

TOWARDS AN EU REGIONAL DIMENSION IN THE WIDER BLACK SEA AREA

Working paper presented following the resolution of the Council of Foreign Ministers of the Black Sea Economic Organization (Chisinau, October 28th) mandating "the Hellenic Republic to proceed with exploratory consultations with the relevant EU institutions, with a view to the adoption of a Declaration by the EU Council on the enhancement of the BSEC - EU partnership and the eventual formulation of an appropriate regional "Dimension" of the EU ..." (Res. 1.18)

a. EU policy towards the wider Black Sea area: A "half-hearted" regional approach?

The EU has developed regional policies to complement and enhance cooperation with states lying on its borders, with the notable exception of the Black Sea region. These initiatives are the Northern Dimension (EU-N.W. Russia), the Stabilisation and Association Process (EU-Western Balkans) and the Euro-Mediterranean Partnership (EU-Mediterranean region). It seems that all the regions surrounding the Union have been included, up to now, except the Black Sea area.

The EU participates actively in regional organisations and initiatives in Europe (Baltic Council, Barents Council, the Central European Initiative and the Stability Pact). Once again, the Black Sea component is noticeably missing, given that the EU does not actively engage with the only established regional organisation of the Black Sea area, namely the Organisation of the Black Sea Economic Cooperation (BSEC).

Until today, the EU policy towards the Black Sea unfolds primarily with a focus on bilateral relations and sectoral initiatives and not on a wider regional platform.

The ENP Action Plans are powerful and important instruments for promoting stability and growth, yet they involve the EU and each of the partner countries on a one to one basis, leaving limited space for encompassing wider regional projects.

Furthermore, the EU - Russian relationship, built on the foundations of the Partnership and Cooperation Agreement and the Four Common Spaces, seems to unfold without any significant connection with the dynamic relationships currently being developed with the ENP partners of the Black Sea region. This connection could be offered through greater, more effective and inclusive regional cooperation, with the EU acting as a catalyst.

As far as sectoral initiatives in the Black Sea area are concerned, one may point out TRACECA (Transport Corridor Europe-Caucasus Asia) program, INOGATE (Interstate Oil and Gas Transport to Europe), the Black Sea PETrA (pan-European Transport Area) and the DANBLAS (Danube Black Sea Environmental Task Force). These programs, no doubt, are very important in their own right with wide regional implications. Yet, in some cases, they cover particular areas of concern and lack in

fostering a truly integrated approach. A case in point is DANBLAS, which, in itself came about as a result of the EU's concerns for environmental degradation in the area¹.

b. Considerations for a greater EU involvement in the wider Black Sea area.

There are various considerations calling for a coherent and integrated approach of the European Union towards the Black Sea area, such as:

1. The scheduled EU enlargement in 2007, concerning Romania and Bulgaria and the start of accession negotiations between EU and Turkey on October 3rd, 2005.
2. The implementation of the European Neighbourhood Policy (Action Plans with the Caucasus countries under negotiation), including the activation of the relevant financial instrument after 1.1.2007.
3. There is great interest for securing the EU's energy supply, that has been particularly accentuated following the recent natural gas crisis and its effects on European energy supply. In particular, the Black Sea area is emerging as a key transportation hub for Caspian oil, in itself a useful diversification away from excessive dependence on Middle East supplies and /or a replacement for declining North Sea production. These developments call for cooperation and political stability surrounding the transport routes for oil and gas.
4. The EU is going to invest in environmental policies in its new member states, and the Danube is the one of the most important objectives for this. Such investment would be substantially wasted, if not integrated within a coherent Black Sea environmental programme. In this sense, it would be useful to explore the possibility of expanding the suggested geographical range of such investments, involving the Dnepr, Dnestr and Don River basins.
5. The EU is interested in the resolution of the conflicts in the Caucasus region and the progressive shift of this region into modern modes of cooperative behaviour among states as well as between nations and ethnic communities.
6. Vis-a-vis Russia, the EU is interested in extending the mode of cooperative relations. The wider Black Sea area can usefully complement the progress made already in the Northern Dimension in establishing regional cooperation across the frontiers of the enlarged EU where these reach or approach Russia, whether to the North or South.
7. Vis a Vis Ukraine, the EU is interested in deepening cooperative arrangements that are not in any way divisive for this country or Europe as a whole.

¹ see "Communication from the Commission on Environmental Cooperation in the Black Sea region", COM/2001/615/30-10-2001), has had a restrictive mandate and has focused on the Danube leaving out rivers Dnepr, Dnestr and Don.

c. An EU regional Dimension in the wider Black Sea area.

