



The Black Sea Region in Transition: New Challenges and Concepts

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REPORT

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In partnership with:

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Disclaimer: The following report contains summaries of the 4th International Black Sea Symposium's speaker panels. As these are not exact transcripts, the statements contained herein do not represent the official positions of the panelists.

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Introduction

The 4th International Black Sea Symposium (IBSS) brought together a group of high level analysts, researchers and academic scientists from the wider region, policy-makers and key stakeholders. The speakers were asked to highlight and discuss a number of key issues such as climate change and green growth, environmental governance, security and transnational risks, institutional reforms, economic development etc.

Overall, the 4th International Black Sea Symposium was structured around nine sessions and two workshops.

Sessions (by titles)

Session I: Security and transnational risks in the Black Sea area

Session II: Euro-Atlantic institutions and security structures: their role in the Black Sea area.

Session III: Institutional reforms, experience and knowledge transfer in the Black Sea area.

Session IV: Evaluation of the STI systems of the Black Sea countries: a case study.

Session V: Economic development and welfare: convergence or divergence in the Black Sea area?

Session VI: The EU and the Black Sea Cooperation: new EU programmes and policies.

Session VII: Climate change and green growth.

Session VIII: The new green agenda for the Black Sea: green entrepreneurship, environmental governance, new environmental policies.

Session IX: Energy security and conflict resolution in the Black Sea area.

Apart from the sessions, two Workshops with students' presentations were organized providing a forum for further thinking, discussions and mutual understanding among the participants.

Workshop I was coordinated by Dr. Nadia Arbatova and Mr. Thomas Goltz

Workshop II was coordinated by Dr. Vasilis Monastiriotis and Mr. Thomas Goltz.

The welcome address of the Symposium was delivered by Dr. Zefi Dimadama, Director General of the International Centre for Black Sea Studies (ICBSS), who welcomed the speakers and the participants and introduced the structure, context and rationale of the 4th International Black Sea Symposium.

In her address, Dr. Dimadama positioned the already established tradition of the Symposium in the context of the new perspective of the ICBSS and pointed

out the role of the Centre in promoting multilateral cooperation in the wider Black Sea region, also through the concept of green development and growth.

Dr. Dimadama also emphasized that the three day intensive course will give the participants the unique opportunity to gain insight on a wide range of issues related to the Black Sea regional cooperation such as security, EU-Black Sea relations, sustainable development and environmental governance. In addition to the Symposium, the ICBSS organized at the same venue and in parallel, a Summer School in “Rescaling Government: reforming public administration and local government” thus providing a unique opportunity for the participants to enrich their contacts and networks.

Lastly, Dr. Dimadama expressed her gratitude to the donors of the Symposium, the Hellenic Ministry of Foreign Affairs and to all the speakers and participants for their valuable contribution and strong support.

Mr. Constantinos Papadopoulos, Secretary-General for International Economic Relations and Development Cooperation, at the Hellenic Ministry of Foreign Affairs, welcomed the participants on behalf of the Hellenic MFA and underlined the unique opportunity offered by the Symposium to an audience of young professionals, diplomats, policy-makers, academics and researchers coming from the wider Black Sea area and beyond, to gain insights on issues of interest for the Black Sea region as well as to exchange ideas.

Mr. Papadopoulos referred to the ICBSS activities as a key component of the BSEC operations and to the vital expertise the ICBSS holds on the region. In particular, he mentioned the contribution of the Centre to the BSEC Working Group for a revised Economic Agenda for the Future that will guarantee the full success of the task. Furthermore, he touched on the concept “The Black Sea turns Green” as it was introduced by the Hellenic Chairmanship-in-Office of the BSEC, in 2010 with the aim to promote green development and entrepreneurship in the BSEC region. The concept was developed on initiatives taken by the Hellenic Chairmanship and the support offered by the Hellenic Development Fund as a trust fund within the BSEC system financed by Greece.

Dr. Dimadama also delivered a speech on behalf of Amb. Leonidas Chrysanthopoulos, Secretary General at the Permanent International Secretariat (PERMIS) of BSEC. Amb. Chrysanthopoulos highlighted that the Organisation of BSEC has grown and developed on the conviction that only through productive dialogue we can see multilateral cooperation flourishing and thus, development and growth for the entire Black Sea area. In addition, his belief on the Symposium was that yet again this year the outcome will be of great significance to policy makers, stakeholders and officials of the Black Sea countries.

His Excellency Hasan Gogus, Ambassador of the Turkish Republic in Greece honored the audience with his presence and expressed his support to the ICBSS initiative to organize a fourth in row Symposium on the Black Sea area. In his address he referred to the region's strategic position and to the security challenges in the Black Sea area and highlighted the importance of regional cooperation in conflict prevention, in fighting organized crime and corruption, underlining that these are issues of concern for the entire region.

Dr. Sergei Goncharenko, Chairman of the Board of Directors of the ICBSS, Deputy Director at the Department of Economic Cooperation at the Ministry of Foreign Affairs of the Russian Federation also welcomed the participants and speakers at the Symposium. He touched on the priorities of the Russian Chairmanship-in-Office of BSEC and pointed out that the Symposium is part of a dense calendar of events of the Russian Chairmanship. He was certain that the ICBSS will bring a significant contribution towards the accomplishment of the mentioned priorities.

Mrs. Orsalia Kalantzopoulos, Secretary General of the Black Sea Trade and Development Bank (BSTDB) in Thessaloniki also gave a welcome address to the participants at the Symposium, introducing the role and the mission of the BSTDB. In continuation, Mrs. Kalantzopoulos elaborated on the economic agenda for the region and referred to the significant growth rates in Black Sea countries such as Azerbaijan and Turkey, but also to the economic crisis in Greece.

Mr. Charalampos Pippas, Director of Public Relations and International Affairs at the Directorate General for Administrative Support, Ministry of the Environment, Energy and Climate Change of Greece took the opportunity to thank the organizers of the Symposium and addressed the audience focusing on the outcomes of the Nafplio Meeting of the Ministers in charge of Energy of the BSEC Member States, and more specifically on the development of a task force aiming at identifying common aspects of the Green Growth policies, exploring ways to promote Green Energy investments.

