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Ministry of Foreign Affairs

**ORGANIZATION OF THE BLACK SEA
ECONOMIC COOPERATION
(BSEC)**

**‘BSEC DAY’
CELEBRATION**

Athens, 18 July 2006



International Centre for Black Sea Studies
Athens, 2006

**ORGANIZATION OF
THE BLACK SEA ECONOMIC COOPERATION
(BSEC)**

**‘BSEC Day’
Celebration**

**Amphitheatre ‘Kranidiotis’, Ministry of Foreign Affairs
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CONTENTS

Preface

H.E. Dora Bakoyannis, <i>Minister for Foreign Affairs</i>	5
---	---

Introductory Note

Dr. Dimitrios Triantaphyllou, *Director General,*

<i>International Centre for Black Sea Studies</i>	7
---	---

INTRODUCTION

Ambassador Nicolaos Couniniotis, *Director General for Economic Relations,*

<i>Ministry of Foreign Affairs</i>	8
--	---

"GREECE AND THE BSEC"

H.E. Evripidis Stylianidis, <i>Deputy Minister of Foreign Affairs</i>	9
---	---

"BSEC: 14 YEARS OF REGIONAL COOPERATION"

H.E. Ambassador Leonidas Chrysanthopoulos, *Secretary General,*

<i>Permanent International Secretariat of the Organization of BSEC</i>	13
--	----

"THE RUSSIAN FEDERATION'S CHAIRMANSHIP OF THE BSEC: PRIORITIES AND EXPECTATIONS"

H.E. Andrey Vdovin, <i>Ambassador of the Russian Federation in Greece</i>	17
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"THE BLACK SEA REGION AND ITS GROWING INFLUENCE"

Dr. Dimitrios Triantaphyllou, *Director General,*

<i>International Centre for Black Sea Studies</i>	20
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Preface

H. E. Dora Bakoyannis, *Minister for Foreign Affairs*

This year, the international regional Organisation of the Black Sea Economic Cooperation (BSEC) approaches its 14th anniversary. On the occasion of celebrating "BSEC Day" on July 18th, 2006, the Hellenic Ministry of Foreign Affairs, in cooperation with the International Centre for Black Sea Studies (ICBSS), undertook an initiative to publish the present bilingual edition.

The historical links connecting the peoples of the region, ancient and contemporary, are well known. This interaction exists since the beginning of the myth. Today, there is no need to put together an Argonautic Expedition, in order to gain economic profit for our peoples, due to our long-standing relations, their importance, as well as their future potential.

Since 1989, many changes have occurred in our region. In 1992, at a crucial turning point for the wider Black Sea region and the Balkans, the Republic of Albania, the Republic of Armenia, the Republic of Azerbaijan, the Republic of Bulgaria, Georgia, the Hellenic Republic, the Republic of Moldova, Romania, the Russian Federation, the Republic of Turkey and Ukraine, signed the agreement for the establishment of BSEC, to which the former Serbia and Montenegro acceded in 2004. Needless to say, our goal has been, and, still remains, to promote multilateral economic cooperation, to enhance peace and stability and finally to bring the countries of the wider region closer and achieve harmonization with European standards. These activities were necessary, in view of the different levels of cooperation that these countries expected to develop in the future with the European Union.

Since the early beginning of BSEC's existence, we have created a functional organisational structure, with an intergovernmental, inter-parliamentary, business, banking and academic dimension. The ratification, in 1999, of the Charter of BSEC, transformed the latter from a forum of intergovernmental cooperation, as it was initially, into a real, and institutionally complete, regional economic organisation, fully capable of taking decisions binding for its members.

The countries participating in BSEC today have succeeded to adopt a common approach to important issues, such as the economic development of the region, and to cooperate in crucial sectors, such as energy, transportation, tourism, small and medium size enterprises, research and technology, good governance, and the combating of organised crime.

Greece, as you know, is actively participating in the activities of the Organisation. We believe in BSEC's role as the main vehicle to promote economic development and stability, to the benefit of all its member-states. In this context, we focused our efforts to improve and strengthen BSEC's

internal structure. We have also worked to enhance multilateral cooperation in various sectors. Moreover, we took up certain initiatives and encouraged the further strengthening of relations among BSEC member-states at the intergovernmental, inter-parliamentary, business and academic level. The ancient and traditionally good relation of Greece with the peoples of the Black Sea and the Balkans, constitutes another incentive for our commitment to the goals of BSEC. At the same time, Greece, being, so far, the only E.U. and NATO member-state in the region, has contributed substantially to the achievement of the Organization's goals. As it is also known, the main priorities of Greece's last 6-month Chairmanship-in-Office, were the expansion and the enhancement of BSEC's relations with the European Union, as well as the strengthening of Organization's role in the formation of the new European structures of the 21st century.