The need for a greater involvement in the Black Sea area became more obvious as seen by a number of regional "initiatives" which appeared recently (e.g. "Black Sea Forum", "Baltic Black Sea Council") and could be seen as confirming the perspectives of the area. As far as the BSEC Organisation is concerned, its structures are being upgraded and there is a political will of its member states for the improvement of its operation.

The emphasis should be put on a formula for better targeting and coordinating of existing resources, in order to promote political dialogue, economic stability and growth in the area. This mechanism can be offered by using existing EU resources, funds and structures, making use of the experience at hand. Relevant here is the Northern Dimension, already in its seventh year of operation. As various international actors are getting more and more involved in the Black Sea area, we believe it is timely to propose launching a relevant Dimension on a wider Black Sea area, along the lines of the Northern Dimension (ND).

The ND offers a suitable framework that has been already tested. A similar holistic regional approach could be considered for the Black Sea area for the purpose of better coordinating existing and future policies. It will provide a common framework for the promotion of policy dialogue and practical cooperation, while its added value lies in the synergy and coherence which are created across the range of activities implemented by all partners.

It is important to stress that the new "Dimension" should not create new administrative burdens. Rather, it should be considered as an attempt to streamline existing initiatives and projects in the Black Sea area with the Union acting as a catalyst.

The current formula of the ND may be considered, i.e. annual or bi-annual Ministerial Meetings between EU member - states and regional partners, complemented by meetings of Senior Officials.

A permanent flow of information is a key element in this new regional "Dimension". All partners could provide updated information concerning their projects to an Information System which could be set up along the lines of the ND Infosys. In such a way, financial assistance planners may be able to better identify needs and channel aid in areas of particular concern.

d. Sectoral objectives of the EU regional Dimension in the wider Black Sea area: indicative list of main priority fields

1. **Energy: oil and gas projects:** The recent natural gas crisis has demonstrated the precarious state of European energy sources. Decisions over pipeline routes are the result of arduous negotiations between regional partners. Yet again, one cannot ignore the possible added value of a regional mechanism with the EU as a catalyst, where these problems may be tackled by all countries of the wider Black Sea area.

2. **Energy: electricity network interconnections:** The recently established Energy Community of South East Europe offers an interesting precedent in this regard. Furthermore, the "Alexandroupolis Declaration on Energy Cooperation in the BSEC region" of the Energy Ministers of BSEC member-states, (4 March 2005) calls for greater cooperation for promoting interconnection of electricity networks within the BSEC area. A relevant conceptual study on the issue is due to be completed within 2006.

3. **Transport:** Coordination between regional actors (BSEC Organisation, TRACECA,

Black Sea Petra) in order to enhance coordination, including the promotion of the Black Sea Ring Corridor as well as the Motorways of the Sea concept, developing waterways and maritime transport on the routes connecting Asia and Europe through the Black Sea, the Caspian Sea and the Mediterranean.²

4. **Combating crime, in particular in its organized forms, especially with regards to human trafficking.** This is a particular concern for the EU. Through the proposed "Dimension", policies aimed at fighting such phenomena may be projected at a regional level with the opportunity of achieving greater synergies in the process.³

5. **Environment:** This is a field where more EU involvement will undoubtedly contribute to synergies and inclusive approaches. The fulfillment of the Black Sea Strategic Action Plan of 1996 requires greater involvement and a broad - based intersectoral approach, which is sadly missing. Other fields with intrinsic regional added value for regional partners may be added such as *Fisheries and biodiversity*.

6. **Health:** The recent avian flu epidemic raises the issue of preventive actions through regional cooperation, especially regarding better sharing of information.

7. **Tourism** may also be considered as a field with great potential for development, yet it remains, to date, untapped. As the EU expands eastwards into the region, there is a growing need for greater coordination between regional partners in order to reach the region's potential, especially with regards to better ferry and air connections between the states of the wider Black Sea area.⁴

8. **Trade, investment promotion and business cooperation.** Priority should be given to the improvement of the framework conditions aiming towards cross-border movement of goods and capital. This is a priority for the countries of the region stated in all documents on multilateral cooperation.⁵

9. **Good Governance.** The EU has an interest to support cooperative action on key aspects of governance, including administrative capacity, strengthening the rule of law and building democratic institutions.

The above list is not exhaustive and has tried to encompass the most widely discussed fields where "Black Sea Synergies" could emerge.

² Announced in the "Joint Declaration of the Ministers of Transport of BSEC member-states", (Thessaloniki, 28 January 2005).

