



A 2020 Vision for the Black Sea Region

A Report by the Commission on the Black Sea

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Why read this Report?

... because the Black Sea matters

The Black Sea region is coming into its own - but it is a contested and sometimes dangerous neighbourhood. It has undergone countless political transformations over time. And now, once again, it is becoming the subject of an intense debate. This reflects the changing dynamics of the Black Sea countries and the complex realities of their politics and conflicts, economies and societies. Geography, the interests of others and the region's relations with the rest of the world in large part explain its resurgence. Straddling Europe and Asia, the Black Sea links north to south and east to west. Oil, gas, transport and trade routes are all crucial in explaining its increasing relevance.

In the last two decades the Black Sea has changed beyond recognition. We have witnessed the transformation of the former communist societies and the impact of globalisation. We have seen a heightened US interest since 9/11, the enlargement of NATO and the EU along its shores and repeated Russian-Ukrainian crises over gas. We have also witnessed the August 2008 war between Russia and Georgia followed by its fallout, discussions over the fate of the Russian Black Sea fleet in Sebastopol, the impact of the Nagorno-Karabakh conflict on the Armenian-Turkish rapprochement, developments regarding the conflict in Transnistria, the changing nature of Russo-Turkish relations and finally, the evolving global economic and political landscape as a result of the current world financial crisis. All of these are deeply affecting the region's stability and in turn, impact global politics.

Its strategic location, between the hydrocarbon reserves of the Caspian basin and energy-hungry Europe, places the Black Sea in a unique position. But, while the opportunity to transfer Caspian oil and gas to European markets raises hopes for regional economic development and prosperity, competition to control pipelines, shipping lanes and transport routes to secure increased political and economic influence, not only throughout the region, but on a global scale, raises the risks of confrontation. By the same token, the proliferation of routes while potentially increasing bilateral cooperation at the expense of the regional may, at the same time, result in redundancy owing to too much capacity for not enough gas and oil.

From 2000 until the onset of the world economic crisis, the region had one of the fastest rates of growth in the world. Trade between countries of the region was also on the rise. Since the end of the Cold War it has undergone a fundamental change in terms of economic development and has now secured a place on the global economic agenda.



... because of the lack of real knowledge

The region's real priorities and needs are still being largely ignored by insiders and outsiders alike. Despite heightened interest in the area by everyone from oilmen to foreign ministries the Black Sea still does not attract enough attention from those who should be thinking about how the countries of the region can solve their common problems together rather than vying amongst themselves for power and influence. Part of the blame for this can be attributed to the failure of regional actors to produce an agreed vision for the future. The emergence of the Black Sea as a region-between-regions and the conflicting agendas of powerful local and external players distort the necessary regional focus and thus blur outcomes.

For these reasons, the Commission on the Black Sea believes that a reassessment of the region and its problems and priorities, is urgently needed. New thinking will provide us with a better understanding of what, in the real world, can actually be done. It will allow us to develop innovative approaches to problems, enabling policy makers to enhance the area's security, stability and welfare. The emergence of a peaceful and cooperative Black Sea region would be of benefit to all. With this in mind, the Commission first presents an up to date picture which focuses on four areas. These are peace and security, economic development and welfare, democratic institutions and good governance and, finally, regional cooperation. It then presents policy recommendations for all stakeholders.

... because immediate action is needed

With its overarching approach, the Commission has sought to promote an inclusive strategy taking into account the needs, priorities and interests of all stakeholders. For this, the Commission made a conscious effort to listen to all interested parties including civil society. It held meetings in Istanbul, Moscow and Berlin and Commission members also researched and wrote four policy reports to gain as wide a perspective as possible regarding the future. These can be accessed at our website: www.blackseacom.eu.

As a result, the Commission has come to an understanding that the region's future lies in further democratisation and economic integration with the wider world. It also needs an enhanced sense of security, strengthened political stability, sustained efforts to solve its protracted conflicts and the renunciation of the use of force for their settlement.

The rationale behind the preparation of this report has been the increased geopolitical volatility of the region which has proven, time and again, that unresolved issues can ignite into open warfare. Its festering conflicts retard economic development and have the potential to flare up into wider conflagrations. They impact regional stability and security and, unless

tackled, threaten far greater international ramifications. But it need not be like this. It is the Commission's conviction that it is realistic to envisage a cohesive, developed, integrated and stable region so long as we take action now. To do so, we believe that:

- The regional actors must renounce the use of force in their political relations and respect each other's territorial integrity, the inviolability of their borders, international treaties and the rule of law in their dealings.
- Interested outsiders must support efforts to secure good governance, the creation of interdependencies and the regionalisation of the Black Sea's politics and economy.
- The international community must encourage cooperative efforts and confidence-building measures as well as action in favour of the peaceful resolution of disputes.

... because only a regional approach will work

Black Sea politics work best if the approach is regional. The states in question should be encouraged to seek regional solutions for regional problems and the Black Sea already possesses the institutional wherewithal to address its challenges directly. However stakeholders must face up to the need to tackle tasks together and allow for non-state actors such as the business sector, NGOs and civil society to play a real role in shaping solutions. In this report the assumption of a "positive sum" approach underlies our vision for the Black Sea. In other words, we assume that concerned actors are willing to explore "win-win" options that permit the realisation of mutual gains and are not locked into "zero sum" or relativist ways of thinking, in which one party's gain is automatically perceived as another's absolute or relative loss.

Mustafa Aydın and Dimitrios Triantaphyllou
The Rapporteurs
Istanbul and Athens, May 2010



What is the Commission on the Black Sea?

The Commission on the Black Sea is a civil society initiative developed and launched jointly in January 2009 by The Bertelsmann Stiftung, Gütersloh; the Black Sea Trust for Regional Cooperation (BST-GMFUS), Bucharest; the Economic Policy Research Foundation of Turkey (TEPAV), Ankara, and the International Centre for Black Sea Studies (ICBSS), Athens.

The Commission's work has been supported and complemented by several individuals from different countries, who wish to remain anonymous due to their current official affiliations or for personal reasons. The names of those members who are willing to associate themselves publicly with this report are listed below. They all serve on the Commission in a personal capacity and this report should in no way be construed as reflecting the views of the states, governments, organisations or institutions with which they are associated.

Although individual members may not necessarily agree with all the analysis and recommendations contained in the report, they support the overall thrust of the project and its conclusions.

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Executive Summary

The Black Sea region is a contested neighbourhood and the subject of intense debate. This reflects the changing dynamics of the region, its complex realities, the interests of outsiders and the region's relations with the rest of the world. Its strategic position, linking north to south and east to west, as well as its oil, gas, transport and trade routes are all important reasons for its increasing relevance.

Despite heightened interest in the area however, the region's real priorities and needs are still being largely ignored. In part this can be attributed to the failure of the regional actors to produce an agreed vision for the future. The emergence of the Black Sea as a region-between-regions and the conflicting agendas of powerful local and external players distort the necessary regional focus and blur outcomes. Thus, a reassessment of the region, with all of its problems and priorities, is urgently needed. This will provide all actors involved with a better understanding of what can be done, as well as allowing them to develop innovative approaches to problems, thus enhancing the region's security, stability and welfare. The emergence of a peaceful and cooperative Black Sea region would be of benefit to all.

With this in mind and with its overarching approach, the Commission has sought to promote an inclusive strategy taking into account the needs, priorities and interests of all stakeholders in four essential areas; peace and security, economic development and welfare, democratic institutions and good governance and, finally, regional cooperation. The Commission has come to an understanding that the region's future lies in further democratisation and economic integration with the wider world.

The rationale behind the preparation of this report has been the increased geopolitical volatility of the region which, in certain places, can ignite at any given moment into open warfare. The area's unresolved conflicts retard economic development and have the potential to flare up into wider conflagrations. They impact regional stability and security and, unless tackled, threaten far greater international ramifications. But it is the Commission's conviction that it is realistic to envisage a cohesive, developed, integrated and stable region. To do so:

- The regional actors must renounce the use of force in their political relations and respect each other's territorial integrity, the inviolability of their borders, international treaties and the rule of law in their dealings.
- Interested outsiders must support efforts to secure good governance, the creation of interdependencies and the regionalisation of the Black Sea's politics and economy.
- The international community must encourage cooperative efforts and confidence-building measures as well as actions in favour of the peaceful resolution of disputes.



Black Sea politics work best if the approach is regional. The states in question should be encouraged to seek regional solutions for regional problems. The stakeholders must face up to the need to tackle tasks together and allow for non-state actors such as the business sector, NGOs and civil society to play a real role in shaping solutions. Thus the Commission recommends:

2020 Vision – A Black Sea Dimension

Creating a new overarching concept and policy, a Black Sea Dimension, by the actors and countries in the region, focusing on the year 2020. Its aim would be to promote regional cooperation while anticipating changes in the neighbourhood. The 2020 Vision needs to be developed into a clear strategy which should mark the culmination of several linked initiatives.

Enhance the profile of Black Sea regionalism

The Organisation of the Black Sea Economic Cooperation (BSEC) is in need of rejuvenation. Its 20th anniversary summit in 2012 should be an opportunity to renew the commitment of its members to regional cooperation and to inaugurate an overhauled BSEC in order to make it a more relevant organisation with greater clout. BSEC's rebirth, expanded role and enhanced regional relevance could be symbolised by giving it a new name. A region-wide awareness raising competition could be opened for everyone in the region to suggest a new name for it and to design a new flag and logo.

Deal with the conflicts

Establish a high level consultative group in order to tackle the protracted conflicts and other outstanding issues of the region. A number of confidence-building measures and a structured security dialogue on relevant issues should be established. The feasibility of an international gathering on the Black Sea, preferably at summit level, involving the regional states and international stakeholders, should be the end point for the work of the high level group.

Focus on economic issues that meet common challenges and real needs

The principles of sustainable development should be the guiding philosophy of regional cooperation in the Black Sea area. Rational responses to the consequences of climate change and the responsible use of natural, human and societal resources are essential components of such a development model, which should be translated into coherent policies at national and regional levels. Policies to improve the business environment and facilitate greater economic activity across borders, as well as establishing regular policy dialogues between relevant officials, need to be implemented.

Promote and coordinate regional cooperation schemes at all levels

The coordination of numerous existing cooperation schemes, programmes and initiatives for the Black Sea needs to be taken in hand in order to unleash the full potential of the region. There is also a need to move beyond the common top-down approach to assure that civil society plays a role in the development of the region. Identifying issues which could be better addressed regionally, rather than nationally, is a priority. Lessons should be drawn from the experiences of other areas which have faced or are dealing with similar issues, such as the Baltic, the Balkans, the Danube region and so on.