I believe that regional cooperation within the framework of BSEC, is a unique opportunity to further develop our bilateral and multilateral relations. We, therefore, look forward to continuing our joint efforts in this field, and to constantly strengthening them at all levels. The Organisation can, and should be able to, play a leading role in bringing the Black Sea countries and the Balkans closer to the European Union, as well as in consolidating economic development, peace, stability and prosperity in the wider Black Sea area and the Balkans.

I wish to thank all those in the Ministry of Foreign Affairs and in the International Centre for Black Sea Studies, for their commendable efforts and hard work.

Introductory Note

Dr. Dimitrios Triantaphyllou, *Director General,*
International Centre for Black Sea Studies

Regional cooperation in the Black Sea area is today at an important historical crossroads. The enlargement of the European Union towards the Black Sea, the progress of the socio-economic reforms that sweep most of the countries in the region, as well as a complex of crucial issues that remain open such as 'frozen conflicts', energy security, etc., shape a rather complicated Black Sea scene.

The Organization of the Black Sea Economic Cooperation (BSEC), being the most credible and comprehensive institutional expression of multilateral cooperation in the area, is called upon to shape a new vision for its future and the role it can perform. Fourteen years since its establishment, the BSEC has put on its agenda not only issues relevant to its internal restructuring (institutional reforms, effectiveness, decision – making, etc.) but also issues of cooperation in important fields (transport, good governance, science and technology, combating organised crime) and broader policy matters such as the relations of the Organisation with the European Union.

The 'BSEC Day' organised by the Hellenic Ministry of Foreign Affairs in Athens on 18 July 2006 celebrating the 14th anniversary since the establishment of the organization, provided an opportunity for the public in Greece to be informed on the developments in the BSEC while it contributed to an open dialogue for the future of the Black Sea region. The meeting benefited among others from the active participation of the Deputy Minister of Foreign Affairs Mr. Evripidis Stylianidis, the Secretary General of the Permanent International Secretariat of the BSEC, Ambassador Leonidas Chrysanthopoulos and the Ambassador of the Russian Federation in Athens Mr. Andrey Vdovin.

The International Centre for Black Sea Studies (ICBSS) would like to thank the Hellenic Ministry of Foreign Affairs for its collaboration in the present publication of the speeches delivered at the 'BSEC Day' in an effort to further contribute to raising awareness among the Greek and foreign public on the BSEC and the developments in the wider Black Sea region.

Unofficial Translation

Introduction

Ambassador Nicolaos Couniniotis, *Director General for Economic Relations,
Ministry of Foreign Affairs*

Today we celebrate the 14th anniversary of the establishment of the Organisation of the Black Sea Economic Cooperation.

It is an Organisation that steadily approaches the fulfilment of its goals, which are no other than the promotion of regional cooperation among its member states in the economic sector, and thus the reinforcement of peace and prosperity in the region.

At the same time, the necessity arises of course, to re-determine these goals, so as to find new forms of cooperation in accordance with the new political and economic reality in the region.

Today, along with distinguished speakers which will follow, we will be given the opportunity to discuss all these issues and to ascertain an outline of the future of the Organisation.

We give the floor to the other distinguished speakers.

"Greece and the BSEC"

H.E. Evripidis Stylianidis, *Deputy Minister of Foreign Affairs*

It is with great pleasure that I welcome you to this event organised by the Greek Ministry of Foreign Affairs for the celebration of the "BSEC Day", honouring 14 years of operation of a very important regional economic Organisation. An Organisation which had as its main task in 1992, the promotion of economic cooperation amongst its twelve member states but also the enhancement of the political dialogue, reinforcing in this way peace, stability and development in the Black Sea region.

The BSEC, during the 14 years of its functioning, contributed to the formation of a multidimensional relationship among its member-states, in times when their bilateral relations were often put to the test. At the same time, the Organisation continued to establish links among markets, promoting trade and investment, transport and energy networks as well as cultural relations.

Greece believed from the very beginning in the role and the importance of this organisation. Holding the Chairmanship of the BSEC for a second time during November 2004 – April 2005, it made the strengthening of the Organisation's internal structures a main priority. At the same time, we focused our efforts on the development of multilateral cooperation at all stages: intergovernmental, inter-parliamentary, business as well as academic.

During the Greek Chairmanship-in-Office, seven ministerial meetings respectively on transport, energy, tourism, the fight against organised crime, good governance, education, and research and technology were organised. Likewise a business forum was held in Thessaloniki, and an Interparliamentary Assembly in Athens. The meeting of Ministers of Foreign Affairs compounded the "Komotini Statement" which, following the approval of all Ministerial Decisions, set specific political and economic goals thus adding vigour to the next steps of the BSEC.

With the precious support of all the member-states, Greece did its utmost - and finally succeeded - to enhance the relations between the BSEC and the EU. The chairmanships of Moldova and Romania embraced and reinforced this priority. This objective, besides, is consistent with the vision of all member-states for a rapprochement of the BSEC with the EU institutions.