³ It should be noted that this field has been recognized as of a high priority for BSEC Organisation. (see Declaration of Ministers of Public Order/Interior of BSEC member-states, Additional Protocol on combating terrorism to the Agreement among the governments of the BSEC participating states on cooperation in combating crime, in particular in its organized forms, Athens, 3 December 2004).

⁴ The "Rhodes Declaration" of the Ministers of Tourism of BSEC member-states (31 March 2005) indicates the willingness of the states of the region to develop their tourism sector in line with the Commission's initiatives to establish quality indicators and to adopt Agenda 21 for the sustainable development of tourism in Europe.

⁵ BSEC Economic Agenda for the Future, Council of Ministers, April 2001

e. Regional Partners

- **EU Member - States** through bilateral aid programs to the Black Sea area
- **The European Commission** through the European Neighbourhood Policy and the relevant financial instrument (ENPI) to replace TACIS and PHARE in 2007. Also, the Commission through TRACECA (Transport Corridor Europe Caucasus Asia), PETRA (Pan-European Transport Areas) and INOGATE (Inerstate Oil and Gas Transport to Europe).
- **The European Investment Bank**
- **The European Bank for Reconstruction and Development (EBRD)**
- The **Black Sea Commission** for the implementation of the Bucarest Convention (1992), based in Istanbul with the participation of the six littoral states of the Black Sea. The Secretariat of this Commission has assumed the role of implementing the Black Sea Strategic Action Plan, adopted in 1996. The European Commission has permanent observer status in the Black Sea Commission (2001). The Black Sea Environmental Program is incorporated in the Black Sea Commission.
- Key organizations in the region, at the intergovernmental level, are **the Organisation of the Black Sea Economic Cooperation (BSEC)** located in Istanbul as well as the **Black Sea Trade and Development Bank** in Thessaloniki.

The role of the BSEC Organisation as a regional partner of the EU is mentioned in the Strategy Paper of the European Neighborhood Policy (COM (2004) 373 final).

BSEC Organisation consists of principal⁶ and subsidiary organs⁷ as well as working formats similar to certain international organizations⁸. The BSEC Headquarters - the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) - was established in March 1994 in Istanbul.

A new financial instrument, the Project Development Fund, is operating since 2002 aiming at facilitating the elaboration and promotion of projects with high regional cooperation and development impact in the BSEC region at the early stage of their conception. The BSEC Organisation intends to cooperate actively with interested bilateral and multilateral donors in promoting regional projects.

Cooperation within the framework of BSEC Organisation covers energy (including also electrical networks), transport, environmental protection, institutional renewal and good governance, telecommunications, science and technology, education, cooperation in emergency assistance, banking and finance, trade and economic development, SMEs, healthcare and pharmaceuticals, etc.

Within BSEC Organisation and beyond the intergovernmental level,

⁶ Council of the Ministers of Foreign Affairs as the highest decision making body.

⁷ Working groups, ad hoc groups of experts, Committee of Senior Officials, Ministerial Meetings, (PABSEC, BSEC Business Council, BSTDB, ICBSS as mentioned below).

⁸ Chairmanship-in-office (semi-annual), Troika system and related bodies (PABSEC, BSEC Business Council, BSTDB, ICBSS, as explained further on).

there are active co-operative frameworks (the related bodies mentioned below) which could contribute significantly to the development of the proposed regional Dimension, such as:

A regional parliamentary Assembly,

The Parliamentary Assembly of the Organisation of the Black Sea Economic Cooperation (PABSEC), (its International Secretariat is located in Istanbul)

Regional Financial Institutions and the private sector association:
The BSEC Business Council, in Istanbul.

The Black Sea Trade and Development Bank (BSTDB) in Thessaloniki.

A regional think tank,
The International Center for Black Sea Studies (ICBSS), in Athens.

Additionally there are also structures at the sub-national level which may be utilized such as:

The Black Sea Capitals' Governors and Mayors Association (BSCA) of the BSEC countries

f. Proposals

In order to advance the new EU regional Dimension on the wider Black Sea area and the relationship between EU-BSEC the following suggestions are made:

- The General Affairs Council could request the Commission to prepare a new Communication on the elements of a regional Dimension on the wider Black Sea Area for the policies of the Union that could also include a strategy on the proposed Dimension and to develop an Action Plan for implementation by identifying priorities and projects.
- A political declaration by the General Affairs Council on the proposed regional Dimension (in which the framework of an enhanced EU-BSEC partnership could be included taking into account the Chisinau Declaration of October 28th 2005).