The welcome and briefing were followed by a key-note presentation given by Prof. Ioannis Katsios from the Technological Educational Institution of Athens, Department of Land Surveying Engineering Laboratory of Geoinformatics who introduced the ICBSS WEB-GIS observatory network for the environmental and sustainable development in the Black Sea area. The WEB-GIS initiative undertaken by the ICBSS aims at the establishment of an integrated mechanism which will gather and process geographical and statistical data related to sustainable development and environment. The presentation focused on the importance of such a tool given the fact that such a systematic and integrated

collection and processing of information is lacking in the region. The tool and its various applications will be accessible from the new ICBSS website.

Session I: Security and transnational risks in the Black Sea area

Panellist: Nadia **Arbatova**, Institute for World Economy and International Relations (IMEMO), Russian Academy of Sciences, Moscow

The

first session centered on the security risks in the Black Sea area, during the post Cold war era, while questioning the role of Russia and the uneasiness of Euro-Atlantic structures. Since the fall of the Soviet Union and the end of bipolarism a new polycentric system has emerged, characterised by two main aspects, multilateralism and a new kind of bipolarity. Multilateralism has enforced cooperation and has contributed to the promotion of soft power instruments role. In addition, the distribution of wealth and power between the “North” and the “South” has been polarised and since these areas do not have a strict geographic definition, the “North” encompass, not only countries that belong to the Northern hemisphere, but also several Asiatic countries.

The Black Sea region can be defined as a region with several sub-regions where each one of them comprehends their own security agenda. Due to the region’s strategic position and the instability of its energy hub status, the Black Sea-Caspian region can have long range effects everywhere in Europe. As a consequence, the area has always attracted the attention of major global economic powers. On the one hand, and in the context of the NATO-Russia confrontation, the war in Georgia, in 2008, is a valuable demonstration of this reciprocity. On the other hand, the conflicting interests of these powers pose serious limitations to regional cooperative efforts, such as the BSEC institutional cooperation.

Notwithstanding, Europe is one of the main external players in the region. The main tools of Western Europe, in dealing with the Eastern half, are the

perspective of participation and the unambiguous programs that aim at the recovery of the Eastern countries' economies and their progressive integration in the common European market. In addition, it must be outlined that Russia's position in this strategy has not yet been clarified. Indeed, the approach of the West to the new international system lacks of a coherent vision on how to approach Russia in the post-Cold War era. Since the 1990s, Russia has been treated as a defeated country thus not been engaged in a stable cooperation process or involved in the building of a new security environment. The bipolar confrontation and its legacy have deeply affected the Euro-Russian relations. Therefore, the mistrust concerning the Western intentions has augmented since the Atlantic Pact advanced eastwards. Countries like Romania, Bulgaria or Poland joined the organisation with the unhidden desire to secure themselves from a Russian return.

The growth of the Turkish regional power is yet another source of concern for Russia. Turkey's ambition to become the pivot in the relations between the West and the Islamic world has been strengthened by the Arab Spring. However, the outcomes of these events still remain unclear. For instance, the change of the regimes and the growing influence of Turkey, and that of the US, could lead to the further isolation of Iran. Feeling besieged, Tehran may hasten its nuclear program, thus provoking a domino effect in the broader region. Besides, the proliferation of tactical weapons capabilities is another source of security concern. When the programs of deployment of the advanced missile systems are becoming a common trend from Eastern Europe to Turkish borders, from a Russian point of view, this might become a reason for further insecurity.

Additionally, these security tendencies are also intertwined with the Black Sea region internal conflicts. Therefore, the "frozen" conflicts in Karabakh,

Transdnestria, Kosovo, Abkhazia and Bosnia-Herzegovina have been characterized three-dimensional. Besides the internal and international dimension, there is also another dimension that incorporates Russia and the Community of Independent States. The internal dimension is related to the roots of this conflict. The rising of nationalism in the entire area has followed the implosion of the USSR. Nationalism has often assumed an anti-Russian connotation in the countries once part of the Soviet block. At the same time this feeling of revenge has nurtured the mistrust of Moscow towards its neighbours.

The difficulty of Russia to promote cooperation in the CIS area reveals, not only the failure of a reasonable strategy vis-à-vis these countries, but also leads to the post-Cold war perception of a Russia softer with the West and arduous with the CIS. Panellist pointed out how the main problem for Russia lies in the capability of attraction of its political model. If Russia can appear too authoritarian for some countries, its model can be also too liberal for some others, like the Central Asia States.

Ultimately, the international dimensions of these conflicts have a strict connection with the relations between Russia and the West. The West in redefining Russia's role in the post-Cold war system failed to provide viable political alternatives whilst Euro-Atlantic expansion towards the east lead to her isolation.

The question on whether security risks can be surpassed in the Black Sea region lies on a new security architecture that might be based on consistent principles where Europe and Russia can become part of this new agenda. In conclusion, the panellist suggested the establishment of a structure of coordination, concerning human security issues, and the expansion of the area of competence

of the regional structures, such as the BSEC. Moreover, the EU should play a stronger role and engage Russia in cooperation.

Session II: Euro-Atlantic institutions and security structures: their role Security and transnational risks in the Black Sea area

Panellists: Mesut **Ozcan**, Istanbul Commerce University, Istanbul, Ognyan **Minchev**, Institute for Regional and International Studies (IRIS), Sofia, Tigran **Mkrtchyan**, Ministry of Foreign Affairs of Armenia, Yerevan

In this session, panellists addressed the role of the Euro-Atlantic institutions in the Black Sea area where the western approach to the region was seen under the frame of the increasing globalisation processes that followed the end of the Cold war.