This venture creates a new dimension after the imminent accession of Romania and Bulgaria and is compatible with the European Union's new Neighbourhood Policy for the countries of the Black Sea and the Caucasus and we hope that it will create a new Black Sea regional dimension of the EU. We are sure that the Russian Chairmanship-in-Office of the BSEC will continue these efforts.

Let me take this opportunity to thank the Finnish Presidency of the European Union for the proactive way in which they address this topic and of course the preceding Austrian Presidency

for their invaluable contribution.

The effectiveness of the Greek Chairmanship-in-Office was appreciated by all member-states and this recognition imprinted onto the unanimous decision to elect a Greek diplomat to the position of Secretary General of the BSEC in Istanbul. For the first time, a Greek diplomat is elected as head of a political-economic organisation, and this shows that when we set goals and work systematically, we can achieve positive results for our country and for our neighbourhood.

Ladies and Gentlemen,

During the Greek Chairmanship-in-Office, and also afterwards, I had the opportunity to travel to all member-states of the BSEC, to meet all their governments and in many cases to organise small Ministerial committees and business missions with great results. The conclusion I drew is that the Black Sea is being transformed into a new dynamic economic space, which, despite its problems, presents many opportunities and is of special interest. Most countries of the region are developing markets, because they produce or transfer energy. For this reason they are of steadily increasing geo-strategic importance.

Greece, being a player in this regional game, has made use of the BSEC capabilities and succeeded to transform itself from a consumer country to a producer-transit country. This is proven by the steps we have taken towards the production, the export, and the development of know how on alternative energy resources (solar, wind, electric, etc.), as well as by the construction of a gas pipeline connecting Baky (Azerbaijan) – Tbilisi (Georgia), Karatsabey (Turkey) – Komotini (Greece), Otranto (Italy) and finally by the construction of the Burgas - Alexandroupolis pipeline.

Within this new economic and developmental context, the BSEC is called to define its new role, exploiting the new opportunities and creating new policies.

At this point, I would like to make a reference to two business issues related to the BSEC.

The first refers to the developmental dimension of the BSEC activities. In this framework, there is a need for better use of the financial tools of the BSEC through the submission of regional and development projects under the Project Development Fund (PDF), which has been created to serve this purpose.

Beyond the orientation of the Organisation towards fostering closer economic and business relations between its member-states, the Black Sea region in accordance with the Development Assistance Committee of the OECD, has been included in the list of receptors of aid. Greece, as a member of the DAC since 1999, has played an active role contributing to the achievement of the Millennium Development Goals. This year, Greece requested the DAC to recognise the BSEC as a candidate for Official Development Assistance, while also working towards raising interest in the region among DAC members. Moreover, sustainable development and prosperity of the citizens of the BSEC member states is included among the general principles and goals of the BSEC Charter.

The second issue I would like to address is the need for the development of transportation links in the Black Sea area. My country in cooperation with the Russian Chairmanship and the PERMIS, promotes the idea of the creation of a "Ring Road" around the Black Sea, exploiting and reinforcing the existing road links.

This ring will connect Alexandroupolis port, through the Pan-European axis IX with:

- Komotini
- Kirtzali- Haskovo (Bulgaria)
- Ruse- Bucharest (Romania)
- Chisinau (Moldova)
- Odessa- Mariupol (Ukraine)
- Novorosisk (Russia)
- Poti (Georgia, connecting Georgia with Azerbaijan)
- Batum (connected with Erevan, Armenia)
- Samsun, Trabzon, Ankara, Istanbul (Turkey)
- and, through the new bridge at Evros, an agreement signed in Istanbul by the Ministers of Foreign Affairs of the two countries, will abut to Alexandroupolis.

We believe that this project will improve the communication among the countries of the region, will contribute to the facilitation of the movement of goods and persons and will bring the peoples of the region closer. Our suggestion is to name this ring "Argonaut's road", since the Argonaut's myth is a historically connecting myth for our region. So far, there is a positive response for this strategic project from all governments of the member states. We thank the Russian Chairmanship for the promotion of this project.

Ladies and Gentlemen,

The BSEC after fifteen years has developed a capable framework, so as to play an important role in the region. And this is a result of the efforts of those who believed in its role, and mainly is an achievement of those work throughout the Organisation; in the PABSEC, the Business Council, the Black Sea Trade and Development Bank and the International Centre for Black Sea Studies. I would like to thank all of them as well as the governments of the BSEC member states for their invaluable contribution.

In conclusion, let me address one issue which, to my opinion, is very important: Maybe our Organisation has not reached the level of maturity of other international Organisations, and its political dimension is not as powerful. But it has an important advantage; it is the only regional

Organisation which brings countries to the negotiating table with diverse, during the past, political orientation, different religion, and culture. This is the power of the BSEC, which effectively promotes more and more dialogue and economic cooperation, rendering the Black Sea, the Aegean, and the Caspian into a region of peace, stability and development.

It is worthwhile to continue our efforts.