Promote intercultural dialogue

A clear encouragement and sponsorship of intercultural and interfaith dialogue among the peoples of the Black Sea is needed. Cooperation between universities should be enhanced and more coverage of the countries by journalists from the region, for the region, should be encouraged.

Promote the targeted training of professional groups

There is a need for the targeted training of public servants, diplomats, young leaders, parliamentarians and business leaders throughout the region. The creation of a Black Sea Training Academy would help streamline such a process.

Promote good governance, civil society and social dialogue

The involvement of civil society in policy making and their linkages in relation to good governance should be encouraged. Efforts should also be made to facilitate cooperation between civil society organisations in Black Sea countries including the conflict regions. Business organisations such as chambers of commerce, employers' organisations and trade unions should also be encouraged to talk to one another in order to find and propose regional solutions for common problems.



Резюме выводов

В регионе Черного моря переплетется множество интересов, порождая немало споров. Эти споры отражают меняющуюся ситуацию в регионе, ее комплексный характер, интересы внерегиональных участников и отношения региона с остальным миром. Стратегическое значение Черного моря определяется его расположением на пересечении путей, соединяющих Север и Юг, Восток и Запад. В регионе проходят маршруты транспортировки нефти и газа, другие транспортные и торговые коммуникации. Все это повышает его значение.

Несмотря на возрастание интереса к региону, его собственные приоритеты и потребности во многом остаются вне поля зрения. Это – одна из причин, по которой участники регионального сотрудничества так и не выработали общее видение перспектив развития региона. Его расположение на стыке других региональных объединений, разнонаправленность политики влиятельных региональных и внерегиональных сил – все это способствует смещению акцентов в сотрудничестве и неопределенности его результатов. Данное обстоятельство заставляет вновь вернуться к оценке существующих здесь проблем и определению приоритетов регионального сотрудничества. Их анализ поможет всем участникам лучше увидеть возможности для взаимодействия и нестандартно подойти к решению существующих проблем в интересах укрепления безопасности и стабильности, а также роста благосостояния в регионе. От развития черноморского региона как региона мира и сотрудничества выиграют все участники данного процесса.

Исходя из этих общих соображений, Комиссия обсуждала стратегию регионального сотрудничества, которая позволила бы включить в него всех заинтересованных участников и учитывала бы их приоритеты и интересы в четырех ключевых областях сотрудничества: укрепление мира и безопасности, экономическое развитие и рост благосостояния, развитие демократических институтов и надлежащего управления, развитие регионального сотрудничества. Комиссия пришла к выводу о том, что будущее региона теснейшим образом связано с дальнейшей демократизацией и интеграцией в мировое хозяйство.

Подготовка настоящего доклада во многом мотивировалась пониманием нарастающей геополитической волатильности в регионе, которая в любой момент может обернуться вспышкой открытого противостояния. Неурегулированность конфликтов тормозит здесь экономическое развитие. Эти конфликты чреваты новыми, более широкими столкновениями. Они наносят ущерб региональной стабильности и безопасности. Их неурегулированность имеет более широкие международные последствия. Тем не менее Комиссия убеждена в реалистичности перспективы формирования целостного, развитого, интегрированного и стабильного региона Черго моря. Для этого:

- Участники сотрудничества в регионе должны отказаться от применения силы в своих политических отношениях, взаимно уважать территориальную целостность государств и нерушимость их границ, соблюдать международные договоры и принцип верховенства закона в отношениях друг с другом.
- Заинтересованные внерегиональные силы должны поддерживать утверждение норм надлежащего управления, укрепление взаимозависимости и регионализацию черноморского политического и экономического сотрудничества.
- Международное сообщество должно поощрять укрепление сотрудничества и доверия в регионе, а также шаги, способствующие мирному урегулированию споров.

Оптимальным подходом к решению вопросов черноморской политики является региональный подход. Необходимо поощрять поиск региональных решений региональных проблем. Ключевые участники этого процесса должны доказать свою способность совместными усилиями добиваться необходимых результатов и предоставить негосударственным участникам сотрудничества – бизнесу, организациям гражданского общества – возможность принимать участие в поиске решений существующих проблем. В этой связи Комиссия рекомендует:

Черноморское измерение: горизонт 2020 г.

Участникам регионального сотрудничества необходимо разработать более широкую концепцию его развития до 2020 года – концепцию и политику «черноморского измерения». В ее основу должно быть положено развитие регионального сотрудничества с учетом ожидаемых здесь дальнейших перемен. Общее понимание того, как регион должен выглядеть к 2020 г., следует преобразовать в ясную стратегию действий, согласование которой стало бы кульминацией обсуждения ряда взаимосвязанных инициатив.

Повышение уровня черноморского регионального сотрудничества

Организация Черноморского экономического сотрудничества (ОЧЭС) нуждается в обновлении. На саммите 2012 г., приуроченном к 20-летию Организации, целесообразно не только подтвердить приверженность региональному сотрудничеству, но и принять решение о реформе ОЧЭС, которая позволила бы повысить ее роль. Обновление ОЧЭС, повышение ее роли в регионе можно было бы символически подчеркнуть переименованием Организации. Проведение открытого регионального конкурса на ее новое название и логотип способствовало бы популяризации Организации.

Поиск урегулирования конфликтов

В интересах содействия урегулированию затяжных конфликтов и иных нерешенных региональных проблем целесообразно создать консультативную группу высокого уровня. Это способствовало бы укреплению доверия и налаживанию структурированного



диалога по вопросам укрепления безопасности. Конечной целью работы группы могла бы стать проработка вопроса о созыве международного совещания по черноморскому региону – желательно на высшем уровне – с участием как стран региона, так и ключевых внерегиональных держав и организаций.

Решение экономических вопросов, вытекающих из общих вызовов и потребностей

В основу регионального сотрудничества должны быть положены принципы устойчивого развития: рациональное реагирование на изменение климата и ответственное использование природных, человеческих и общественных ресурсов. Эти принципы должны последовательно претворяться в жизнь на национальном и региональном уровне. Для этого необходимо согласовать меры по улучшению условий деятельности бизнеса, расширению трансграничной экономической деятельности и наладить регулярный диалог представителей соответствующих государственных органов.

Согласование механизмов регионального сотрудничества на разных уровнях

Для более полного раскрытия потенциала регионального сотрудничества необходимо обеспечить большую согласованность многочисленных механизмов, программ и инициатив, реализуемых в черноморском регионе. Следует отказаться от практики решения всех вопросов регионального сотрудничества «сверху». Гражданское общество должно играть в их решении большую роль. Приоритет должен быть отдан выявлению проблем, которые проще решить на региональном, а не национальном уровне. Целесообразно учесть опыт решения таких проблем региональными организациями, в частности, государств Балтийского моря, Балкан, придунайских стран и другими.

Межкультурный диалог

Необходимо всемерно поощрять и поддерживать межкультурный и межрелигиозный диалог народов черноморского региона. Расширять сотрудничество между университетами и содействовать более широкому освещению в СМИ жизни и событий стран региона.

Целевая подготовка кадров

Существует потребность в целенаправленном повышении квалификации государственных служащих, дипломатов, молодых лидеров, парламентариев и лидеров бизнеса стран региона. Создание Черноморской Академии позволило бы оптимизировать эту деятельность.

Надлежащее управление, гражданское общество и общественный диалог

Целесообразно шире привлекать организации гражданского общества к обсуждению и подготовке политических решений, тем самым способствуя утверждению практики надлежащего управления. Следует способствовать расширению сотрудничества между организациями гражданского общества стран региона, включая регионы конфликтов. Важно поощрять диалог между организациями бизнеса, такими как торгово-промышленные палаты, союзы предпринимателей и профессиональные союзы, с тем чтобы они могли предлагать региональные решения их общих проблем.



Yönetici Özeti

Karadeniz Bölgesi yoğun çekişmelerin odağında olan tartışmalı bir alandır. Bu, bölgenin hızla değişen dinamikleri, karmaşık gerçekleri, bölge dışı güçlerin çıkarları ve bölgenin dünyanın geri kalanıyla ilişkilerinin bir yansımasıdır. Bölgenin, kuzeyi güneye ve doğuyu batıya bağlayan stratejik konumunun yanı sıra, önemli petrol, gaz, taşımacılık ve ticaret rotalarının üzerinde yer alması önemini giderek artırmaktadır.

Ne var ki, bölgeye yönelik bunca ilgiye rağmen, bölgenin asıl öncelikleri ve ihtiyaçları hala büyük ölçüde göz ardı edilmektedir. Bu bir dereceye kadar, bölgesel aktörlerin gelecek için ortak bir vizyonda birleşememelerine bağlanabilir. Karadeniz'in bölgeler arası bir bölge olarak ortaya çıkması ve güçlü iç ve dış aktörlerin birbirleriyle çatışan çıkarları, bölge için gereken odaklanmayı engelleyerek, işbirliğinin olası olumlu sonuçlarını zayıflatmaktadır. Bu nedenle, tüm sorunları ve öncelikleriyle birlikte bölgenin acilen yeniden değerlendirilmesine ihtiyaç duyulmaktadır. Bu, ilgili tüm aktörlerin ne yapılması gerektiğini daha iyi anlamalarını ve sorunlara yaratıcı şekilde yaklaşabilmelerini sağlayacak, böylece bölgenin güvenliği, istikrarı ve refahını arttıracaktır. Barışçıl ve işbirliği içinde bir Karadeniz Bölgesi ise herkesin yararına olacaktır.

Karadeniz Komisyonu tüm bunları akılda tutarak ve kapsayıcı bir yaklaşımla, bu raporda 'barış ve güvenlik', 'ekonomik gelişme ve refah', 'demokratik kurumlar ve iyi yönetim' ve son olarak 'bölgesel işbirliği' olmak üzere dört önemli alanda tüm paydaşların ihtiyaç, öncelik ve çıkarlarını dikkate alan kapsamlı bir strateji sunmaya çalışmıştır. Komisyon, bölgenin geleceğinin daha fazla demokratikleşme ve dünyanın geri kalanıyla daha fazla ekonomik bütünleşmede yattığı sonucuna varmıştır.