The first question concerned the affiliation and synergy between globalisation and regionalism. Three interpretations were given:

- The first interpretation envisages regionalism as a component of the larger process of globalisation.
- The second as a divergent phenomenon while
- The third considers regionalism and globalisation as the same aspects of the growing international interdependence.

Many international and regional organisations have emerged encountering various crucial issues. However the organisations dealing with economic issues proved to be the most compelling. The main reason of this success is that economic cooperation seldom questions the sovereignty of the states. Another important aspect is security, where one of the main reasons that can motivate a state to cooperate is the presence of a common enemy. In every case a

successful institutional cooperation needs geographic proximity, equality in the membership and avoidance to managing directly with sensitive matters, which can become the cause for friction among contradictive national interests.

Speakers emphasized on the necessity to reform the institutional structure of the BSEC. The organisation should redefine itself and take into consideration the interests of its member states. The BSEC could provide institutional cooperation's schemes with other organisations like the EU, although there have not been any attempts in this field yet. BSEC members could also pressure the EU institutions in order to establish more institutional ties with the BSEC. Moreover, institutional cooperation with the EU can provide a more influential role of the BSEC in the region. In addition, some innovations in the decision making process could also encourage more flexible decisions. Finally panellists underlined how the BSEC should recognise the role of soft security issues as more promising for the success of the regional integration process. Although the organisation is born focusing on economic issues, the sole economic cooperation is not enough to move forward.

The second part of the session focused mainly on the role of the Eastern European countries and the expansion of the Euro-Atlantic organisations towards East. Certainly the collapse of the USSR has created a strategic vacuum quickly filled by the Western influence. If we take into consideration the NATO enlargement, the purpose was certainly the widening and spreading of the western strategic influence towards east. But this was a secondary reason, since the main event, which made this enlargement possible, was the fact that all nations of the Eastern block claimed NATO membership. These countries needed security infrastructures in order to protect their nation building process and their national independence.

Many commentators also highlighted how the Black Sea countries are in a stage of democratisation and modernisation where a much longer period would be necessary before they can join the Euro-Atlantic structures, notably the EU. The main strategy for the EU and NATO was to engage the Black Sea countries in a partnership that would eventually lead to membership.

The Black Sea region has been traditionally considered, for Russia and Turkey, as their arena of power control. Under this perspective, Russia's reaction to the Euro-Atlantic presence can be interpreted within the frame of a defensive strategy. Russia is not only a productive country but also a transit route for natural gas and oil. This strategic position is one of the main advantages in the Russian foreign policy. Russia managed to maintain an advanced position, possibly a monopoly, in the European energetic supply, as an important negotiation advantage in her external relations with the West. The politicisation of the energetic resources often leads to a blast competition in the oil and gas field exploitation, as well as among different pipeline projects. This has become a serious obstacle towards cooperation that ignores the common benefits deriving from the rational exploitation and management of the energetic resources.

Turkey, as another major regional power, has begun a controversial game with the Western partners. Ankara as a member of the Atlantic Alliance has undertaken the long path of reform in order to become a member of the European Union. Brussels' hesitations, the stalemate of the negotiation process and the Turkish inability to disengage from Cyprus has somehow diverted Turkey from its European ambitions. Ankara's fast growing economy and its political and commercial influence in the Middle East have pushed Turkey to assume a more proactive and autonomous role in the broader region. Since Turkey's dominant position on the Straits, the right to control and regulate the

access of military vessels from the Mediterranean to the Black Sea has been granted.

However Turkey is not the only country that tried to take some advantage from the strategic vacuum left by the Soviet Union. More or less all the coastal states of the Black Sea took the opportunity to maximise their interests in the region. Therefore, the competition that followed led to the deterioration of the security environment. In particular, frozen conflicts in the Caucasus have boosted weapons proliferation emerging a growing militarization for the entire region. Under these circumstances it is very difficult for the Euro-Atlantic structures to endeavour their influence while promoting cooperation. Nonetheless, the path is even more complicated for the Atlantic Alliance since its military nature can provoke mistrust to those not participating, notably Russia.

Therefore speakers depend more on the European Union as more experienced in soft power and soft security capabilities. The initiative has to be taken in the frame of the EU Common Foreign Policy since conciliating the different European national interests and regional outlooks in a common approach would prove to be an arduous enterprise. However the EU has to escape from its normative paradise and should also assume responsibility in addressing transnational security challenges.

In the final part of this session the panellists analysed the relationships between the NATO and the countries of the South Caucasus. All these countries have been members of NATO's Partnership for Peace initiative since 1994. NATO Strategic Concept, adopted in Lisbon in 2010, has confirmed the perspective of a future membership. The document commits NATO's

cooperation with Russia and *keeps the doors firmly open to membership to all European democracies.*

NATO's relationship with each one of the South Caucasian countries differs accordingly to their geo-political position and their economic relevance in terms of energy resources. The security of the Azerbaijani gas and oil supplies is the main subject of cooperation between NATO and Azerbaijan. The 2006 NATO Summit held in Riga, after the Russia-Ukraine gas dispute stressed further on the necessity to protect the flow of energy supplies. At the same time the development of the Azerbaijani gas and oil fields is a strategic business involving many Western companies. Another important issue in the cooperation between the NATO and Azerbaijan, the only Muslim independent state in the Caucasus, is the avoidance of Islamic fundamentalism dissemination. Islam has played an important role in the Azerbaijani nation building after been banned under the Soviet rule. Although energy security and Islamic radicalism are the main concerns for the West, Azerbaijan depended on NATO primarily to block the secession of Karabakh. Baku also tried to engage NATO as a counterbalance to the Russian and Armenian active support to the secessionist movement. However since the 2004 Istanbul Summit, which focused notably on Caucasus conflicts, it became clear that NATO would not get involved in the Karabakh question.