"BSEC: 14 years of regional cooperation"

H.E. Ambassador Leonidas Chrysanthopoulos,
Secretary General, Permanent International Secretariat of the Organization of BSEC

The BSEC was established in June 1992 upon the initiative of the late President of Turkey, Turgut Özal and became a full-fledged regional cooperation Organization after the adoption of its Charter in 1999. It was the period after the collapse of the Soviet Union and the founding fathers of BSEC wanted to create an organization that could promote peace and stability in the Black Sea region, through prosperity. And this actually happened. The Organization was able to effectively promote peace and stability in the area through closer cooperation among its Member States. In the margins of ministerial meetings, ministers of countries not maintaining diplomatic relations could meet and discuss the bilateral problems that separated them. The essence is that peace and stability have been maintained in the region for the last 14 years and the BSEC has played an important role towards this end.

In these 14 years, the BSEC has become a forum for discussion and cooperation in areas ranging from energy to transport, trade and economic development, environment, tourism, agriculture, combating organized crime, etc. Furthermore the BSEC has built a permanent and extensive institutional framework of cooperation that covers all levels of governance (intergovernmental - the Council of Ministers of Foreign Affairs being the highest decision-making organ, parliamentary - PABSEC is the parliamentary dimension of the BSEC, financial - BSTDB is the trade and development Bank of BSEC, the BSEC Business Council, and the International Centre for Black Sea Studies - the BSEC's think tank that has contributed so much to this Organization). It has also elaborated binding agreements and common action plans on key issues of regional cooperation. The Agreement on Combating Organized Crime and its protocols as well as the Agreements on Cooperation in Emergency Situations, both signed in 1998, are such examples. The establishment of the Project Development Fund (PDF) in October 2002 was another important development. Its purpose is to facilitate the elaboration and promotion of projects with high regional cooperation and development impact in the BSEC region at the early stage of their conception.

Let me seize, however, this opportunity to share with you my understanding of what is needed to be done in the BSEC to make it adequate and relevant to its tasks as well as able and capable to serve the interest of our peoples.

I strongly believe that we have to realign our Organization to make its activities more focused, purposeful and result-oriented.

There are a number of important regional infrastructure projects and programmes, either realised or under implementation and consideration in the BSEC region as integral parts of East-West transport and energy corridors. Let me mention the most important of them such as TRACECA, the North-South Transport Corridor, the Black Sea PETra, the Black Sea Ring Corridor concept, as well as pipeline infrastructure for transportation of hydrocarbon resources such as BTC, SCP, CPC, "Blue Stream", Baky-Supsa, Baky-Novorossiysk and others. In the past week the 1768 km long BTC pipeline was inaugurated, which enables the transport of 400 000 barrels per day from the Caspian Sea to the Mediterranean.

These examples are a clear indication of how swift and profoundly our region is changing. Emerging new regional energy and transportation infrastructure, as an integral part of wider European networks, will eventually transform the BSEC region into an important pillar of security and stability of the global and European economies.

On the other hand, reforms in the BSEC member-states demonstrate their true economic potential. As a result, the BSEC region is one of the most dynamic in the global economy and most attractive in terms of trade and investments.

The processes of Euro-Atlantic integration and EU enlargement will have significant implications for the region and our Organization. With the accession of Bulgaria and Romania in 2007 and subsequently Turkey, the EU will reach the Black Sea and with an enhanced relationship, opportunities will be created.

These developments are opening up enormous opportunities for cooperation in our region but at the same time pose serious challenges as well. And we need to develop our collective responses to that end.

Let me briefly refer to where our focus currently lies.

1. Key areas, such as transport, energy, trade and investment, cross-border cooperation, environment, good-governance, combating organised crime and others are at the core of our activities.

Particular importance in the framework of the BSEC is given to participation in the development of Euro-Asian links. The BSEC Ministers of Transport, in their Joint Declaration adopted on 15 March 2006, encouraged the member-states to continue to participate in the Euro-Asian Transport Links projects jointly implemented by the UNECE and the UNESCAP and in the follow up to the TEM and TER Master Plan.

Emphasis is also given to the strengthening of maritime transportation systems between the Caspian, the Black Sea, the Aegean and the Mediterranean.

2. Another area of our attention is the BSEC-EU relationship. We attach great importance to the development of a regional framework of cooperation with the EU. We are working currently together with the ICBSS on a new platform for cooperation between the BSEC and the EU. I was invited by the Austrian Presidency on May 29th to make a presentation of our vision on BSEC-EU relations at the COEST working group of the Council of Ministers of the EU. The presentation was well received and we are hopeful, that under the Presidency of Finland we shall reach concrete results for enhanced relations between the BSEC and the EU. The BSEC is united in its approach in achieving enhanced relations with the EU and continues to attribute great importance to it. The BSEC Ministerial Council that was held in Chisinau on 28 October 2005, mandated Greece to start consultations with the EU with a view to the adoption of a declaration by the EU Council on the enhancement of relations between the two sides. Since then the issue has been discussed in the relevant working group of the Council of Ministers but there has been no concrete result up to now. There is certain urgency to this issue since a sense of deception is developing among the BSEC Member-States. Eight months have passed from the Chisinau Declaration and there has been no concrete reaction or reply from Brussels. The BSEC prefers to have enhanced relations with the EU rather than with any other entity aspiring to influence the region. An answer is needed to BSEC's willingness to strengthen relations with Brussels. Otherwise the EU may lose the opportunity to play a significant role in the region along with the BSEC.