Additionally:

- The EU could support the enhancement of its cooperation with BSEC Organisation, by officially participating in the latter's existing administrative structures, e.g. following the practice established in the framework of the Northern Dimension.

ANNEX

Background on the development of the concept of a regional Dimension in the Black Sea area.

Discussion on the elements of a more active involvement of the European Union in the wider Black Sea region dates back to 1997. The European Commission in its Communication to the Council titled "Regional Cooperation in the Black Sea area are: state of play, perspectives for EU action encouraging its further development", (COM(97) 579) set out the priority objectives for cooperation around the Black Sea:

political stability, human rights, rule of law, transport, energy and telecommunications networks, favorable conditions to attract foreign investment, sustainable development, environmental protection, nuclear safety, reduction of drug trafficking, smuggling and illegal immigration.

The Communication recognised the Organisation of the Black Sea Economic Cooperation (BSEC) as a credible regional partner and listed, for the first time, all the major issues of the BSEC - EU relations that are still very topical today:

1. It introduced the notion of Black Sea synergies
2. It raised the issue of utilizing existing financial instruments in a regional Black Sea format
3. It identified the priority areas for EU-BSEC interaction
4. It raised the issue of EC's observer status with the BSEC Organisation

The Organisation of the Black Sea Economic Cooperation (BSEC), representing a comprehensive organisation in the region, has envisaged the elaboration of a new strategy or dimension of the EU towards the wider Black Sea - Southeast European region.

The BSEC Meeting of Ministers of Foreign Affairs in Tbilisi (30 April 1999) adopted the document titled "Platform for Cooperation between the BSEC and the EU" aiming to open up a political dialogue with the EU. The Platform outlines the objectives of BSEC - EU cooperation in a general way: i) integration into Europe, ii) shaping an EU-BSEC economic area, and iii) development of infrastructure networks, cooperation in commerce, investments, sustainable development, nuclear safety and fight against organised crime.

The Hellenic Chairmanship of the BSEC (October 2004 - April 2005) brought forward the issue of a new dimension of the EU towards the wider Black Sea area introducing as the Chairmanship's motto "Bringing BSEC closer to the EU". The Council of Ministers of Foreign Affairs of the BSEC Member States at its 12th Meeting (Komotini, 23 April 2005) adopted the "Komotini Statement" welcoming the results of the Extraordinary Meeting of the BSEC Committee of Senior Officials with the participation of EU institutions (Brussels, 11 April 2005) and stating their determination to undertake appropriate follow-up measures for the mutually beneficial and action-oriented relationship between BSEC and the EU. The Komotini Council also agreed to establish an ad hoc group of Experts, coordinated by the International Centre for Black Sea Studies, with the mandate to elaborate a Working Paper for a revised version of the 'Platform for Cooperation between BSEC and the EU, taking into account the recent developments in Europe.

Following the request of the Hellenic Republic, presented within the framework of the abovementioned ad hoc Group of Experts, the 13th Meeting of the Council of Ministers of Foreign Affairs of the BSEC member-states (Chisinau, 28 October 2005) adopted a Resolution mandating "the Hellenic Republic to proceed with exploratory consultations with the relevant EU institutions, with a view to the adoption of a Declaration by the EU Council on the enhancement of the BSEC-EU partnership and the eventual formulation of an appropriate regional "Dimension" of the EU and to inform the Chairmanship-in-Office and BSEC PERMIS on all developments accordingly..." (Res. 1.18)

At the same meeting, and upon a Romanian proposal, the Ministers of Foreign Affairs of the BSEC Member States adopted a Declaration on Enhancement of Cooperation with the European Union (Annex VI to BS/FM/R(2005)2).

The Parliamentary Assembly of the BSEC - constituting a related body of the Organisation of BSEC - has also developed close interaction with the European Parliament. In June 2004, the Assembly adopted a Recommendation on the 'Framework of Cooperation between the PABSEC and the European Parliament' (GA23/LC23/REC76/04) which called the EU to consider developing a "Black Sea Dimension" in its policies towards the region.

Given the importance of the concept of the ENP, the Assembly debated the Communication of the European Commission to the European Council on 'Wider Europe - Neighbourhood' and forwarded its opinion to the European Parliament. In this, it argued that in the near future the necessity for EU's strong presence in the region becomes a priority as part of the the Black Sea area will soon be part of the EU territory and not a neighbouring area (GA22/PABSEC-EU/OP/03).

The Black Sea Trade and Development Bank (BSTDB) has already signed (September 2005) a Memorandum of Understanding (MoU) with the EC which includes financing of major cross-border projects in countries of the BSEC area.