Since the Rose Revolution, in 2003, Georgia remarkably improved her relations with NATO having, as a priority, her integration. The intensification of the negotiations between Georgia and NATO led to the Bucharest Summit, in April 2008. During this summit the decision for a Membership Action Plan for Georgia and Ukraine was postponed until December. However, the events of the summer 2008 obliterated the Georgian accession from the NATO agenda. As in the case of Azerbaijan, NATO did not try to avoid getting involved in a

local conflict that could entail towards an open confrontation with Russia. At the same time Tbilisi considers NATO as a powerful ally that could help the country in solving its internal and regional security threads. For Georgia, the alignment of her relationship with NATO was an important step towards a broader strategy of internal democratic and economic reforms which will aim for European integration. NATO considers Georgia as a valuable partner in fighting international terrorism and regional proliferation of nuclear and non-conventional weapons. Furthermore the Georgian territory is a strategic transit point for the Caspian energy resources towards the West.

Among the three south Caucasus countries, Armenia has had more restrained relations with NATO. This is due to the country's strong relationship with Russia which is also a main security partner and military supplier. However cooperation has been established in important issues, such as anti-terrorism, with a mutual understanding of the limits of cooperation from both sides.

The session ended with an overview on the future role of NATO in the Caucasus. According to the 2010 NATO's strategic concept, the Organisation should continue establishing its cooperation with countries like Ukraine and Georgia; opening the path to other democracies in Europe. Enhancing energy security in the transit area as well as the producer countries is acknowledged as a key priority. However NATO's strategic cooperation with the Caucasus countries is constrained by the dilemmas posed by the regional frozen conflicts. NATO's pragmatic approach aims at establishing partnerships with all regional actors, including Russia, in thematic fields of cooperation, whilst avoiding to enthrall to the regional game of rivalries and alliances. Nevertheless, from the South Caucasus countries point of view a basic question still remains: what could a security organisation like NATO offer if not getting involved in the local conflict resolutions?

Session III: Institutional reforms, experience and knowledge transfer in the Black Sea area.

Panellists: Peter **Semneby**, Council of the European Union, General Secretariat, Brussels, Ioannis **Stribis**, OSCE Secretariat, Vienna

The first part of the session centered on the role the European Union plays in the Black Sea region and in particular on the question whether its post-Lisbon Treaty policy towards the region is more united and outward looking.

The session began with a brief account of the changes brought by the Lisbon Treaty in the structure and representation of the External Action services of the EU and the subsequent tensions created by this transition. The most evident innovation introduced by the Treaty of Lisbon is the High Representative of the Union for Foreign Affairs and Security Policy. Furthermore, remarks were made on the restructuring and decreasing of funds targeting the area which justify the general backdrop in the focus towards the Black Sea area.

In addition to the overall slow progress on the ground concerning the EU policies towards the region, a growing fatigue is as well experienced on the part of the EU. For instance, in the case of the ENP, the process of negotiations with the target countries towards the signature of Association Agreements appears to be more demanding and time consuming than initially estimated. Further issues within the EU arise with regards to the divide among the countries interested in the region, with some focusing more on the Eastern European neighbours and other on the South Europe. Lingering issues remain within the Eastern Partnership initiative, as well as in the bilateral relations with Russia.

Nevertheless, it is admitted that the EU should become more engaged in the region. The example of the EU involvement in the Balkans, especially with regards to the perspective of accession is seen as a possible success model for the Black Sea countries. The perspective of EU membership has positively affected policy and decision-making in Croatia, while significant developments have been observed in Serbia as well.

In continuation of the session, the second presentation focused on the changes brought by the Lisbon Treaty in the institutional aspects of the relations between the EU and the BSEC. Prior to 2007, both actors were overcautious and rather reluctant in their interaction. Furthermore, from a legal point of view, the European Commission was not eligible to obtain the observer status in the BSEC. This means that the Commission, and so the EU, can be engaged only in the frame of specific issues and programmes. The role of the Commission is therefore diminished as well as the possibilities of cooperation larger in its scope. From the European Union's point of view, only the engagement of the Council of the EU, which represents the EU as a whole, will comply giving the EU the observer status and thus a more active role according to the BSEC legal framework.

For BSEC, engaging the European Commission in sectoral dialogue partnership could not represent a limitation. In fact, BSEC is a project oriented organisation and the Commission represents the operational arm of the EU. However this could not be enough to expand and to deepen cooperation and synergies between the two organisations. Nevertheless, both the EU and BSEC failed to acknowledge these changes in their institutional relationship. According to the panellists, the first step to overcome this situation should be taken by the BSEC Council of Foreign Ministers. It should formally engage the European external

action service because the Commission is no more the external representative of the EU, not even in the economic external cooperation field.

Panellists also recognised that the EU involvement in the Black Sea region has not proved to be particularly effective in term of actual results. However, they indicated how the EU is facing major internal challenges and how Brussels should engage all neighbours in cooperation, including problematic partners like Belarus. In a regional strategy the EU should also empower the role of civil society and that of regional NGOs. Looking at the Black Sea area, the BSEC can assume a decisive role in involving the EU in regional cooperation. The EU should also be engaged in crucial issues, such as security and environment, which remain key priorities of external action. Establishing partnership in a proper legal framework is an important step towards mutual acknowledgement and effective cooperation between the two organizations. Therefore, the BSEC should define the status of the EU in the frame of the Charter in order to clarify and promote the presence of the EU in the Black Sea area.

Session IV: Evaluation of the STI systems of the Black Sea countries: a case study

Panellist: George **Bonas**, National Hellenic Research Foundation, International Centre for Black Sea Studies (ICBSS), Athens

During this session, the Science and Technology field has been presented as a case study for reforms and cooperation in the Black Sea area. Notably, on the basis of the BSEC's Science and technology (S&T) programmes, speaker stressed how assessments of the national S&T's made by international experts can help improve national policies, setting common standards and harmonising the reform processes in the whole region.