3. The third area of our attention, perhaps the most challenging one, is the BSEC's reform to improve its efficiency and enhance its capacity. We, in the Secretariat, have already started the process of reforms. Since the 1st of May, measures have been taken to streamline the Secretariat, to make it function more efficiently and to assist more effectively the Chairman-in-Office.

Dynamic developments on the ground and a rapidly changing environment are extremely demanding on us and urge us to get better organised and mobilised, enhance our organisational capacities and ensure better coordination if we all want to make BSEC an important organization and to play an active part in shaping the interests of our countries and peoples. As yet we are not relevant to our peoples. Few know of our existence. The reason for that is not so much a lack of promotional activities but the non-implementation of decisions adopted by the Ministers. The best promotion of the BSEC to its peoples can be done only through the implementation of decisions and projects. For example, the Black Sea Ring Highway or "The Road of the Argonauts" a 7100 km project circling the Black Sea will bring about further economic development in the region by facilitating the overland transport of goods - within the BSEC, from Europe to Asia and vice versa - and tourism. It will also make a big difference to the everyday life of the average BSEC citizen. We have to make a difference to our people through the implementation of our decisions. I am very pleased that the Russian Chairmanship of the BSEC fully agrees with this aspect. The Ministry of Transport of the Russian Federation last week adopted the project submitted by the Greek Deputy Foreign Minister Mr. Stylianidis, which, after being finalized by the Secretariat of the BSEC, was delivered to the Foreign Minister of Russia Mr. Lavrov. The Russian Chairmanship has

also drafted a Memorandum of Understanding for the coordinated construction of the Black Sea Ring.

The BSEC is a unique multilateral instrument with developed mechanisms that would fit these tasks. And we can be proud of this achievement and rightly so, as a young regional Organization. However, I think we can not allow ourselves any more to rest on the laurels of our achievement and live and act by the rules defined nearly 15 years ago. I strongly believe that we have to realign our Organization to make its activities more focused, purposeful and result-oriented.

The BSEC needs a system of monitoring the implementation of decisions, the competence of the Committee of Senior Officials must be strengthened in the BSEC system, the coordinating role of the Secretariat must be enhanced, the continuity of policies and objectives during several chairmanships of the BSEC must be ensured and the contribution of the Observer States to the BSEC activities must be improved.

As you know at the last Council held in April in Bucharest, the BSEC Ministers of Foreign Affairs adopted the Bucharest Statement that provides us with clear directions towards that aim. We have embarked on an important and intensive process of deliberations on the future of our Organization and hope that we will succeed in the elaboration of serious and significant documents that will be submitted for endorsement to the BSEC Summit to be held in Istanbul - host city of our Organization in June 2007, to commemorate the 15th Anniversary of our Organization. We are confident that these reforms will be adopted since the political will exists among all Member States to advance towards a better tomorrow for the Organization.

I want to mention in this regard the visit of the Russian Foreign Minister Mr. Lavrov to the BSEC Headquarters on 1 June, in his capacity as the Chairman-in-Office where he addressed a wide audience of high-level representatives of the BSEC Member and Observer States accredited in Turkey, the BSEC Related Bodies, as well as met with media representatives. This is in itself a precedent in the history of the BSEC and sets an example for our member states to follow.

Greece has played a significant role in the BSEC and the dynamic Greek Chairmanship-in-Office of the BSEC (November 2004 - April 2005), under the inspired leadership of the Deputy Foreign Minister Mr. Stylianidis, advanced the Organization. Important decisions adopted during that time, not only in the sectors of energy and transport but also in those of tourism, good governance and the fight against organised crime. However, the most important decision was adopted by the Council of Ministers of Foreign Affairs of the BSEC during its meeting in Komotini on 23 April 2006, where setting the basis for an enhanced and empowered relationship between the BSEC and the European Union. Previously on 11 April, the Greek Chairmanship had organised, for the first time in the history of the BSEC, a meeting among Senior Officials and representatives of the EU member states in Brussels. A year later Romania followed the Greek example.

The aforementioned activities of Greece have transformed it into one of the key pillars of the BSEC alongside Russia and Turkey.

We have successfully developed our Organization embracing political, parliamentary, business, financial and academic dimensions of cooperation, which is, so far, the only full-fledged Organization in this vast and increasingly important region. This gives the BSEC a unique status as well as provides unique opportunities but at the same time it implies responsibility for action. There is a need for action and the time is ripe. I believe we have a moral obligation and duty before our countries and people to act in their best interests and benefit.

