together, and also, as far as I understood, the Ukrainian authorities are also open to it. But at the same time, we have the right to have our own bilateral relations with Ukraine, as Russia has bilateral relations with many other partners.

So one point to make absolutely clear: there were several problems, as we know, and they are public in matters of energy, but we believe that we should try to do everything we can on both sides, in Europe, on the

European side, and in Russia, to make this a win-win situation.

Energy, in fact, is something that can bind us, put us together. Certainly, the European Union needs energy from Russia, and I think Russia also needs good customers like the European Union, so let's try to make this something positive, as I've said earlier, a positive interdependence between Russia and the European Union. This is exactly the spirit that we are considering in the proposals put forward by President Medvedev.

QUESTION: Le Figaro. Mr Medvedev, did your European colleagues today try to convince you that the EU's Eastern Partnership should not be a concern or irritation for Russia, have you been convinced? And of course, comments by President Klaus,

President Barroso, or Mr Solana are welcome.

DMITRY MEDVEDEV: I will try to be brief. They did try to convince me, but they did not completely succeed. Why not? I think that, unlike energy or any other disputes, partnerships of all kinds are always a good thing. We consider the European Union our partner, and the European Union considers us its partner, and we both want to develop this partnership, give it new substance, new possibilities and so on. But as far as the Eastern Partnership is concerned, it is not yet very clear to us what shapes this partnership will take. Certainly, we know that this partnership is about economic development and creating various new opportunities for a number of Eastern European countries. But to be frank, what concerns us is that some countries view this partnership as a partnership against Russia. I am not referring to the EU leadership and our partners here today, of course. I am referring to other countries. But we would not like this partnership to turn into a partnership against Russia. Life gives us all kinds of examples, after all. We have a partnership with NATO, for example, but despite the relations we have developed, this partnership proved its weaknesses when put to the test, and attempts to restore relations between Russia

and NATO now are encountering considerable difficulties.

There is no direct link or correlation here with the Eastern Partnership. It is simply that I would not like to see this partnership lead to consolidation between countries with anti-Russian attitudes and other European countries. If the partnership manages to avoid this and really does promote normal economic cooperation, so much the better, and we would have no objection and would wish such a partnership every success. But as I said, there are a few points on which we have our doubts.

VACLAV KLAUS: Let me add a few words, because as you know, the EU Eastern Partnership summit was organised in Prague two weeks ago, so let me say, first, we discussed it during our talks in the morning quite openly and quite clearly. We tried to make sure to tell President Medvedev that the idea of the Eastern Partnership is strictly for something, to do or achieve something positive; the idea of the Eastern Partnership was not against somebody, and definitely not against Russia. I hope we reassured President Medvedev that this is our strong position.

JOSE MANUEL BARROSO: This was indeed a point in our discussions, a very important point.

As President Klaus has said, our concept is not against, but for. For what? For prosperity and stability. We believe it is in the interest of both the European Union and Russia to have stability in those countries that are neighbours to the European Union and neighbours to Russia. Some of those countries, as you know, have in fact been asking to join the European Union, but we believe either they are not prepared, or we are not prepared to offer them membership to the European Union, so we pause the request of those countries to engage more with the European Union, six countries. And that is why we have designed this Eastern Partnership, I repeat, against nobody, but to support prosperity, and to support stability in that region.

This is a substantial offer for stepping up our bilateral ties. This is an instrument to boost

regional cooperation and cohesion, because sometimes, there are also problems between those countries, and we believe that by working with them in this kind of framework, we are not only reinforcing good relations with us, but among themselves.

This is also a framework for a long-term relationship and engagement by the European Union based on shared values. And, this is, of course, an initiative to promote political and economic stability. This partnership will also provide more assistance for political and economic reforms, and I believe that the approximation of these countries to our standards in the political, economic and social spheres, will bring those countries and the whole region greater stability, and hopefully, better perspectives.

JAVIER SOLANA: Let me make a small comment. In the programs that will be established in the Eastern Partnership, we would like very much if Russia could participate. They know they can, and we would like it if they will.

QUESTION: Mr Solana, Mr Klaus and Mr Barroso, please comment on the attitude of the EU to the proposals put forward by Russia regarding the European security. What was the response of the summit to these proposals?

JAVIER SOLANA: I think in my introductory remarks, I answered that question. With President Medvedev, we have spoken on several occasions, remember the important meeting we had in Nice. From that point on, we have agreed and accepted to get engaged in deeper debate, and in the coming period of time, before the summertime, we will have a meeting in which this issue will be tackled. It will be analysed in the context of all the memberstates of the OSCE, therefore the ideas of President Medvedev have been taken seriously, and the European Union is ready to discuss it.

QUESTION: I have a question about the Eastern Partnership in regard to China. Did you try to convince your European colleagues that your partnership with China

is not a subject for their concern? What did they say and what do they think about that?

JOSE MANUEL BARROSO: I don't know if I understood the question correctly, but really, if there is a positive development in the relations between Russia and China, we welcome that.

It is important to understand that in the European Union, we are attached to the basic values of peace, freedom, and prosperity. So we don't see the development of good relations between our partners among themselves as something negative. On the contrary, we sincerely are happy when we see some positive developments.

For instance, yesterday in a very informal conversation we had in the very nice evening we had with President Medvedev, President Medvedev informed us of some problems there were in the past in the delimitation of borders between Russia and China. Now these problems are settled. That's very good news! We in the European Union are very happy with this, because all the conflicts, as we can see, are solved, this is indeed very good news for everybody that loves peace, and this is certainly the case of the Europeans.

Recent Publications by the ICBSS



Fotiou, Eleni. "Caucasus Stability and Cooperation Platform': What is at Stake for Regional Cooperation?" *Policy Brief*, no.16. Athens: ICBSS, June 2009.