Bu raporun hazırlanmasının ardındaki temel neden, bölgedeki jeopolitik istikrarsızlığın artması ve bunun belirli bölgelerde savaşa yol açabilme ihtimalidir. Bölgenin çözülmemiş çatışmaları ekonomik gelişmeyi geciktirmelerinin yanı sıra, büyük krizlere neden olma potansiyelini de bünyelerinde barındırmaktadır. Söz konusu çatışmalar, bölgesel istikrara ve güvenliğe etki etmekte ve çözümlenmedikleri takdirde uluslararası ortamda dallanıp budaklanma tehlikesi içermektedir. Öte yandan Komisyon kaynaştırıcı, gelişmiş, entegre ve istikrarlı bir bölgenin ortaya çıkartılabileceğine samimi şekilde inanmaktadır. Bunun gerçekleştirilebilmesi için:

- Bölgesel aktörler siyasi ilişkilerinde güç kullanımından vazgeçmeli ve birbirlerinin toprak bütünlüğüne, sınırların ihlal edilmezliğine, uluslararası anlaşmalara ve ilişkilerinde hukukun üstünlüğüne saygı göstermelidirler.
- Bölge dışından olmasına rağmen bölgede çıkarları olan ülkeler iyi yönetişiminin sağlanması, karşılıklı dayanışmanın yaratılması ve Karadeniz siyaseti ve ekonomisinin bölgeselleştirilmesi konusundaki çabaları desteklemelidirler.

- Uluslararası toplum anlaşmazlıkların barışçıl şekilde çözülmesi yönündeki faaliyetlerin yanı sıra, işbirliği çabalarını ve güven-arttırıcı önlemleri teşvik etmelidir.

Karadeniz siyasetine yaklaşım bölgesel olduğunda en iyi sonucu verecektir. İlgili devletler bölgesel sorunlara bölgesel çözümler aramaya teşvik edilmelidir. Paydaşlar görevlerin üstesinden birlikte gelme ihtiyacıyla yüzleşmeli ve iş dünyası ve sivil toplum kuruluşları gibi hükümetler dışı aktörlerin sorunların çözümünde rol almasına izin vermelidirler. Bu nedenle Komisyon şunları önermektedir:

2020 Vizyonu – Karadeniz Boyutu

Bölgedeki aktörler ve ülkelerin katılımıyla 2020 yılına odaklanan yeni bir kapsayıcı kavram ve politika olarak Karadeniz Boyutu oluşturulmalıdır. Bu, bölgedeki değişimlere önceden hazırlıklı biçimde bölgesel işbirliğini teşvik etmeyi hedeflemektedir. 2020 Vizyonu ilgili teşebbüslerin bütünleşmesinin altını çizecek bir stratejiye ihtiyaç duymaktadır.

Karadenizde bölgeselleşmenin geliştirilip güçlendirilmesi

Karadeniz Ekonomik İşbirliği Örgütü'nün (KEİ) yenilenmesi gerekmektedir. 2012'de yapılacak 20. yıl zirvesi, üyelerin bölgesel işbirliğine bağlılıklarının yenilenmesi ve KEİ'nin daha geniş nüfuzla sahip, daha işlevsel bir örgüte dönüştürülmesi için bir fırsat olmalıdır. KEİ'nin yeniden doğuşu, gelişen rolü ve artan bölgesel önemi yeni bir isimle sembolize edilebilir. Örgüte yeni bir isim, flama ve logo bulunması amacıyla bölgede herkese açık, bölgesel bilinci arttırıcı bir yarışma düzenlenebilir.

Sorunlarla başa çıkma

Bölgenin uzun süredir devam eden ihtilafları ve diğer önemli sorunlarının üstesinden gelmek amacıyla bir üst düzey danışma grubu oluşturulmalıdır. İlgili konularda bir dizi güven arttırıcı önlem alınmalı ve planlı bir güvenlik diyalogu kurulmalıdır. Üst düzey grubun çalışmasının nihai hedefi, Karadeniz'e ilişkin bölge devletlerini ve uluslararası paydaşları içeren, tercihen zirve düzeyinde uluslararası bir toplantının gerçekleştirilmesi olmalıdır.

Ortak zorluklar ve gerçek ihtiyaçlara karşılık gelen ekonomik konulara odaklanma

Karadeniz etrafındaki bölgesel işbirliğinin öncü felsefesi sürdürülebilir kalkınma prensipleri olmalıdır. İklim değişikliğinin sonuçlarına karşı üretilecek akılcı çözümler ve doğal, insani ve toplumsal kaynakların sorumluluk bilinciyle kullanılması, ulusal ve bölgesel düzeyde uyumlu politikalara dönüştürülmesi gereken kalkınma modeli için önemli bileşenlerdir. İş ortamını geliştirmek ve sınırlar ötesi ekonomik faaliyetleri arttırmak için ilgili ülke yetkilileri arasında düzenli siyasi diyalog kuracak politikalar uygulanmalıdır.



Tüm kademelerde bölgesel işbirliği planlarının geliştirilip düzenlenmesi

Bölgenin potansiyelini tam olarak gerçekleştirebilmesi için hâlihazırda mevcut çok sayıda işbirliği programı ve teşebbüsü arasında koordinasyonun sağlanması gereklidir. Bölgenin gelişmesinde sivil toplumun da rol almasının sağlanması için alışılmış yukarıdan-aşağı yaklaşımın ötesine geçilmesi şarttır. Ulusal yerine bölgesel düzeyde ele alınacak konuların belirlenmesi önceliklidir. Daha önce benzer konularla uğraşmış ve uğraşmakta olan Baltık, Balkanlar, ya da Tuna gibi bölgelerin deneyimlerinden dersler çıkarılmalıdır.

Kültürlerarası diyalogun geliştirilmesi

Karadeniz halkları arasında kültürler ve inançlar arası diyalogun güçlendirilmesi ve desteklenmesi gereklidir. Üniversiteler arasındaki işbirliği güçlendirilmeli ve bölgedeki gazetecilerin, bölge hakkında ve bölge için daha fazla haber yapması sağlanmalıdır.

Profesyonel gruplar için hedefe yönelik eğitim programları geliştirilmesi

Bölgedeki kamu çalışanlarının, diplomatların, genç liderlerin, parlamenterlerin ve iş dünyası liderlerinin hedefe yönelik eğitimine ihtiyaç vardır. Karadeniz Eğitim Akademisi kurulması böyle bir sürece yön vermeye yardımcı olacaktır.

İyi yönetim, sivil toplum ve soysal diyalogun geliştirilmesi

Politika oluşturma sürecine ve bu politikaların iyi yönetimle ilişkilendirilmesine sivil toplumun dahil edilmesi desteklenmelidir. Sorunlu bölgeler de dahil olmak üzere, Karadeniz bölgesindeki ülkelerde yer alan sivil toplum örgütleri arasında işbirliği sağlanması için çaba gösterilmelidir. Ticaret odaları, işveren birlikleri, sendikalar gibi iş organizasyonları da ortak sorunlara bölgesel çözümler bulunması hedefiyle birbirleriyle iletişim kurmaya özendirilmelidir.

Introduction: The State of Play

Situated at the crossroads of Europe and Asia, the Black Sea has been a zone of contention and confrontation for centuries. From antiquity, the region was traditionally the backyard of one or two powers, which dominated and closed it to the outside world. Then, during the Cold War, it found itself on the frontline of the global struggle for dominance. For 40 years NATO members, Turkey and Greece, guarded the south and south-east while Warsaw Pact members, the Soviet Union, Bulgaria and Romania, dominated the rest. However, despite the fact that the region was divided by East-West strategic rivalry, this strained political and military balance did provide stability, albeit accompanied by marginalisation, political fragmentation and economic paralysis. The existence of blocs precluded the possibility of much meaningful communication and cooperation across the sea. At the same time the situation left isolated some of the region's lands and peoples from the outside world.

With the end of the Cold War, the geopolitical position of the Black Sea changed beyond recognition. The demise of communism unleashed armed conflicts and pent up historical tensions. It led to the dissolution of a superpower, the birth of six new sovereign states and several secessionist movements. It also opened the region to outside influences and competition while at the same time witnessing the birth of a slow process of region-building. While the Black Sea states understood the need to replace the post-communist space with region-wide entities and initiatives that would provide it with an identity, as well as generate opportunities for cooperation and deeper integration, their efforts have been seriously hampered by a number of factors. These include uneven economic and political development, a resurgence of competing nationalisms accompanied by longstanding animosities between the region's players and the competing interests of key actors.

The driving force for cooperation in the post-Cold War era has been the need to move away from the disruptive influences of global ideological and military confrontation to the attractions of economic cooperation which would benefit all of the region's people. But for the newly independent states, the new regional organisations have often been seen as forums not just for cooperation with their neighbours but also as yet another venue at which to raise their national flags and underscore their newfound state identities.

The advent of regionalism in the Black Sea in the aftermath of the Cold War was seen by many as the most sensible way to overcome the economic and security vacuum left in its wake. For them, participation in regional cooperation schemes was regarded as a step towards integration into broader global economic, social and political systems. There was a widespread belief that these groupings and initiatives, through the adoption of confidence-building measures, could contribute to geopolitical stability by facilitating collaborative action against the rise of new threats.



As a consequence, a number of regional initiatives were launched around the Black Sea and interstate interactions have increased, especially as a result of the work of the Organisation of the Black Sea Economic Cooperation (BSEC) which was established in 1992. It has, above all, two virtues. It is the most inclusive of regional organisations in terms of membership and, in terms of its remit, the most comprehensive. Since then, the Black Sea Naval Cooperation Task Group (BlackSeaFor), Black Sea Harmony, the Black Sea Forum, ODED-GUAM, the Community of Democratic Choice (CDC), the Commission on the Protection of the Black Sea Against Pollution, amongst others, have been established. Although all have different priorities, all profess a belief in the utility of regional cooperation as a basis of enhanced stability and security. The level of regional networking and interaction has increased as a result.

In this report the terms “Black Sea region”, “Black Sea area” and “Black Sea” are used interchangeably. The Commission considers the following countries as part of its definition of the area; Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine. They are the regional stakeholders. The other key players are the EU and NATO, both of whom are now present on the Black Sea, along with the United States. All three have openly expressed their interests in the region and have formulated policies accordingly.