"The Russian Federation's Chairmanship of the BSEC: Priorities and Expectations"

H. E. Andrey Vdovin

Ambassador of the Russian Federation in Greece

I would like in the name of the Russian Federation's Chairmanship to praise the initiative of the Greek Foreign Ministry to organise this event commemorating the "BSEC Day". In this context we can appreciate the wisdom and the vision of the BSEC founding fathers who foresaw the future importance of the Black Sea area.

In 1992 the Declaration on the BSEC was signed and the Bosphorus Statement was adopted in Istanbul. These documents determined the priority areas and main mechanisms of cooperation in this region, launching the Black Sea process. All member-states committed themselves to join their efforts in promoting economic, technical, scientific and social progress in the Black Sea region free of dividing lines and aiming at the prosperity of their peoples. As it was also stated in these documents, the newly established regional Organisation should contribute decisively to the transformation of the Black Sea region in an area of peace, liberty and stability.

For fourteen years since the BSEC foundation, Russia has been actively participating in its work. Indeed, the whole heritage of the Russian history is connected with this region where my country has always been a main player in various fields. This is even more valid today and will be in the future.

Over the past years a full-format regional Organisation has been established. Twelve states are BSEC members. Furthermore, the BSEC is not a closed Organisation – thirteen countries participate in it as observers.

The BSEC has got all necessary attributes of an international Organisation: the Charter, procedures, decision-making regulations, etc. Cooperation within the BSEC bodies, the Parliamentary Assembly, the Black Sea Trade and Development Bank, the Business Council and the International Centre for Black Sea Studies contributes to the dialogue of governmental structures, local authorities and business circles of the countries – parties to the BSEC.

As an already strong, consolidated and viable Organisation, the BSEC pursues the policy of active cooperation with other international bodies. The BSEC enjoys the observer status to the UN General Assembly, maintains relations with the UN agencies and the European Union. At present a document is being elaborated which will determine the mechanism of mutually beneficial cooperation between the BSEC and the EU. Taking into account the geopolitical importance and

the large economic potential of the BSEC area, both the BSEC and the EU should have a major interest in promoting prosperity and political stability in the Black Sea region.

The Russian Chairmanship takes into account the steadily increasing role of the Black Sea region in world politics and the global economy. This conclusion has been drawn with due regard to the strategic geographical position of this region, the growing economic potential and the analysis of BSEC activities in recent years. Under these circumstances, Russia, as part of its programme for the BSEC Chairmanship, deems it necessary to pay a special attention to preserve the BSEC identity, avoiding proliferation and duplication of efforts in this area as it was rightly mentioned in the Secretary-General's speech.

Today in the BSEC framework, cooperation is being built up in a number of promising areas: transport, communications, energy, overcoming the consequences of emergency situations, natural disasters and technogenic catastrophes, environmental protection, customs, etc. The actual BSEC agenda includes also combating organised crime and terrorism and the fight against infectious diseases.

Currently Russia is holding the presidency in three international bodies: the G8, the Council of Europe and the BSEC. Without underestimating the importance of the G8 and the Council of Europe, we attach big importance to our Chairmanship in the BSEC. At the same time, many important items of the Russian BSEC Chairmanship's agenda are also priority themes of the Russian G8 Presidency. As discussions have shown in St. Petersburg Summit the collective comprehensive approach on different levels is the most effective response to the new global challenges.

Indeed, Russia as the BSEC Chairman-in-Office underlines the need for improved cooperation in the BSEC framework. Recently a meeting between the Russian Minister of Foreign Affairs Sergey Lavrov and the newly elected Secretary General of the Black Sea Economic Cooperation Organisation, Ambassador Leonidas Chrysanthopoulos took place at the Russian Ministry of Foreign Affairs. In the course of this meeting as well as during his visit to the BSEC Headquarters in Istanbul on June 1, 2006 Sergey Lavrov stated that Russia considers the BSEC to be a viable regional international Organisation, which possesses necessary mechanisms for cooperation. What we need now is to devote the bulk of our efforts to the practical realization of the possibilities that have been created.

As you certainly know, Russia has presented the program of its Chairmanship in the BSEC. It consists of more than sixty events. During this period Russia intends to pursue a line aiming at enhancing the effectiveness of BSEC activities. We suggest that its benefits would be, first and foremost, in the form of agreements on large-scale projects in the Black Sea Region. The Russian Chairmanship has submitted relevant proposals: the coordination of highways on the Black Sea coast (called "Argonauts route" by Deputy Minister Evripidis Stylianidis in his speech), the resumption of passenger ferry service between Black Sea ports, the possible interconnection in this area of the power systems of the Eastern and Western Europe.

Last June a meeting of the BSEC ministers for emergency situations was held in Sochi. Meetings of the BSEC states' ministers, in charge of energy, transport, communications, regional development, are also scheduled for the next half a year. Such an approach corresponds, in our view, with the Bucharest Declaration of the Ministers of Foreign Affairs of the BSEC member-states of April 26, 2006. This declaration underlined the importance to concentrate the BSEC efforts on the development of transport, telecommunication and energy infrastructures in the Black Sea region.