Since the start of the Justice and Development Party (AKP) government's second term in office (July 2007 to date), which coincided with an upgrading of Prime Minister Recep Tayyip Erdogan's Senior Advisor Ahmet Davutoglu's role, Turkey's foreign policy has begun to pursue a regional "soft power" role. The Georgian-Russian war of August 2008 served as a catalyst for Turkey's immediate quest for security in pro-active terms; in the context of the "zero-problems with neighbours" policy ("komşular arası sıfır

problem") and "rhythmic diplomacy" ("ritmik diplomasi"), the Turkish leadership proposed the establishment of a "Caucasus Stability and Cooperation Platform". In this paper, the author attempts to assess the potential of this initiative by looking at the motives and the leverage of Turkish foreign policy, and by analysing the real position, the perceptions and intentions of the various regional and external stakeholders, namely Armenia, Azerbaijan, Georgia, Russia, the United States and the European Union. Essentially, the author seeks to present the limitations of the initiative and the opportunities that emerge through alternative frameworks for regional cooperation.



Roberts, John. "The Role of Azerbaijan in European Gas Supply and the Greek Interest." *ICBSS Policy Brief*, no. 15. Athens: ICBSS, May 2009.

Energy security is one of the most important priorities of the European Union. In this context Azerbaijan is capable of playing two key roles in helping to ensure stable gas supplies to Europe: as a producer in its own right and as a prospective entry point for the supplies from the southern shores of the Caspian Sea. But there are both political and commercial complications. This Policy Brief explores Azerbaijan's complex energy relations with other regional actors such as Russia, Iran, Turkmenistan and Greece. For

Azerbaijan (and also Turkmenistan), establishing a direct connection between Turkey and Austria is likely to prove the key element for increasing their gas exports to the European market.

Other Recent Publications on the Black Sea Region

The following are selected recent publications pertinent to the Black Sea region

- 1. Legvold, Robert. "The Russia File: How to Move towards a Strategic Partnership". *Foreign Affairs* 88, no.4 (July/August 2009).
- 2. "EU-Russia Energy Relations". *The EU-Russia Centre Review* 9. Brussels: EU-Russia Centre, June 2009.
- 3. Gomart, Thomas and Tatiana Kastueva-Jean, ed. *Understanding Russia and the New Independent States.* Russie. Nei. Visions. Paris: Ifri, June 2009.
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NEWS and EVENTS

2ND INTERNATIONAL BLACK SEA SYMPOSIUM GREAT SUCCESS!

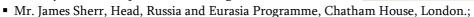


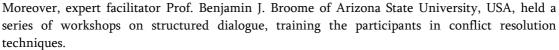
For the second year running the ICBSS, in cooperation with numerous Greek and international partners, organised the International Black Sea Symposium (IBSS) on the Greek island of Kalymnos (Dodecanese).

During four full days between 30 June and 5 July 2009, 42 young professionals from 22 countries including Greece, Turkey, Russia, Georgia, Armenia, Azerbaijan, Iran and the USA participated in the 2nd International Black Sea

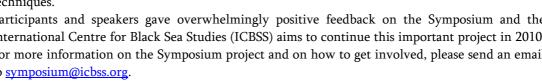
Symposium on "The Black Sea Region: the State of Play and the Way Forward". The highlyqualified participants attended an intensive programme of sessions on topics such as energy security, EU-Russia relations and the protracted conflicts of the Black Sea region. The sessions were led by 25 renowned experts including inter alia:

- Dr. Nadia Alexandrova-Arbatova, Head, Department of European Political Studies, Russian Academy of Sciences, Moscow;
- Mr. Matthew J. Bryza, Deputy Assistant Secretary of State, U.S. Department of State, Washington, D.C.;
- Dr. F. Stephen Larrabee, Corporate Chair in European Security, RAND Corporation, Washington, D.C.;





Participants and speakers gave overwhelmingly positive feedback on the Symposium and the International Centre for Black Sea Studies (ICBSS) aims to continue this important project in 2010. For more information on the Symposium project and on how to get involved, please send an email to symposium@icbss.org.





SUMMER COURSE ON "SPAIN, THE EUROPEAN UNION AND INTERNATIONAL CONFLICTS"

The University of Zaragoza in cooperation with the Centre for Political and Constitutional Studies, Madrid, the ICBSS, and the Postgraduate Programme on "Political, Economic and International Relations in the Mediterranean", Department of Mediterranean Studies, University of the Aegean, organised a Summer course on "Spain, the European Union and International Conflicts", in Jaca, Spain, 6-8 July 2009. For more information (in Spanish only) visit www.unizar.es/cursosdeverano.

E-DEBATE ON THE FUTURE OF THE BSEC



The ICBSS has launched an e-debate on the future of the BSEC. A decade since the Organisation of the Black Sea Economic Cooperation (BSEC) was created it is looking towards the future in search of innovative

roadmaps to shape regional cooperation, development and stability in the Black Sea region. The Organisation's Charter signed on 5 June 1998, aimed at transforming the BSEC from a mere initiative into a strong, efficient and well-equipped regional institution that would foster cooperation among its member states. However, many questions remain to be answered:

- 1. What are the strategic challenges faced by the BSEC in its 11th year?
- 2. What is its future?
- 3. How could the BSEC improve its institutions and enhance its capacity?
- 4. What is the impact of global changes and issues?
- 5. Which key, short term measures could enhance the Organisation?
- 6. Should the member states be more proactive? How?
- 7. Is there enough EU interaction with the BSEC?

Let us hear your views replying to Panagiota Manoli's commentary on http://icbss.blogspot.com/

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