Antagonisms have persisted however due to the emergence of an increasingly competitive environment, sometimes bordering on, or even exploding into, open confrontation. In geopolitical terms, being situated at the crossroads of the latest phase of EU and NATO enlargement, as well as the US-led “global war on terror”, the region has acquired a new significance, especially in the years since 9/11. With its roles in the transportation of energy resources and as an increasingly attractive economic space, the Black Sea region has gradually evolved into one of geopolitical significance. It has emerged as one of the key areas in an intensified competition between the major global powers; Russia, the United States and to a certain extent, the EU. All three have developed their own regional policies; the “near abroad”, the Wider Black Sea Region and the European Neighbourhood Policy (ENP) respectively. All of them are characterised by exclusiveness and divisiveness. They have employed different means, from accession negotiations to the construction of pipelines and supporting friendly governments or undermining unfriendly ones, to strategically position themselves in the area, to expand their influence and secure economic and political dominance. The smaller Black Sea countries, caught in this spiral of competition have become, willingly or otherwise, players in this divisive game.

While this attention has contributed to the creation of new regional and sub-regional geopolitical groupings, the fact that long standing conflicts remain unresolved, the acute problems raised by difficult energy-cum-security issues and the presence of strong actors has resulted in a fragile

balance of power. In this context, the heightened involvement of the EU and the US alongside Russia and Turkey, the two most powerful countries of the region, has affected the process of regionalism, creating a complicated geopolitical jigsaw. Although various upheavals including secessionism, ethnic conflicts, political and economic crises and “coloured” revolutions were initiated at domestic level, the key actors have maintained a significant role throughout the region.

In the current state of play, increased US attention to the region since 9/11, the war of August 2008 and the ongoing financial-cum-economic crisis, together with the emerging structures of new global political and financial governance are forcing a change of paradigm both in world politics and consequently in the Black Sea region too. It is to be expected that the involvement of global actors in Black Sea affairs will become ever more intense in the years to come. With the entry into force of the Lisbon Treaty and the birth of its new foreign and security policy instruments plus negotiations over a new generation of agreements with Russia and other regional players, the EU can be expected to play a more assertive role. It is also likely that NATO, which is working on a new strategic concept and the United States, after the “reset” of its relations with Russia, will redefine their global and hence Black Sea priorities.

As unipolarity has been steadily giving way since 2001 to an emerging new world order in which power is far more diffuse, the Black Sea has emerged as a geopolitical hub. The issues at hand are many, complex and challenging. By and large, global security paradoxes have been hard wired into the Black Sea system. In terms of paradoxes:

- While the Black Sea has become a new strategic arena for Europe, Russia and the US in terms of energy security, conflicts, trade and migration - the incentives for regional cooperation are clear, even in the face of numerous disagreements and divisions. There is thus an ongoing battle between obstacles and incentives for regional cooperation.
- The economic data and improving socio-economic indicators, at least until the onset of the global financial crisis, demonstrated that this was, and hence could be again, one of the fastest growing regions of the world. However, wide ranging disparities among and within the states of the region remain.
- Despite the economic disparities of the region, the increased prosperity of some countries has led, in some cases, to higher military expenditure. Thus, contrary to conventional wisdom, increasing economic prosperity may not be a sufficient guarantee against the resumption of armed hostilities.
- The power and ability of certain issues to both divide and unite is paramount, especially in the energy sector. The correlation between energy supplies, competition for transit routes, pipeline security and political-cum-economic spheres of influence, contributes to enhancing fault lines as energy issues increasingly become hostage to power politics.



- While in general terms the EU supports regional initiatives which favour integration and the creation of prosperity and stability, its economic and political attractions operate in relation to individual countries rather than to the region as a whole. As a result, regional stakeholders prefer privileged bilateral ties with the EU to the detriment of cooperation between one another. Specific EU policies with regard to regional cooperation have not yet developed into a comprehensive strategic design. The current debate regarding the confusing objectives, instruments and resources for the ENP, the Black Sea Synergy and the Eastern Partnership, is a case in point. It is also a paradox that while the EU desires a stable and democratic region, policy making and EU clout are weakened by the fact that member states often have diverging interests and policies here, especially in relation to Russia.
- The notion of “neighbourhood”, which should be understood within a positive context in terms of developing regionally based economic and political support systems, has turned into a major conundrum. This is because all of the key stakeholders have started to develop their own overlapping “neighbourhoods” which, in the longer run, seem set to create further divisions rather than encourage cooperation.
- While regional cooperation is sought by most of the stakeholders, its institutionalisation has proved difficult since some of the local players have consistently preferred bilateral arrangements to multilateral environments for policy discussions.
- The most challenging paradox has to do with the conflict between globalisation and entrenched nationalism in the Black Sea area, which in and of itself, is one of the world’s most multipolar regions.

Taking the above into account, the current state of play is, and will be, defined by the following key challenges:

Energy & Energy Security: The energy dispute between Russia and Ukraine in the winter of 2008-09 was a clear indication of the importance of energy security for the region and for its customers. In the context of the Black Sea, the principal transport and pipeline routes for oil and gas from the Caspian basin and Russia to the West have become a key test of several types of relationship. Firstly, those between the producers; Russia, Azerbaijan, Turkmenistan and Kazakhstan, secondly, between the transit countries; Russia, Georgia, Turkey and Ukraine and finally between the consumers; EU countries, Turkey and others. The ability to strike a rational balance between the respective interests of all players, meaning security of supply for consumers, security of demand for producers and security of steady revenue for transit countries, will be a make-or-break issue for the development of successful models of cooperation between the Black Sea states.

Regional Security Dimensions: The prevailing vestiges of ideological or bloc divisions, whether coming from Moscow or western capitals, remain a challenge. The current attempt at redefining EU, American and NATO relations with Russia will determine whether a cooperative or competitive mood will prevail in the region. The same can be said for relations between Turkey and Russia. Finally, as the August 2008 war demonstrated yet again, Russia is still wary about the gradual gravitation of post-Soviet countries towards the West. In the European security space, the Black Sea area presents us with a unique combination of challenges, old and new, conventional and non-conventional. The progress of the OSCE “Corfu Process” on security could therefore, be highly relevant for stability in the Black Sea region.

Sustaining Prosperity and Increasing Standards of Living: This represents the greatest aspiration of all countries in the region. It will prove highly challenging due to the global financial and economic crisis, persisting regional rivalries and domestic structural weaknesses which require greater transparency, improved governance and the necessity of implementing politically painful and difficult reforms.

From Nation Building to Region Building: Considering that about half of the countries in the region have had little experience of sovereign statehood, the political transformations of the past two decades have been impressive. However, progress towards the establishment and proper functioning of democratic institutions and the rule of law has proved uneven and been marked by occasional setbacks and reversals. The tendency among some of the region’s post-Soviet states to drift towards authoritarianism and restrictive economic policies, coupled with the challenges raised by separatist movements and inter-state disputes have inhibited the promotion of cooperative attitudes.

The Commission and its Genesis

With the concerns outlined in this report in mind, a number of individuals, both from within the region and from outside, decided that it was high time to take a fresh look at the Black Sea with a view to finding solutions to ongoing and upcoming problems. Thus the Commission was born. Our sense of urgency was spurred on by the regional consequences of the world financial crisis and the legacy of the Russian-Georgian war, which demonstrated the explosive potential of the unresolved conflicts. The advent of a new American administration with a reformist agenda and of a new team of leaders at the helm of the EU provided us with an additional spur.

As such, and with regard to the prevailing geopolitical and economic realities, Commission members believe that it is imperative to foster innovative policies through meaningful political dialogue in the Black Sea region in order to contain and ultimately resolve existing differences by peaceful means and to turn the tide in favour of cooperation and stability.



The alternative, harking back to Cold War-style competition and confrontation, is too bleak to contemplate. Moreover, just as regional stakeholders and outside powers are reassessing and redefining their Black Sea policies, Commission members believe that an even-handed, multi-level and multi-disciplinary approach accompanied by policy-oriented, practical and adaptable recommendations can influence the deliberations of interested parties and thus the future of the area. Indeed, the Commission believes that the timing of this report and its recommendations are opportune.

The region's increasing importance implies an urgent need to meet existing and emerging challenges. What is also needed is a commitment by all parties to realise the region's potential. To that end the Commission hopes to contribute to the mobilisation of the relevant resources and policies.

Conscious that any attempt to deal with all the events that deserve mention would be beyond the scope of this report, the Commission, in order to properly formulate conclusions regarding what needs to be done, decided to focus on four specific topics; peace and security, economic development and welfare, democratic institutions and good governance and finally, regional cooperation. Each of these encapsulates the key issues and the need to address the challenges they pose. The four are interconnected and trying to address one without dealing with the others is not an option. This report therefore recommends a comprehensive approach with movement on all fronts simultaneously.

By addressing these four topics, the Commission aims to contribute to a joint vision and a common strategy for the Black Sea region by developing new knowledge in areas of key concern. As existing research tends to focus on specific topics, for example energy, transport or the environment and is mostly viewed from one-sided national or Western and Euro-Atlantic perspectives, the Commission aimed to redress this imbalance by developing a comprehensive, policy-oriented study jointly with scholars and stakeholders from the region as well as from countries outside the Black Sea area, with a view to being as objective and balanced as possible. The goal is to present not just short-term, sectoral or stakeholder-specific interests, but to provide input for a new vision and long-term strategy for the Black Sea as a region.

Peace and Security

The debate about the security dynamics of the Black Sea region is wide in scope. It is particularly relevant as it impacts on the progress of regional cooperation, economic development and good governance. It has a geographic dimension given its Eurasian location and its major strategic transport and trade arteries. It also has a natural resources perspective with regard to energy and involves the changing nature of threats and actors, whether of conventional or non-conventional types.

A basic dimension of the security paradigm is both its linkage to the bipolar model of the Cold War era and the unleashing and evolution of several ethnic, national and territorial conflicts suppressed during that period. The security context has also been shaped by other post-Cold War trends. These include globalisation and greater international cooperation coupled with the blurring of boundaries between soft and hard security threats. We also need to take account of the growing relevance of human security concerns such as environmental degradation, arms, people and drugs trafficking, as well as the threat perceptions of the stakeholders vis-à-vis one another. The threat of social unrest as a consequence of global financial and economic turbulence is also a possibility. The main challenges and concerns include:

The conflicting interests of the main actors and stakeholders: The large number of regional and extra-regional actors implies clashing interests that pull Black Sea security policy options in different directions. This is particularly evident in the power play between Russia and the Euro-Atlantic community. For Russia, the main concern is the restoration and consolidation of its power in its “near abroad” while restricting the presence of other actors in the region. While states like Ukraine, Georgia and Moldova might at times feel stifled by Russia, its leaders consider their country to be the object of containment. The increased activity of NATO, either through its enlargement policy, the Partnership for Peace programme (PfP) or Membership Action Plans (MAPs) plus the signing of bilateral defence agreements with the US and support given to pro-Western elites have all served to increase Russia’s perception of insecurity. Its fear of encirclement was clearly discernible in its government’s statements made prior to and during the August 2008 war.