There is no doubt that the BSEC is a unique Organisation in terms of its ability to sustain economic cooperation in this part of the world and, indeed, to contribute to good-neighborly relations and stability in the Black Sea Region as a whole.

Therefore, Russia is ready alongside with Greece and Turkey as mentioned in the Secretary General's speech and together with all states-parties to the BSEC to promote the movement towards practical results, lay emphasis on the concrete character of its work and focus on implementing projects of importance to the economic development of the region.

Meeting in Athens we cannot but praise the prominent role of Greece – during its Chairmanship but not only – in promoting our common goals in the BSEC framework.

"The Black Sea Region and its Growing Influence"

Dr. Dimitrios Triantaphyllou

Director General, International Centre for Black Sea Studies

Let us fast forward to June 2007.

The BSEC 15th year Anniversary Summit is in full swing in Istanbul. Heads of State and Government of the BSEC's twelve member states are present as are their counterparts from the observer states including the President of the United States, the Chancellor of Germany who also represents the Presidency of the European Union, the Presidents of France and Italy are there among others as well as the British Prime Minister whose country has just been accepted as an observer. The European Commission is represented by its President. The HR for CFSP Javier Solana and the heads of a number of other international organisations have also been sighted.

The Summit is not only a glitzy affair attended by top political elite of Europe and the United States. It is also one where the BSEC concretises work on a number of issues.

1) For one, the BSEC member-states sign on to a clear common perception of the organisation's identity while the rest of the world recognizes the BSEC as the only legitimate organisation and initiative representing the wider region's interests.

2) The BSEC and the European Union formally upgrade their relationship bringing into fruition the efforts of the BSEC member states encapsulated by the Chisinau Ministerial of October 2005 and the efforts of the Hellenic Republic in the EU. The ICBS also receives special mention for its work and role in successfully coordinating the ad hoc Group of Experts on BSEC-EU Interaction and for advocating the cause where and when it could.

3) There is progress in the field of energy as the BSEC member-states encouraged by the G8 Statement of July 2006 on "Global Energy Security" do their utmost to cooperate in this field as energy suppliers, transit states and consumers to overcome their differences and contribute to the efficient functioning of the global energy system.

4) In turn, their cooperation in the field of energy creates synergies in the fields of transport, good governance, tourism, trade and economic development, and science and technology with the signing of a series of binding agreements in the aforementioned issue specific fields.

In other words, the Istanbul Summit of June 2007 recognises that "sleeping beauty" has finally awakened and that it represents a successful model of regional cooperation.

It is time for a reality check – are all of the above possible or has this been simply wishful thinking on the part of an academic who is out of touch with the dynamics of the region?

Where do we stand today?

The wider Black Sea region is acquiring greater significance in today's world and provides for an interesting case study for a variety of reasons. It is becoming increasingly important to Europe, the United States, and other major powers such as Russia as a key transit area for energy supply and as a line of defence against many transnational threats. It is also home to a number of unresolved problems of the post-Soviet era, known as "frozen conflicts", such as those within Moldova (Transnistria), Georgia (Abkhazia and South Ossetia) and between Armenia and Azerbaijan (Nagorno-Karabakh). It is also important for international organisations such as the European Union (EU) and NATO, which aim to make the areas beyond their external borders relatively stable, while attempting to address the demands for further enlargement from their new neighbours across Central Europe and the Black Sea region. Last but not least, it finds itself in the midst of a region-building process. It is the combination of the aforementioned issues that has placed the region in the focus of international relations.

The question of region-building is one which has risen in prominence in the post Cold War era as the end of bipolarity has fundamentally affected the world order. According to Joe Nye, region-building may be defined as the formation of interstate groupings on the basis of a region, whereas a region implies a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence. In other words, region-building is a political concept which has to do with the quest for specific identity and is linked to the realities of the global and regional order. In 1992, Ole Waever clearly defined the region-building dynamics when he wrote, "Does the Baltic Sea Region exist? Not yet. But it soon will."

The rise of a new regionalism can be attributed to a series of factors such as the end of the Cold War which has led to the development of new attitudes towards international co-operation and a decentralization of the international system. Other relevant factors include the process of global economic change which has increased the relevance of economic cooperation on a regional basis (as the model and development of the European Community has shown); the end of a third pole consisting of the Third World countries or the non-aligned movement; and finally the spread of democratization to the former Comecon or Warsaw Pact countries and to Latin America.

Attempting to enhance cooperative security has also become the order of the day. Though the term has hard security connotations that in the post-9/11 world are linked to fighting terrorism, its key characteristics such as mutual trust, shared benefits, equality, and cooperation producing tangible results for all nations, also apply to the Black Sea region.