BSEC actions, the research activities of the ICBSS and specific working groups on S&T pay great attention on institutional reforms and experience and

knowledge transfer as tools of cooperation. The Research Potential project, coordinated by the ICBSS and the BSEC Science and technology action plan, focused on research about BSEC countries and set a framework of cooperation in S&T. The project evaluated the strengths of the research potential in every country; investigated the legal and regulatory framework in each country with a view to promoting the coordination of national policies at a regional level and with the EU; assessed the current state of affairs in the field of innovation and explored more effective ways for the exploitation of research results; defined the most promising fields of collaboration in research and innovation among the countries of the region and with the EU.

The ResPot project paid particular attention to the cooperation of the National Academies of Sciences, through the provision of additional conceptual input on the activity of the Council of the Presidents of the National Academies of Sciences of the BSEC Member States. Moreover, it identified the innovation structures in the BSEC region and investigated the role that a Black Sea Innovation Centre (BSIC) could play. The ResPot project's method had both a vertical and horizontal dimension as a double path towards reforms. The vertical dimension pertained to the project implementation country by country, while publications, patents, the expenditures etc. across the countries established a horizontal network where reforms are spread.

The BSEC action plan has had as its aim to: re-confirm the political will for cooperation in S&T among the countries of the BSEC region and also enhance the cooperation with the EU, contributing therefore to the opening of the European Research Area; define the most promising fields and priorities for collaboration in research and innovation among the BSEC countries extending also to other New Independent States ("broader BSEC"); sketch out an early version of a structured cooperation mechanism at the BSEC regional level in

the sphere of S&T and procedures for interaction with the relevant departments of the European Commission. To achieve its goal the project included preparatory work on a draft Action Plan and the organisation of two events: a High Level Officials meeting and a Ministerial Meeting. The meeting of the Ministers Responsible for Research and Technology held in Athens in September 2005 adopted the action plan and its broad priorities.

Speaker then illustrated the ongoing IncoNet project. The Science and technology Cooperation Network for Eastern European and Central Asian countries (IncoNet EECA) is a project coordinated by the ICBSS and funded through the 7th Framework Programme for Research of the European Community (FP7). The main objectives of IncoNetEECA are: to support and to facilitate a bi-regional EU–EECA S&T policy dialogue; to address other EU policies and their Instruments from which S&T cooperation with EECA could benefit (notably the European Neighbourhood Policy); to raise the capacities of the EECA through particular activities that will address the institution building and human potential development of the existing National Information Points / National Contact Points; to implement strategic analyses that will provide a knowledge basis and scientific evidence for the bi-regional/bilateral dialogue; to monitor and to review the activities performed in the context of IncoNet EECA in order to assess the quality of the overall process and to ensure the sustainability of these activities beyond the duration of the project.

Speaker underlined how all these projects aim at the achievement of major reforms in the universities and at the integration of the regional academic systems into the European Higher Education Area, by implementing the Bologna process and the TEMPUS program and by sustaining and expanding the research activities. However, these reform processes raise two kinds of questions. The first concerns the basis of these reforms. The necessary political

will necessary to reform is enough to successfully carry them off? And, are these reforms sustained by scientific evidence?

The second question is related to the assessment of the reforms' results. International evaluation can respond to both the questions. International evaluation can be carried out through a Policy mix Review of Science and technology systems and/or the benchmarking of research institutions.

International evaluation approaches can improve the planning of reforms, provide legitimacy, and increase their acceptability and impact. The evaluation approaches should be based on international methodologies, taking into right account, however, the local conditions. Speaker stressed the important role of institutions like the OECD, the EC, the World Bank, the UNESCO, etc. in providing knowledge and possibly funds. In conclusion, the Science and technology sector is a good practice example for evaluation exercises (openness, peer reviewing, international cooperation, etc.) but similar approaches could/should be used for reforms in other sectors.

Session V: Economic development and welfare: convergence or divergence in the Black Sea area?

Panellists: Vassilis **Monastiriotis**, Hellenic Observatory, European Institute, LSE, London, Panayotis **Gavras**, Black Sea Trade and Development Bank (BSTDB), Thessaloniki

In this session, panellists provided a detailed analysis of the economic dynamics that drive the Black Sea region's growth and development. Eminently, they evaluated the impact of the financial crises, the mechanisms of transmission and the role of regional integration in promoting development and competitiveness. At the same time, they estimated the differences, the common trends and the potential of growth and development for the Black Sea states.

In the first session of the panel the global financial crisis of the past century has been the key subject that questioned the different growth models and the role of regional integration in promoting economic development. The traditional mechanisms of international economic interdependence have been crucial in the propagation of the crisis. Empirical data indicate how countries are more linked to the European Union's economy and how investments have suffered the impact of the crisis in terms of GDP.

Speakers also scrutinized the main aspects that determine economic growth and growth models adopted by states with market economies. The three basic economic drivers are the domestic demand, the external demand and the supply-side drivers. Growth models depend on the more or less involvement of the state in economy.

In terms of policy issues, states have to define their role and the extent of their actions. While managerial state own 'sensitive' production, welfare states deal with internal redistribution and macro-stabilisation. On the opposite, a regulatory state just provides for market deregulation and set property rights. But policies have also to address the question of the scale and the field of economic integration and the kind of development policies.

A more international approach favours multilateralism, trade openness and integration, international division of labour and national advantages. Regionalism instead pushes for regional trade agreements, sectoral complementarities, the provision of regional public goods and the development of a common voice. Concerning the development of national economies through trade, panellists displayed how the benefits highlighted by the traditional trade models are challenged by the caveats of the new trade theory.

Indeed, the benefits of openness to trade rely greatly on the structure of the trade and on the transactional costs.

Furthermore, panellists also questioned the challenges posed by regional economic integration while considering that *an embryonic form of Black Sea regionalism has emerged* but *the future of Black Sea regionalism remains, at best, fuzzy* because despite the multiplication of initiatives and ideas *there is no clear overarching vision*.

Overall, a key conclusion of the session was that regional integration should not simply be a vehicle for accession to the EU; neither should be the field for conducting self-interested international relations; nor considered to be a second best alternative to multilateralism or globalisation. Instead, regionalism should aim at the creation of a market, thus triggering agglomeration effects and leading to economic stabilisation through diversity and interdependencies. It should also ease industrial restructuring for the region's intra-industry trade, assure energy supply and security to assist private enterprise, exploit regional advantages and synergies, identify and strengthen institutional complementarities and develop sustainable growth models with low dependencies.