In this context, the Russian position has gravitated towards bolstering its influence around its borders. This has meant demanding a say in *all* energy related projects, preventing the emergence of anti-Russian coalitions, curbing NATO expansion and countering and suppressing separatism within its borders while encouraging the same beyond them.

Euro-Atlantic policy on the other hand has evolved from the careful handling of Russia in the early post-Cold War period (“Russia-first”) to trying to prevent the then newly independent states from falling under the Russian sphere of influence and assuring a steady and secure supply of Caspian oil and gas. The attempt to expand NATO to the wider region was a consequence of the shift of transatlantic



security concerns within the context of new geopolitical concepts such as the “Broader Middle East and North Africa” and the “Wider Black Sea Region” in the wake of the 9/11 terrorist attacks.

As for the EU, its policy has evolved from an emphasis on contractual, bilateral relations to a more holistic approach. This means viewing the Black Sea as a single cohesive policy area, a concept first defined in its Black Sea Synergy policy of 2008. This succeeded the European Security Strategy of 2003 which emphasised the need for stability, security and prosperity in its wider neighbourhood. In consequence the Union has elaborated a number of policies towards the region. The first was the European Neighbourhood Policy of 2004 which offered a privileged relationship but without the promise of accession. Then came the Black Sea Synergy with its promotion of regional cooperation and a region-wide, projects-based approach aimed at encouraging the resolution of conflicts. Finally, hot on the heels of the August 2008 war, came the Eastern Partnership with its emphasis on deeper integration with the EU through bilateral action. These policies have been complemented by the appointment of Special Representatives and the despatching of Common Security and Defence Policy (CSDP) missions.

Many of the area’s states, caught between the positions of the more powerful actors, practice and apply differing policies respective to their degree of allegiance to Russia, the EU or the transatlantic community. Turkey however seems to offer a comprehensive vision for the area, including its recently evolved “zero-problems with neighbours” and region-based foreign policy. It has also supported or initiated a number of regional cooperation schemes including BSEC, BlackSeaFor, Black Sea Harmony and the Caucasian Stability and Cooperation Platform. Turkey’s overriding aim with these is the creation of a region where, as they and the Russians say, “extra-regional powers” would not be needed in the security sphere. Assisting regional transition, creating opportunities for political and economic cooperation and supporting the Black Sea area’s integration into the global economy are also Turkish goals. Finally, ensuring that maritime security remains the exclusive concern of the riparian states and preserving the current legal regime of the Straits, based on the Montreux Convention, are Turkey’s sine qua non. By contrast, the smaller littoral countries, especially Romania, oppose what they portray as a “Turkish-Russian condominium” and try to attract “extra-regional powers”, especially the US, to balance the influence of the two main regional actors.

Meanwhile, EU members Greece, Bulgaria and Romania seek to enhance the influence and role of the Union in terms of its common foreign, security and defence policies due to the lack of a clearly defined NATO policy for the Black Sea. Consequently the EU is also becoming a relevant security actor here.

The changing nature of threats and actors: The sheer number and complexity of security threats, both potential and actual, contribute to a general perception of the region as insecure and unstable. Some of these include the contested notions of “neighbourhood”, persisting ethnic, religious and other differences and the ramifications of Russia’s recognition of the independence of the Georgian breakaways, Abkhazia and South Ossetia.

In this context, the future of the breakaways and the other protracted conflicts remains unclear. They continue to hinder the progress of the states concerned, regional cooperation and the security and stability of the Black Sea as a whole. The weak, unaccountable and disorganised nature of some of the countries and entities in question contains the risk that they acquire the features of failed states. This entails the danger of terrorism and the proliferation of weapons of mass destruction. It also implies vastly increased opportunities for the trafficking of drugs, arms and people, and organised crime in general.

The military dimension of regional security remains a matter of concern and so is the growing tendency of some states towards authoritarianism and growing militarisation, (see Annex II). The Black Sea region stands out as the most exposed area of Europe as a result of the unilateral suspension of the Conventional Forces in Europe (CFE) treaty and its accompanying confidence and stability-building measures. Pending a negotiated agreement on some new arrangement concerning hard security issues in a broader European context, it is therefore imperative to secure the implementation of the provisions now in place together with proper verification procedures.

The issue of energy security is also a major concern. The importance of the diversification of energy supplies and the risks related to dependency on Russia and the value of gas and oil from other sources to European markets are all issues with obvious ramifications as the 2008-09 dispute between Russia and Ukraine demonstrated. Energy has not only become of major national, international and regional concern but, in the case of the Black Sea, a test case for the development of a reliable and sustainable pattern of relationships amongst producer, consumer and transit countries. The capacity of Russia to meet Europe's natural gas demand is intimately connected with its ability to deliver without making major investments in technology and infrastructure. All this makes the Black Sea a potential energy transit hub while, at the same time, a zone of rivalry.

For these reasons, the differing expectations, perspectives and interests of the stakeholders prevent the development of a regional security regime. While the EU and the United States promote norms and values based on representative democracy, the rule of law and human rights, in the hope of contributing to peace building in the region, authoritarianism, militarisation and power politics are on the rise. Common strategies aimed at addressing and overcoming deadlocks, differences and regional security threats, have proven difficult to arrive at. This is also of concern with regard to the diminishing role of inclusive international organisations such as the OSCE and the increasing relevance of the EU with its selective membership. Finally, hitherto tried and tested conflict prevention and resolution mechanisms have been unsuccessful in the Black Sea region and there is a clear need for new and creative ideas with regard to conflict resolution.

The question is thus whether a single security structure for the Black Sea region which takes into account all the key concerns, challenges and interests of its stakeholders is realistic or whether it is doomed to further instability despite its growing significance for "extra-regional" powers.



Economic Development and Welfare

While market economies encountered centrally planned ones in the Black Sea during the Cold War, since then the region has seen a universal shift towards the market. This was neither easy nor linear. The first phase, which lasted until 1995, was a period of sharp economic decline. This saw the collapse of the old systems of production and distribution, weak or non-existent legal frameworks, dysfunctional financial sectors, inconsistent structural reforms and macroeconomic instability. In the case of some transition countries the problems were compounded by the urgent requirements of nation and state-building. Even for non-transition states like Greece and Turkey, this period was marked by relatively high inflation, fiscal imbalances and weak or uneven growth.

The second phase, between 1995 and 1999, saw the stabilisation and consolidation of regional economies with improved security and political stability, the strengthening of the first generation of market-oriented structural reforms and signs of macroeconomic stability. However, at the same time, the economies of the Black Sea countries had to contend with the increasing volatility of energy prices, the 1998 Russian financial crisis and the 1999 earthquake in Turkey.

The third phase, from 2000 to the third quarter of 2008, was a period of high and sustained growth with real Gross Domestic Product (GDP) increases for the region as a whole averaging 6% per annum, equal to a cumulative real expansion of 68% for the period. It saw rising living standards, increased trade and investment and the integration of Black Sea societies into the broader European and global economic context. The fourth phase, since the third quarter of 2008, has been marked by a sharp halt in growth coupled with a low inflow of foreign capital due to the global financial crisis.

Notwithstanding the adverse impact of the crisis, the Black Sea is a very different place today than it was in 1999 and even more dramatically so than in 1989. The transition from a state-led to a market-oriented economic system has, to a great extent, been completed. There has been a greater degree of prosperity across the region, even if it is unevenly distributed between and within countries. Per capita incomes increased nearly five times in dollar terms between 1999 and 2008 – from roughly US \$2,100 in 1999 to US \$10,300 in 2008. Intra-regional dynamics also improved thanks to the development of a number of organisations, processes, and policies aimed at promoting cooperation and economic integration with increased flows of people, capital, goods and services across the region, as well as greater convergence with the EU. Both sovereign credit ratings and foreign direct investment figures have markedly improved since 1999, although they have slipped during the current economic downturn.

The crisis has subjected the region's financial systems to extreme stress. Lending growth has slowed sharply, resulting in a downturn in economic activity and, for some countries, a painful process of deleveraging. Although government interventions succeeded in stabilising banks and

averting a financial system collapse, the crisis has highlighted economic vulnerabilities requiring urgent attention. With the notable exception of Azerbaijan, all Black Sea countries experienced an economic contraction in 2009, to the order of -6.4%. While the worst in terms of economic decline appears to be over, the nature of the crisis and the impact of the recession on key western European markets, suggest that recovery will likely be slow and uncertain in coming years. For 2010 growth to the order of 1-2% appears most likely, and while annual growth across the region may reach 3-4% thereafter, a return to the high rates prior to the crisis is unlikely.

Despite the diversity of the countries in question in terms of size, economic structure and levels of development, a number of challenges and issues concern the region as a whole. Their measurability is made more difficult by the different levels of integration of the countries into the global economy and the EU. Contrast for example Greece, Romania, Bulgaria and Turkey with the relatively small and sometimes isolated economies of Moldova and the states of the Caucasus. Then we need to consider the challenges of social heterogeneity, the political system and economic structure of Ukraine and the challenges of economic diversification faced by energy exporters, Russia and Azerbaijan.

Challenges include long term demographic trends and the threat they pose for the quantity and quality of the workforce, pension systems, the business environment and the sustainability of social security programmes. While the implications of shrinking populations in most of the region's countries are wide ranging, reforms in the areas of competitiveness and productivity are key to minimising their impact. Dealing with the current global financial crisis is a priority as it has affected the region collectively and countries individually. While each state's prescriptions vary, the need for cooperation and coordination through regional institutions such as BSEC is paramount.

Good relations with key actors, including the US, the EU, China and the Middle Eastern and Central Asian countries, are important from an economic perspective. In this context, the most significant parameter is the future evolution of relations with the EU, whose decisions have direct impacts on the regional economy. The EU is a critical market for Black Sea countries and its principal source of financing, lending, investment and official assistance. It is hence the most powerful influence on Black Sea regional cooperation, with EU measures sometimes dividing countries according to whether or not they are members, while at other times they facilitate increased cooperation under EU sponsored frameworks. A prolonged economic downturn in the EU will negatively affect growth prospects for the entire region, while a rapid recovery will be an undoubted boon. On balance though, the EU's impact on regional cooperation in the Black Sea has been more detrimental than beneficial. This is mainly because, unlike in other regions, it has developed relations with countries bilaterally, without much regard for the implications for regional cooperation.