The EU is currently mulling over a Black Sea region dimension as it is about to become a Black Sea power following the imminent accession of Bulgaria and Romania in 2007. The pull of EU "interest" from the region (for it can only be described as such given the limits of further EU integration) is threatening to unravel the regional cohesion which has been in place since 1992. A group of eleven (now twelve) littoral states and states belonging to the wider Black Sea region have been cooperating in a fairly advanced institutional framework called the Organisation of the Black Sea

Economic Cooperation (BSEC). The dangers of diluting an established regional identity stems from the fact that, to date, the EU has favoured bilateral relations with its neighbours through the European Neighbourhood Policy (ENP) as opposed to a regional approach.

The BSEC has many merits as a regional partner. Despite its limited resources and the heterogeneity of its membership, the BSEC has concrete achievements to show. First, it has built a permanent and extensive institutional framework of cooperation that covers all levels of governance (intergovernmental, parliamentary, and financial). Second, it has cultivated a spirit of cooperation among its member states, providing a forum for constant dialogue, exchange of ideas and experiences. Third, it has successfully elaborated binding agreements and common action plans on key issues of regional cooperation (some 33 to date). Finally, as the BSEC is conceived an economic organisation, trade and economic cooperation (especially cross-border activities, trade facilitation and creation of favourable conditions for investment) are identified as areas of potential interface with EU policies.

Apart from its bilateral focus, the EU is currently faced with a number of dilemmas as a result of pressure from many of its neighbours to enlarge and of its own internal gridlock regarding the future of Europe. The ENP recipients to the East (Ukraine, Moldova, Georgia, Armenia, Azerbaijan, and Belarus) stretch the imagined political and geographical limits of the European Union. The questions that arise are many: Are there concrete alternatives to enlargement? Can/should the EU embark on further enlargement processes? Can/should it keep its neighbours indefinitely outside? And most importantly: Is there no other way to approach this dilemma? Also important is the level and type of relationship with Russia. In other words, do the Four Common Spaces with Russia adequately address relations between the two sides or does the need for a different framework arise?

Similarly, on the security front NATO faces serious predicaments as its approach is one favouring privileged relations with some Black Sea states (such as Ukraine and Georgia) rather than a regional one. As a Euro-Atlantic strategy toward the wider Black Sea region is debated, NATO's geographical limits are severely tested at a time when it seeks allies among Black Sea and Central Asian countries to provide logistical support, notably for its expanded operations in Afghanistan.

As a result, the wider Black Sea region has witnessed the rise of a series of competing regional initiatives which probably complicate the security environment as they express the divergent interests of littoral states and their neighbours. While some coincide with the interests of NATO members, others reflect a specific security agenda.

Within this context, the issues of energy, transnational threats and "frozen conflicts" need to be properly assessed. The "frozen conflicts" not only drain economic resources and political energies from weak and poor countries; they also generate corruption and organised crime, prevent the consolidation of the rule of law and enhance instability across the region. This in turn complicates the geopolitics of energy supplies for the EU, the US and other major actors. For example, the EU energy dependency offers a sobering picture: by 2030, 90% of oil, 60% of gas, and 66% of coal

consumption will have to be covered by imports. Given the fact that the largest oil and gas reserves are situated in politically or economically insecure regions such as the Middle East and the EU's eastern neighbourhood, it becomes imperative to pay greater attention to developments in and around the Black Sea region.

The growing interest in the region and the interplay of the various local, regional and international actors in and around the region suggest the need for clear, concise and precise analytical tools in order to better understand the various processes at play. These also imply the definition of clear strategies on how to proceed, given the different agendas of state, transnational and non-state actors and the plethora of issues and concerns that shape the region. A key question is how to build new bridges without destroying the regional cohesion that has been in place for years. A starting point acceptable to all could be to focus on issues such as the rule of law, institutional renewal and good governance in order to reduce further instability. Another issue that calls for attention as an immediate priority is to engage in concerted conflict management and resolution of the various frozen conflicts. This exercise can only be successful with the participation of all interested actors – the EU, NATO, the US and Russia. Finally, the European Union needs to awaken to regional realities and to seize the opportunity to enhance its relations not only with the individual countries of the region but also with the Black Sea space as such. In 2005, the BSEC and its member states stated their intentions to further enhance interaction with the EU. Greece as the only member of both organisations took the lead in trying to bring this initiative to fruition. A secure and prosperous Black Sea region in the immediate vicinity of the EU can only become a reality if Brussels adopts a comprehensive regional approach. Hopefully, with Athens' urging, the EU will act accordingly.

Back to the future

The BSEC needs to awaken. It possesses the institutional wherewithal; it needs, though, the political commitment and a shared sense of vision. Maybe June 2007 is too close for the BSEC to show substantive progress on the issues raised at the beginning of this presentation. It is after all a year from now. Maybe the 20th Anniversary Summit of June 2012 is a far more realistic date. As the wider region's importance grows, the BSEC needs to ensure that the mechanisms of regional cooperation it put in place in the early 1990s are able to cope with the growing influence of the wider Black Sea region. I have faith that it will and that its member states will rise to the challenge.