At the second part of this panel, the panellist pointed out the perspectives of regional integration, economic growth and development after the economic crisis, in the Black Sea region. For most part the Black Sea region financial crisis was limited, with the exception of Ukraine. The biggest risk to regional financial sectors came from sharp rise in non performing loans, due to the economic downturn. Finally, the Black Sea region suffered a short but sharp economic crisis. Credit to business and consumers disappeared, reducing liquidity and demand and slowing investment. International trade flows

dropped as well as the exports, because of the contraction in key Western European markets. Therefore crisis augmented due to the declines in commodity prices, remittances and sundry external receipts. This circumstances generated poverty, the augmentation of unemployment and fiscal deficits, the diminution of current account deficits, trade flows and inflation.

A process of painful macroeconomic adjustment constituted the only solution for most states. Then, the panellist outlined the economic vulnerability that favoured the transmission of the crisis in the Black Sea region, as well as in Central and Eastern Europe.

During 2010, most countries recovered and enjoyed a real growth while the credit flow restarted, although unsteadily and at higher cost. Nevertheless, unemployment still remains high and the inflation returned. Higher investments were considered necessary in infrastructures and business environment should be improved. Panellists evidenced how stability, productivity, reduction of poverty and economic convergence can sustain the economic growth of the region.

The panel concluded by indicating the importance of establishing regional economic cooperation. Emphasis was given on how regionalism may improve sustainability with activities more firmly established and less vulnerable to crisis' contagion. Concerning economic crisis, panelists displayed potential regional level responses. These encompass: information exchange and policy dialogue; institutional cooperation, policy coordination and legal harmonization; the establishment of specific purpose organizations; a multilateral pooling of resources for agreed activities, including swaps and guarantees; much scope for trade and investment facilitations; cross-country

projects, especially for needed infrastructures. Speakers also acknowledged that there has been some progress in the regional economic cooperation, but the level of integration still remains low.

Session VI: The EU and Black Sea Cooperation: new EU programmes and policies

Panelist:

Elkhan **Nuriyev**, Alexander von Humboldt Research Professor of Political Science, Berlin

This session centered on the strategic importance the Black Sea region acquires for the European Union and European Neighborhood Policy (ENP). ENP is not a recent framework for enlargement but a practice that manages to bring the European Union and the Eastern partners together for accomplishing common goals. As a continuation of this interaction EU Eastern Partnership (EP) initiative was launched in 2009. The ENP's main ambition is to bring the states closer to the European Union, in a bilateral manner, and understand how this cooperation embodied a large amount of crucial issues.

The key question in this session was whether the Wider Black Sea region could become a unique security community or not? The different vectors of foreign policy and the divergence in political orientation had a negative impact on the configuration of a common security area. EP is a framework for peace making in the EU, which also acquires the support from different EU countries.

Therefore, key priorities for EU policy in the region should be:

- The preservation of deepening the cooperation within the EP by taking into consideration two main points: a) Russia's power in the BSEC region and b) Turkey's uprising power inside the BSEC region.
- The protracted conflicts in the region which should acquire monitoring responsibility for the maintenance of peace and security in the BSEC region
- The promotion of the development of civil society, taking also into consideration the weakness of civil society in the BSEC countries.
- And finally the effort ought to be made in order issues such as the energy efficiency in EP countries will be resolved.

Nonetheless, effective EP policy should accomplish a more balanced policy by avoiding "zero sum game" in view of choosing between Russia and EP countries. EU needs long-term strategic plans for public policy, education, exchange programs of students and scholars for achieving the deepening of further substantial interaction.

During the questions and answers session the participants of the Symposium expressed their interest on the measures which EP countries should take in order to achieve closer cooperation with the EU, possible impetus of the EU on protracted conflicts in South Caucasus, energy efficiency, civil society development in EP countries,

Session VII: Climate change and green growth

Panellists: Zefi **Dimadama**, Director General of ICBSS, Thomas **Goltz**, Montana State University, Bozeman, MT, Robert **Ford**, U.S. Embassy, Athens

During this session Dr. Zefi Dimadama was excused for not being able to participate due to an important meeting at the Hellenic Ministry of Foreign Affairs on the new measures that the government was promoting due to the crucial economic, political and social period for Greece.

Mr. Thomas Goltz initiated his part of the session with a video presentation (http://www.youtube.com/watch?v=ooAjLafg_NI) on his academic adventures in Energy and Environment along the Caspian-Europe Corridor. Baku-Tbilisi-Ceyhan, the 1765 kilometer (1200 mile) Pipeline that came on line July 13, 2006, thus linking the hydrocarbon riches of Azerbaijan on the western shores of Caspian Sea to the Turkish deep-water port of Ceyhan on the eastern Mediterranean. While endlessly talked, by the year 1999, there was not only a BTC development on the ground but not even a real BTC project map. Indeed, by the spring of 2000, the idea of the BTC seemed to be unsuccessful. Specifically, the concept was to deliver the first symbolic barrel of Caspian crude down the BTC route via Soviet-era. This film, drawn from the combined 'Oil Odyssey' adventures of the years 2000, 2001 and 2002, is dedicated to the memory of the late President of Azerbaijan, Heydar Aliyev.

Furthermore, the last part of this session was completed by Mr. Robert Ford where the issues of the U.S. approaches to Regional Environmental Management were discussed. The United States has been involved in a wide range of regional and multilateral environmental programs, some with particular relevance to the issues faced in the Black Sea region.

Of particular interest is the speaker's experience with the implementation of the main United Nations Environment Program (UNEP) Regional Seas

Programs that the United States is a Party to, in particular the Caribbean Environment Program (CEP).