Promoting regional cooperation is a basic challenge, as in times of economic crisis the tendency of states is to exert more national control and not to commit their resources for initiatives which



involve taking risks, trusting others, or pooling sovereignty. The downturn is thus an obstacle for new common regional initiatives, although there are certain instances where incentives to cooperate may increase, such as with initiatives that enhance economic security. These may involve reducing a country's isolation or vulnerability, or sharing information and pooling resources in a way that provides insurance against shocks, speculative attacks and other destabilising economic events.

The need to achieve sustainable economic development, meet a range of common challenges and the effort to mitigate the consequences of climate change can provide powerful incentives for joint action in a regional format. These should be exploited in order to generate complementarities within which economic cooperation at a regional level may develop despite the many divergences and different priorities of the states in question.

The importance of a regional dialogue on key sectors has been heightened by the financial crisis. These include banking and finance, transport, energy, telecommunications, trade facilitation and environmental protection. The use of the institutions and mechanisms of regional organisations like BSEC could provide much added value. Despite the crisis and its adverse implications, the Black Sea region enjoys a number of competitive advantages including its proximity to the wealthy markets of the EU, favourable business environments and a high quality of human capital, in terms of education and skills, at relatively low cost. The memories most countries of the region have of dealing with the crises of the 1990s indicate resilience, a wealth of experience upon which to draw and a greater degree of flexibility now in implementing policy responses.

The widely divergent economies of the region make the prospects for economic integration difficult, but deeper and more diversified cooperation is both possible and necessary. The importance of extending free trade agreements between the EU and those states of the region which want one, but do not yet have one, cannot be underestimated.

Democratic Institutions and Good Governance

The systemic divide of the Cold War era still weighs heavily across the lands of the Black Sea in the area of democracy and good governance. As a result, it is politically heterogeneous and home to many different legacies. The state of democracy varies between the fully fledged and various forms of semi-authoritarian rule. The relative weakness of democratic institutions across the region can be explained by the limited history of democracy in the post-communist states, the absence in communist times of meaningful dissident movements, in contrast to the countries of central Europe, and the fact that citizens have little experience in exercising their political rights. Even the more mature, consolidated democracies of the region occasionally go through difficult periods of political readjustment.

The revolutionary zeal of the “Orange” and “Rose” revolutions in Ukraine and Georgia have petered out with unfulfilled dreams of democratisation across the region and sharp criticism from Russia regarding western-led notions of “democracy promotion” as opposed to its own brand of “managed” or top-down democracy. The 2010 presidential elections in Ukraine are indicative of the need to promote a new discourse on democratisation.

The legacies of the past in the vast majority of the countries of the region imply a particular set of problems to overcome with regard to democracy. This is particularly the case for the four “small” states of the region – Armenia, Azerbaijan, Georgia and Moldova. They have had to grapple not only with the question of how to develop into democracies and market economies but also with how to manage their difficult state and nation-building processes. The various unsettled disputes and protracted conflicts, (Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia,) attest to the difficulties they face. On the other hand, the evolution of the political system in Russia over the last decade has been characterised by an increasing recentralisation of political and economic power which paradoxically, albeit controversially and not without costs, may have prevented the country from experiencing further disintegration and brought about greater political and social stability. In the case of Ukraine, its transformation has been largely determined by the struggle between members of the old nomenklatura who kept their positions in the state administration and the economy and the rise of new elite groups seeking to challenge their power.

The Black Sea region can be characterised by a series of challenges which compound the process of political transformation. With the exception of Greece and Turkey, democracy in the region is affected by the communist heritage where members of the old nomenklatura still exert significant political and economic power. The experience of organising effective party structures, formulating adequate electoral platforms and the art of political compromise is lacking. Most of the states of the region have weak and volatile party systems with highly fragmented oppositions. The intervention of oligarchs in politics is commonplace, as is clientelism.



The quality of democratic institutions is often questionable and horizontal and vertical accountability remains the principal challenge in the context of weak institutions, the widespread abuse of power, corruption and governmental control of the media. Developing democracies with these features are in constant danger of being captured by formal or informal interest groups without being adequately able to react to external shocks. They are thus in danger of falling into a perpetual state of instability. The challenges faced in these circumstances are pervasive. They concern elections, the quality of political parties and the proper functioning of national parliaments with requisite roles for both governments and oppositions. Accountable and transparent decision-making processes where good governance is the rule of thumb are also brought into question as are independent, impartial, efficient and effective judiciaries. Likewise an independent media free of intimidation, the need for vigorous civil society organisations and the influence of interest groups are issues of concern. All of these, to varying degrees, are problematic in all Black Sea states.

The other particular feature of the region which can affect democratisation is the persistence of minority problems in most countries. By contrast, the emergence of a new generation of western educated technocrats in the political arena in some countries is a positive development. Nevertheless, the evidence suggests that the overwhelming number of issues linked to political transformation processes is resulting in growing voter discontent and distrust in the performance of their democracies. Also of concern is the growing inequality between rich and poor. Mounting welfare and income disparities discredit the transformation to democracy and market economies in the sense that they seem to favour the lot of political and economic elites instead of the nation as a whole. The current global economic crisis has only served to exacerbate this feeling of inequality thus undermining yet further the credibility of democratic values and stable good governance. The rise of nationalism and populism in Europe and the Black Sea region are also damaging the standing of democracy.

Other related dimensions are the role and impact of stakeholders such as the EU, the United States and international organisations such as the OSCE and the Council of Europe, all of which are champions of democratisation. Their influence to date has been weak and patchy as, in certain places, it clashes directly with Russia's perception that it holds a *droit de regard* over its wider neighbourhood.

In the longer run, to minimise divisions both within states and between them, it is necessary for all of the countries of the region to embrace all aspects of good governance, such as participatory democracy, the rule of law, transparency, accountability and efficiency.

Regional Cooperation

The underlying idea of regional cooperation is that it assumes that each country can obtain additional benefits above and beyond what it might gain through independent action. It takes into account both the commonalities and differences between states in a particular geographic location in order to be coherent, useful and effective. In the Black Sea, regionalism has taken off since the end of the Cold War, thanks to numerous local and external factors. These include globalisation, the systemic changes of the post-Cold War era, NATO's open-door policy and EU enlargement, the political and economic transitions of the countries of the region and the international security context. As a result, Black Sea regional cooperation reflects the complex security and socio-economic circumstances of the area and the competing policies and priorities of its stakeholders. The process of European integration also casts a long shadow and fundamentally impacts the progress of cooperation in the Black Sea.

The Black Sea region is crammed with numerous regional structures and programmes that have appeared since the end of the Cold War, (see Annex I). These include political and economic organisations such as BSEC, GUAM, the CDC and the Black Sea Forum. There are also EU-led or initiated programmes such as the Transport Corridor Europe-Caucasus-Asia (TRACECA), the Danube Black Sea Task Force (DABLAS) and the Interstate Oil and Gas Transportation to Europe (INOGATE) which cover transport, water and energy respectively. Then there are the wider EU policies such as the European Neighbourhood Policy, the Black Sea Synergy and the Eastern Partnership. Thus one might be forgiven for thinking that the region is a hive of international activity reflecting its strategic, economic and political relevance. In fact this proliferation of organisations must be seen against a backdrop of overlapping agendas, regional rivalry and tense bilateral relations coupled with insufficient institutional capacity for undertaking major projects of regional importance.

BSEC is a prime example. In spite of permanent structures such as a secretariat, a development bank, a parliamentary assembly, a business council, a think tank and thematic working groups, it suffers from a number of deficiencies such as slow decision-making, a shortage of funds, a lack of qualified expert staff and the limited participation of private sector and civil society actors.

Moreover, the initiatives that do originate within the region are usually ignored by other stakeholders and donors, most notably, the EU. Finally the extent to which any regionally originated initiatives actually fit together well and how they synchronise with global trends and developments is difficult to ascertain.

Most of the states of the region also participate in many of these processes and initiatives simultaneously. This causes policy confusion, a waste of resources and a reduced potential to build capacity in strategic policy areas such as trade, environment, energy, transport and science and technology amongst others.



The fact that many of the states prioritise their own institution building processes, to the exclusion of constructive and parallel region building, ultimately undermines the development of the latter and detracts from the long term benefits of the former. There is no clear understanding that national priorities are reinforced by regional interests. Thus a commitment to serving the collective good of the region is missing and needs to be addressed. This is made worse by the growing influence of the EU. As the centre of gravity increasingly shifts in the direction of Brussels, this simultaneously weakens the potential for more cooperation between the countries of the Black Sea but can also provide new opportunities for joint efforts for those countries that are able and willing to do so.

These concerns underline the need to increase awareness within the region about the importance and relevance of multilateral cooperation including a renewed effort to identify and implement projects of long-term and significant mutual benefit. Thus the fostering of sustained development through regional cooperation can only be addressed through the setting of agreed goals and objectives. The generation of resources so that projects are funded from within, as opposed to their exclusive financing from external sources, including the EU, as is often the case, is important. A dependence on this funding blurs the core purpose of regional cooperation and discourages the involvement of local actors.

The prioritisation of regional policies is thus vital. This means focusing on sectors that have a truly regional character which necessitate a high level of interaction between state, regional, local and non-state actors and that are of a cross-border nature. Given the growing impact and involvement of the EU, an important precondition is a proper policy mix between the approach of the local stakeholders and the EU. Above all an understanding between the EU and Russia to ensure the success of regional cooperation is a prerequisite for effective partnerships. So is an emphasis on local ownership, results-oriented priorities, the coordination of existing initiatives and the establishment of trust and confidence-building measures.

Finally, other relevant concerns include overall policy coordination and coherence, the strengthening of existing institutions through necessary technical and financial capacity-building assistance and the carrying out of feasibility studies and cost benefit analyses with regard to specific projects in order to generate interest and sound policies.

BSEC, for all its weaknesses though, has not been given its due credit despite the fact that it possesses all the right tools and elements to be the overarching regional framework for cooperation. This is in contrast to other regional forums which also possess institutions but whose membership is limited and which also suffer from a lack of political support. The inclusive nature of BSEC is linked to its comprehensive institutional structures which assure a focus on relevant thematic issues. Although it avoids addressing security issues as such, it should be noted that these are dealt with in the context of its parliamentary assembly and its related research centre. However a serious issue that needs consideration is the top-down, strictly intergovernmental nature of the organisation and the inability or unwillingness of its stakeholders to give it any autonomy or open it up to the initiatives of civil society or the business community.