The Caribbean Environment Program was launched under UNEP auspices in 1976 in response to growing concerns over pollution, habitat degradation and overfishing. An Action Plan was adopted in 1981 by 22 States to deal with these problems, which subsequently led to the adoption of the 1983 Cartagena Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region. Protocols under the Cartagena Convention provide a framework for specific actions in the following areas:

- The 1988 Protocol on Oil Spills to develop programs to prevent and respond to oil spills;
- The 1990 Protocol on Specially Protected Areas and Wildlife Protocol (SPA/W), which identifies key areas of endangered habitat and establishes mechanisms for protecting them;
- The 1999 Protocol on Pollution from Land-Based Sources and Activities, designed to deal with pollution from farming, power plants, waste facilities and other land based sources of marine pollution.

Another regional program with the U.S. involvement is the 1979 United Nations Economic Commission for Europe's (UNECE) Convention on Long Range Transboundary Air Pollution Agreement (LRTAP). The UNECE is comprised of all European UN members plus the United States and Canada.

Overfishing is yet another problem that faces not just the Black Sea but basically every region of the world. The United States is a Party to some dozen regional fisheries agreements covering, among other things, Atlantic and South Pacific tuna stocks, Pacific and Atlantic salmon, tropical shrimp fisheries, and many others.

Unfortunately, we see in case after case that the sound management of fish stocks is being threatened by illegal fishing, overfishing, and increased marine pollution. That is why we have joined with many other countries in the United Nations to make dealing with combating illegal, unreported, and unregulated (IUU) fishing a top international priority. IUU fishing undermines efforts to conserve and manage shared fish stocks and threatens the sustainability of all fisheries. The problem of IUU fishing is exacerbated by unsupervised vessels and fishing under “flags of convenience,” which occur in every fishery and in every registry. Estimates of the global value of IUU catch range around \$9-12 billion each year, and illegal fisheries are often intertwined with drug trafficking, labor exploitation, environmental degradation, and organized crime.

Besides the local problems that affect regional seas around the world, global environmental problems such as climate change and stratospheric ozone layer depletion have the potential to impact the entire globe. In addition, the panelist suggested that perhaps the main lesson that we have learned from decades of work in regional environmental organizations is that solving these problems requires a concerted effort over a very long period of time. As a first step countries need to develop a framework that identifies the main environmental problems facing their region and then take a step by step approach to addressing each of the problems.

In the case of the Caribbean region, it was important first to deal with the immediate problems of oil spills and seriously degraded areas of habitat before moving on to address the more complex issues associated with the wide variety of land-based sources of marine pollution.

It was also clarified that the countries of the Black Sea region have been dealing with these issues for some time, especially since the early 1990's. There appears to be a clear commitment to dealing with the key problems facing the region, as evidenced in the environmental action plans that have been developed since that time to deal with the specific problems facing the region.

The panelist concluded by outlining the importance of dealing with these important issues and of remaining interested in the participation in symposia such as this designed to seek solutions to many of the common problems we face.

Session VIII: The new green agenda for the Black Sea: green entrepreneurship, environmental governance, new environmental policies

Panellist: Süreyya Meriç **Pagano**, Namik Kemal University, Tekirdağ

This session evolved around other important issues in the wider Black Sea region, such as water management. The panelist mentioned some basic challenges, such as water pollution, tourism, oil spills, fisheries and aquaculture, marine industries, atmospheric pollution which result in changes in water quality, contamination of biota and changes in biodiversity. The speaker suggested as the most efficient way to avoid these problems the acquirement of better management of the pollution sources. In order for this goal to become successful BSEC states need Spatial planning coastal and marine protected areas using geological studies: erosion, sea bottom instability, and mapping of seafloor (in support of habitat mapping).

The panelist also provided information on some considerable cooperation projects in the BSEC region such as:

1. FP6 RI the Black Sea SCENE (2005-2008) research infrastructure that stimulates scientific cooperation
2. and, the UP-GRADE BS-SCENE (2009-2011) (51 partners of which 43 are located in the BSEC countries) which aims:
 - a) To extend the existing research infrastructure with an additional 19 marine environmental institutes/organizations from the 6 Black Sea countries.
 - b) To implement the results of the Joint Research Activities of the FP6 RI SeaDataNet project (common communication standards and adapted technologies to ensure the datacenters interoperability).
 - c) To network the existing and new Black Sea datacenters, activate in data collection, and provide integrated databases of standardized quality on-line.
 - d) To realize and to improve on-line access to in-situ and remote sensing data, meta-data and products.
 - e) To adopt standardized methodologies for data quality checking to ensure the quality, compatibility and coherence of the data issuing from so many sources.

3. The Romanian-Bulgarian joint project on Danube water quality aims to establish integrated management of water and costs 14.98 million euros.

4. The Moldova Water Sector Project, which aims to help the country comply with the water quality and service standards set by the EU directives and partially transposed into national law, in order to improve the quality of the environment and reduce public health risks via the adequate supply of drinking water and collection, treatment and disposal of wastewater.

Session IX: Energy security and conflict resolution in the Black Sea area

Panellists: Howard **Chase**, BP Europe, Brussels, Theodore **Tsakiris**, EKEM's Observatory for European Energy Policy; Middle East Economic Survey (MEES), Athens

The session focused on the relevance of the Black Sea region as a key hub for energy supply. The strategic importance of the Black Sea has been analyzed showing its energetic resources and infrastructures. Particular attention has then been given to the Caspian, notably Azerbaijani, gas export and its strategic significance to Europe.

According to Ian Lesser's definition of the strategic importance of the Black Sea, the region is an important part of Europe's security environment, an important and logistical hub to crisis prone areas beyond the Black Sea basin and it has a strategic significance in its own right. Speakers added to Iann Lesser's definition also the energetic relevance of the region and the impact of its infrastructures. Nevertheless, the economies and subsequently the electric consumption of the Black Sea countries are constantly growing. However, the Black Sea area's importance is mainly determined by its being a region of production and transit of large energetic resources.

Panellists illustrated the pipeline networks that bring oil and natural gas from the Euro-Asiatic fields to Europe. The existing network collects oil and gas

from the Russian and Caspian fields, thus giving Russia a prominent position in the production as well as in the distribution market.

The impact of these infrastructures relies in the possibility of diversifying oil and gas suppliers and delivery routes since they offer an important alternative to the central and northern European networks. The position of Ukraine and Turkey is crucial to understand in what measure Europe will depend on the Russian supply. Ukraine is a key transit of the Russian oil and gas exports. Ukraine's position is also decisive in avoiding the monopolisation of energy transit routes by Russia and Turkey. The White Stream gas pipeline project, linking the Azerbaijani gas fields to Georgia and Ukraine across the Black Sea addresses exactly this concern. However, projects like the North Stream pipeline can challenge Ukraine's pivotal role between Russia and the EU.

Turkey remains the key of the region. It constitutes an unavoidable energetic transit towards Europe, being at the crossroads between different oil and gas producer areas, namely Russia, the Caspian Sea and the Middle East.

The diversification of gas supplies relies mainly on the exploitation of the gas fields off the Azeri coast. The energetic link between the South Caucasus and Western Europe depends on the development of an appropriate network of infrastructures, the so-called South Corridor, connecting the whole Black Sea and South Eastern Europe regions.

Speakers also underlined the strategic importance of upgrading the national transport systems and developing other South Corridor projects and interconnections in the EU. Notably they esteemed as key priorities: the interconnection between Hungary, Slovakia and Romania; the Bulgarian interconnection to Greece, Serbia and the FYROM; freeing capacity in the

existing interconnections between Bulgaria and Romania; reinforcing Bulgarian Gas ring as a possible entry point for the Caspian gas to the South Eastern Europe (with the right infrastructure Greece could constitute another entry point); developing the Energy Community Ring; freeing capacity in existing interconnection in Greece.

In the second part of the session, speakers focused specifically on the role of Azerbaijan and on the strategic significance of its gas export options. Azerbaijan stands out as a unique case in the energy security balance among its BSEC, Caspian and EU partners. More importantly Azerbaijan also aspires to emerge -and has the resource base to become- a major gas exporting state. In this sense it is among the very few world energy powers (such as Russia & Saudi Arabia) that have a holistic understanding of energy security as a supplier, consumer and transit state. This is not the case for Turkmenistan, Kazakhstan and even Iran, despite their superior hydrocarbon resource bases and reserves/production ratios.

The strategic significance of Azeri gas exports to Europe was not lost to the EU. If anything it has actually increased by the Arab Revolutions of 2011. What was lost though was the need for a better understanding on how Azerbaijan and the two other major gas resource holders of the Caspian Sea, Iran and Turkmenistan, would respond to the EU import diversification policy. The BSEC region which already constitutes the initial consumer and inescapable transit area will be severely affected by this discrepancy. This policy overemphasized the promotion of a primarily politically motivated project that increasingly lost touch with reality after the unexpected rise of Mr. Ahmadinejad to power in 2005. Nabucco was premised, since its original appearance in the Caspian Gas “arena” (2002-2003), on the hypothesis of a

major Iranian contribution that would supplement Azeri gas from Shah Deniz 2.

The deterioration of Western-Iranian relations and the climaxing of punitive economic sanctions against Tehran -a policy that was not welcomed by either Turkey or Azerbaijan- in combination with the tumultuous re-election of Mr. Ahmadinejad rendered this hypothesis invalid. This major gap in Nabucco's strategy may have been blurred in 2009-2010 by the Turkish-Azeri impasse over Ankara's attempted rapprochement with Yerevan and the protracted negotiations between Ankara and Baku on the terms of the gas exports/transit details for Shah Deniz Phase I & II. The discrepancy did emerge into the fore though in February 2011 when Nabucco announced that it had decided to re-route its original pipeline direction from Iran in order to link with the future Iraqi NGTS. How realistic though is this? Is there an alternative to Iraq in a Trans-Caspian Pipeline and how soon?

Panellists finally analysed the position of the BSEC importer country. Romania and Bulgaria due to the burden of financial crisis and their IMF-supervised severe austerity programmes can no longer sustain major capacity pipeline projects that make little economic sense. All EU-Nabucco members have already invested in South Stream -save Romania- and more importantly are giving far greater emphasis on Interconnections of 3-5 bcm/y capacity that are far better focused on serving their actual needs by 2015 and beyond. The question is then how to better harmonize Azeri and BSEC importer strategies. Speakers suggested: to use Southeast Europe interconnectors to expand Azeri gas exports by up to 3 bcm/y before the Shah Deniz Phase 2 start-up; maximize SD2 utilization by combining ITGI & TAP so as to create a unitary South Eastern European. market for Azeri gas exports that would cover the region from the Adriatic to the Black Sea and from the Danube to the Aegean; build

an integrated LNG/Pipeline system across the Black Sea focusing on Azerbaijan-Georgia- Romania interconnector for Azeri gas exports beyond Shah Deniz 2 quantities.

Closing Session

In the closing session Dr. Nadia Arbatova, Dr. Vassilis Monastiriotis and Mr. Thomas Goltz gave brief presentations summarizing the outcomes the objectives and methodology of the workshops which were held during the Symposium.

The closing session ended with Dr. Zefi Dimadama, Director General of the ICBSS, expressing her gratitude for the participation of distinguished speakers and high-level participants from around the world. Dr. Dimadama highlighted the importance to focus on our need to listen to the views of the young professionals and researchers that will enrich policy recommendations in this crucial economic and political situation, not only for Greece but for every EU country and the US.

After the conclusion of the closing speeches, a small ceremony was organized where certificates of attendance were handed out to each of the participants of the Symposium by Dr. Zefi Dimadama.

Rapporteurs

Ms. Christina Mosora, Mr. Raffaele Borrecca, Mr. Anar Mutallimov.

This document has been edited by Ms. Amaryllis Koufantoni.