Conclusions

The Black Sea region's state of play and its increased relevance to various stakeholders suggests that much needs to be done to ensure that it evolves peacefully and constructively and that it becomes a reliable community that poses no threat to itself or to its neighbours. This in turn implies an emphasis on security concerns, sustainable development, regional cooperation and good governance. What comes as a surprise perhaps is that the tools needed to address these challenges already exist. These include regional organisations, financial institutions geared towards the region and many already existing policies and initiatives.

A major drawback is an across-the-board lack of political support and understanding, within the region and internationally, of the already existing processes of regional cooperation. The analysis provided by this report finds that regional cooperation is fundamental if we are to achieve security, stability and economic and social development. Regional cooperation is not an end in and of itself but rather a gradual and multifaceted process which is long-term in scope. By its very nature, it brings state and non-state actors together in a way which takes us towards this goal. In the short term though, the focus should be on well defined problems, yielding visible results, which can be seen and felt by ordinary people.

Current attempts at policy coordination in the Black Sea region, embodied in several regional institutions and multilateral forums, fail to deliver substantive results. A persuasive indicator of political commitment to constructive regionalism is the willingness of participating countries to allocate resources, commensurate with their possibilities, to regional projects and to build the required capacity for the joint administration of those resources. However, failure or the endless delaying of cooperation bears with it costs for the people of the region. These include adverse economic effects and obstacles to free trade which in turn slow growth and welfare.

The composition of the Black Sea region is highly diversified in terms of the size and power of its countries, their systems of governance, the sophistication of their economic and financial structures and human development indicators. Considering such diversity, it is difficult to create comprehensive regional integration schemes in the conventional sense, at least in the short term. This should not however, be an obstacle to broad ranging cooperation but rather an incentive to creative thinking and pragmatic action. It is realistic for the Black Sea to become a model for new and imaginative types of positive relationships which bind rather than divide in a region that has been fragmented for far too long. The best way to achieve this is in a multilateral and regional format. Setting up or bolstering existing regional frameworks for policy coordination among stakeholders that would ultimately reduce instability does not have to entail immense political or financial costs. It would though, require a change in the mind-set of policy makers to comprehend the value of regional approaches to policy making.



Around the Black Sea, there are two opposing conditions that affect the potential of regionalism. On the one hand, economic difficulties and the need for managing regional public goods such as the environment, trade and financial stability have generated demands for regional cooperation, integration and policy coordination. These need to be strengthened and efficiently channelled into regional policy making. On the other hand, important security issues such as the unresolved secessionist conflicts undermine the drive for regionalism and obstruct collective action and institutions. These adverse security conditions need to be eliminated or their impacts reduced.

The role of the EU is key. Three of the states of the Black Sea, Greece, Bulgaria and Romania, are EU member states while Turkey is negotiating its accession. The impact of the EU is extremely high as its power of attraction and policies such as the European Neighbourhood Policy, the Black Sea Synergy and the Eastern Partnership, target Armenia, Azerbaijan, Georgia, Moldova and Ukraine, while it has a strategic partnership with Russia. The EU has also become, for those states of the region which are not members, their most important economic partner. For most of them it is becoming a catalyst of social and political change too. There is thus a need to clarify the Union's status with regard to the formulation of regional policies and outputs.

It is the view of the Commission that the primary responsibility for articulating a clear and coherent vision of what the Black Sea region should look like in ten years time rests with the regional actors themselves. If they prove to be unable or unwilling to do so, it is to be expected that the geopolitical forces now at play will continue to pursue their respective, and not necessarily convergent, agendas. This is not an attractive proposition for the stability, security and prosperity of the region. Where a regional initiative does not attract the interest of all participants, the wish of certain members or sub-groupings to coordinate and cooperate should be respected by others, insofar as such cooperation is not directed against the non-participants. Those who do not take part should not prevent others from going ahead, and in turn the participants should leave the door open for them to join at a later stage.

All the Commission's recommendations are meant to mobilise international and local interest in the Black Sea region. The current conjunction of developments including the global financial crisis, the post-August 2008 setting and the discussion of a new European security architecture, should be seen as a wakeup call that the region is in need of serious attention and concerted action. The focus here is on a select number of recommendations which the Commission feels should generate support in order to enhance the profile of the wider Black Sea region and to contribute to its regional appeal. This set of recommendations makes no claim to be exhaustive, but we hope it will serve as a point of departure for further discussion.

Policy Recommendations

2020 Vision – A Black Sea Dimension

The setting of consensus targets for the region is important. We should work towards proposing mid-term recommendations with 2020 in sight. We assume that by then, the countries of the Western Balkans will have become EU members, that there should be a clearer picture regarding Turkey's membership and debate on which, if any, of the other countries of the region will join, will have crystallised. This would entail the creation, by the countries and actors of the region, of a new overarching concept and policy; a Black Sea Dimension. The aim of this would be to promote regional cooperation while anticipating changes in the neighbourhood. The necessity of thinking about a new concept for the region is only underscored by the fact that most existing ideas and policies for and about the Black Sea were conceived before the August 2008 war. The Dimension should also take into consideration ongoing discussions regarding a new European security framework. The 2020 Vision needs to be developed into a clear strategy which should mark the culmination of several linked initiatives.

Enhance the profile of Black Sea regionalism

The first chapter in the history of BSEC has ended but a new one has not yet been properly opened. It is in need of rejuvenation. Preparations should begin without delay for a summit in 2012 to mark the 20th anniversary of the organisation. This must not be a mere festive occasion. It should be an opportunity to renew the commitment of its members to regional cooperation and to inaugurate an overhauled BSEC in order to make it a more relevant regional organisation with greater clout. Such steps, which should be in line with other international commitments undertaken by BSEC member states, could include:

- Setting specific targets and deadlines for the development of a system of legally binding commitments and implementation mechanisms. These should cover the main areas of BSEC concern where a regional approach provides value added compared to the individual efforts of member states.
- Agreeing on a substantial augmentation of the BSEC budget, based on proportional contributions, in order to enable BSEC to co-finance major projects of regional interest. This could also be done through the creation of specific funds, similar to the Hellenic Development Fund. The resources of the Black Sea Trade and Development Bank should be harnessed for this.
- Adding a specific security dimension to BSEC activities, relying mainly on confidence-building measures and increased transparency.
- Developing an inclusive mechanism for regular consultation and coordination between BSEC and all the other regional organisations and initiatives, (governmental and non-governmental,) as well as with “extra-regional” partners.



- All members should undertake to actually devote, as opposed to just declaring that they will, at least one cabinet meeting a year to an examination of Black Sea regional cooperation matters and to report accordingly to their parliaments as well as to the BSEC parliamentary assembly.
- BSEC's rebirth, expanded role and enhanced regional relevance should be symbolised by giving it a new name. A region-wide awareness raising competition could be opened for everyone in the region to suggest what it might be and also to design a new logo and flag for it.

Deal with the conflicts – Start real security dialogue and confidence-building measures

As part of our 2020 Vision we see an urgent need to tackle the protracted conflicts and other outstanding issues of the region. The Commission proposes to establish a high level consultative group in order to assess the issues and search for solutions. The group should eventually suggest ways to provide international guarantees for the implementation of any peace agreements. In the interim it should propose confidence-building measures in order to mitigate the corrosive impact of the conflicts on the goal and vision of putting the whole Black Sea region at a qualitatively new level. The feasibility of an international gathering, preferably at a summit level, involving the Black Sea states and international stakeholders should be the end point for any or all of these processes.

There is a need for the region's stakeholders to contribute to the ongoing debate about a new security architecture for Europe, as this discussion has immediate ramifications for the Black Sea which could be described as the shared neighbourhood of both the EU and Russia. As part of this discussion, a renewed assessment of already existing mechanisms, such as the OSCE or the Treaty on Conventional Forces in Europe (CFE treaty), and agreed upon measures under such mechanisms, is needed. Within this context, the Commission proposes a number of confidence-building measures from hotlines between foreign ministers to regular meetings of senior officials of the foreign and defence ministries of the region in order to stress the need for regional solutions to regional problems. Establishing a structured security dialogue on relevant issues ranging from civil protection to coordination regarding man-made or natural disasters, migration and organised crime would be a valuable addition.

Focus on economic issues that meet common challenges and real needs

Promote the principles of sustainable development as the guiding philosophy of regional cooperation in the Black Sea area. In this way we should seek to restore and preserve a rational and enduring equilibrium between economic development and the integrity of the natural environment in ways that society can understand and accept. Rational responses to the consequences of climate change and the responsible use of natural, human and societal resources are essential components of such a development model, which should be translated into coherent policies at national and regional level. Human and knowledge capital should be considered an integral part of a sustainable development model.

Since the on-going global financial and economic crisis has severely affected most countries in the Black Sea region, it is essential to supplement the mitigation measures taken in each country with a concerted regional approach to post-crisis recovery programmes relying on the concept of sustainable development.

Since economies are increasingly interlinked, decisions or actions in one country often impact neighbouring states, thus creating common challenges which require cooperation and communication. The basis for such cooperation may entail undertaking new initiatives to create physical linkages, for example cross-country infrastructure and institutional linkages. These could include policy coordination and harmonisation, cross-country regulation, enhanced information sharing in order to stimulate growth and overlapping activities. Alternatively, the basis of cooperation may be economic security oriented, in the sense of avoiding misunderstandings or undertaking policies which may have adverse “beggar thy neighbour” impacts. Cooperation could also aim to mitigate the negative effects of economic downturns, to pool information or resources to create early warning systems or reciprocal assistance mechanisms or to reduce the vulnerability of countries to crises in the future and to devising forms of insurance. The key is for cooperation to meet real and identified needs which have tangible, achievable solutions and appropriate cost benefit ratios.

Take policy measures to improve the business environment and to facilitate greater economic activity across borders. These should include concrete steps to facilitate business activity by removing various non-tariff barriers that hinder trade, investment or financing. This may be done by agreements relating to specific activities, for example customs procedures and visas or in the form of a comprehensive trade facilitation deal.

Conduct regular policy dialogues between relevant officials concerned with important sectors of the economy that would benefit from cooperation such as finance, transport, energy, environment, fisheries and so on.

Promote and coordinate regional cooperation schemes at all levels

Any examination of work done on the region shows that numerous schemes, programmes and initiatives, whether governmental or non-governmental, not-for profit, EU-led or with a thematic focus have been actively promoting regional cooperation for years. Annex I is indicative of this. However, the need to make this work more visible and coordinated is necessary if the potential of the Black Sea, as a region, is to be fully unleashed.



There is also a need to move beyond the top-down approach promoted by organisations such as BSEC and others, to assure that civil society plays a role in the development of the region. If we are to assume that civil society refers to uncoerced collective action around shared interests, purposes and values, there is much to be gained from the greater involvement of the business sector at national and regional levels, NGOs, women's groups and youth in Black Sea regional activities.

Identifying issues which could be better addressed regionally rather than nationally is a priority. Doing this would serve as a good tool for coordination between institutions and programmes with a regional cooperation dimension. Working on this could also help draw in all relevant actors in the fields of their concern. The selection of key subjects which need addressing would also assist donors, governments and investors in deciding on their funding priorities. Lessons should be drawn from the experiences of other areas which have faced or are dealing with similar issues, such as the Baltic, the Balkans, the Danube region and so on.

Promote intercultural dialogue

A clear encouragement and sponsorship of intercultural dialogue among the peoples of the Black Sea would support regional cooperation. A useful example that could serve as an inspiration and model is the Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures which is based in Alexandria in Egypt and operates within the framework of the Euro-Mediterranean Partnership. Another reference is the Alliance of Civilizations which was established in 2005, at the initiative of the governments of Spain and Turkey, under the auspices of the United Nations. Similar models should be encouraged at the sub-regional level. Intercultural dialogue should be promoted hand in hand with interfaith dialogue, aimed at bringing together the religious leaders of the region's confessions. Cooperation between universities should be enhanced as should student exchange programmes in order to create linkages and networks between young people of the Black Sea. A joint Black Sea Studies graduate programme needs to be established between the region's universities in order to create academic linkages for the future. In terms of the media there are few foreign correspondents from Black Sea countries reporting on events in one another's countries. This means that what news there is often comes from external sources not well attuned to the interests of their readers or viewers. Funds should be found to address this problem.

Promote the targeted training of professional groups

There is a need for the targeted training of public servants, diplomats, young leaders, parliamentarians and business leaders throughout the region. This should aim to improve the number of well trained individuals at the service of their countries. However, above and beyond that, training people together is a way to promote the cooperation of local public officials and others on issues of common concerns, such as the environment, which contribute to regional development. The creation of a Black Sea Training Academy for example, would help streamline such a process.

Promote good governance, civil society and social dialogue

The involvement of civil society in policy making is linked to good governance and solid institution building, which all countries in the region have signed up to through their membership of the Council of Europe. Programmes should be implemented such that a focus on civil society is enhanced. Efforts should be made to encourage cooperation between civil society organisations in Black Sea countries including the conflict regions. More funds should be devoted to programmes and projects encouraging active and professional involvement of civil society in policy making throughout the region. Countries should take practical steps in developing e-government services both on national and regional levels. Business organisations such as chambers of commerce and employers' organisations and trade unions should also be encouraged to talk to one another in order to find and propose regional solutions for regional problems. One idea could be the creation of a cooperation council for business organisations and chambers of commerce under the aegis of the renewed BSEC enhancing the scope of the already existing BSEC Business Council.

The Commission believes in the potential of the Black Sea, its people and governments. We believe that our recommendations can serve as a means to begin to release it.



The Black Sea in Figures

ANNEX I: Regional Organisations and Initiatives

Name	Est.	Type	Member States / Parties	Goals / Activities
The Organisation of the Black Sea Economic Cooperation (BSEC)	1992	Regional economic organisation	Initiating party: Turkey Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Turkey and Ukraine.	Foster regional cooperation through its sectoral working groups: Agriculture; Banking & Finance; Combating Crime; Culture; Customs Matters; Emergency Assistance; Education; Energy; Environmental Protection; Exchange of Statistical Data & Information; Healthcare & Pharmaceuticals; Information & Communication Technologies; Institutional Renewal & Good Governance; Science & Technology; SMEs; Tourism; Trade & Economic Development; Transport.
Related Bodies / Affiliated Centres of the BSEC:				
1. BSEC Business Council	1992	International non-governmental, non-profit organisation	National organisations representing the business communities of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine.	Lobby and act for the continuous improvement of the business and investment environment; provide a forum for a dialogue between the private and public sectors; help attract Foreign Direct Investment to the region; help enhance the competitiveness of SMEs through management training; develop joint cooperation projects; collect and disseminate statistical data and information on business conditions and business opportunities in the region.
2. Black Sea Trade and Development Bank (BSTDB)	1997	International financial institution	Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine.	Accelerate development and promote cooperation between its shareholder countries; support regional trade and investment, providing financing for commercial transactions and projects in order to help member states to establish stronger economic linkages.
3. International Centre for Black Sea Studies (ICBSS)	1998	Independent research and training institution	Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Turkey and Ukraine.	Foster multilateral cooperation among the BSEC member states as well as with their international partners; strives to pursue applied, policy-oriented research, build capacity and promote knowledge on the Black Sea region; tries to fulfil in the best possible way its institutional role and the assignments received by carrying out studies, offering policy advice and coordinating activities.
4. Parliamentary Assembly of the Organization of the BSEC (PABSEC)	1993	Parliamentary assembly	76 parliamentarians from Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Turkey and Ukraine.	Provide a legal basis for economic, commercial, social, cultural and political cooperation among the member countries; to enact legislation needed for the implementation of decisions taken by the heads of state or government or by the ministers of foreign affairs; to provide assistance to national parliaments so as to strengthen parliamentary democracy; to promote cooperation with other international and regional organisations.
Other Regional Organisations and Initiatives:				
Black Sea Association of National News Agencies (BSANNA)	2006	International association	AzerTAj (Azerbaijan), ANA (Greece), Armenpress (Armenia), Anadolu Agency (Turkey), ATA (Albania), BTA (Bulgaria), ITAR-TASS (Russia), Caucasus-Press (Georgia), Moldpres (Moldova), AGERPRES (Romania), Tanjug (Serbia), MIA (FYROM), HINA (Croatia), GHN (Georgia) and Ukrinform (Ukraine).	Promote friendship and good neighbourly relations; strengthen mutual respect and trust among the agencies; freely and equally exchange information to facilitate its dissemination.
Black Sea Euroregion	2008	Regional initiative	Initiating parties: Romania, Bulgaria City of Idjevan; Municipalities of Bourgas, Nessebar, Shabla, Varna, Braila, Constanta, and Mangalia; Autonomous Republic of Adjara; Region of Cahul; Counties of Braila, Constanta, Galati and Tulcea.	Develop cooperation among its members, to represent and support their common interests and to cooperate with the existing Black Sea international organisations.

Black Sea Littoral States Border/Coast Guard Cooperation Forum	2000	International forum	Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine.	Enhance peace, stability and maritime security in the Black Sea area by increasing regional cooperation and improve working relationships.
Black Sea Forum for Dialogue and Partnership	2006	Regional platform	Initiating party: Romania Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Turkey and Ukraine.	Foster greater synergy among international and regional organisations to create political preconditions for the success of regional cooperation projects; shaping a common vision and setting a common agenda. Promote good governance, strengthening of tolerance and non-discrimination, civil society capacity-building, empowerment of youth through provision of better education and research opportunities, with a view to creating a regional environment conducive to the promotion of democracy and fundamental rights and freedoms. Identify regional means and capabilities that can be mobilised to ensure sustainable development through more effective regional cooperation and highlighting the role and active involvement of the business community to this end. Encourage regional cooperation by pooling relevant national experiences and best practices in crisis management, civil emergency planning, post-conflict reconstruction and environmental protection, putting regional priorities in harmony with European and Euro-Atlantic developments in these areas.
Black Sea Naval Cooperation Task Group (BLACKSEAFOR)	2001	Regional multinational maritime force	Initiating party: Turkey Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine.	Search and Rescue (SAR) operations; humanitarian assistance (HA); mine counter measures (MCM); environmental protection; goodwill visits; any other tasks agreed by all the parties.
Black Sea NGO Forum	2008	Non-governmental Organisation forum	100 NGOs from Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, Ukraine and other EU member states.	Increase the level of dialogue and cooperation among NGOs in the wider Black Sea region, as a means of strengthening NGOs and their capacity to influence regional and national policies.
Black Sea Synergy	2007	EU regional cooperation policy	Armenia, Azerbaijan, Georgia, Moldova, Russia, Turkey and Ukraine.	Stimulate democratic and economic reforms; support stability and promote development; focus on practical projects in areas of common concern; respond to opportunities and challenges through coordinated action in a regional framework; develop a climate more conducive to the solution of conflicts in the region.
Commonwealth of Independent States (CIS)	1991	Regional organisation	Initiating party: Russia Azerbaijan, Armenia, Belarus, Georgia (until 17.08.09), Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.	Create an economic union and form a common economic space grounded on free movement of goods, services, labour and capital; to elaborate a coordinated monetary, tax, price, customs and external economic policy; to bring together methods of regulating economic activity and to create favourable conditions for the development of direct production relations.
Community of Democratic Choice (CDC)	2005	Intergovernmental organisation	Initiating parties: Georgia, Ukraine Estonia, Georgia, Lithuania, Latvia, FYROM, Moldova, Romania, Slovenia and Ukraine.	Promote democracy, human rights and the rule of law.
Collective Security Treaty Organisation (CSTO)	1992 (as the Collective Security Treaty)/ 2002	International organisation	Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan.	Strengthen peace and international and regional security and stability and to ensure the collective defence of the independence, territorial integrity and sovereignty of the member states, in the attainment of which the member states shall give priority to political measures.



Harvard Black Sea Security Studies Programme	2001	Academic programme	Senior military representatives and civilian security specialists from Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, Ukraine and the United States.	Deepen participants' understanding of global and regional strategy, defence organisation, military reform and restructuring; identify the very broad common areas of agreement that exist among the Black Sea nations and expose their officials and US participants to the strong common history and shared values of the region; highlight the specific areas of current cooperation on issues of vital interest to these countries and, at the same time, identify those issues which divide them and present challenges to regional cooperation; expose Black Sea officials to the free flow of ideas inherent in the pluralistic American system and within the US national security community itself by engaging them with policy makers who represent a wide range of viewpoints.
International Federation for Sustainable Development and Fight Against Poverty in the Mediterranean-Black Sea	2004	International association	Various institutions from: Albania, Algeria, Armenia, Belgium, Bosnia & Herzegovina, Brazil, Bulgaria, Cyprus, Egypt, France, Georgia, Germany, Greece, Ireland, Israel, Italy, Jordan, Latvia, Lebanon, Luxembourg, FYROM, Malta, Mauritania, Moldova, Morocco, Portugal, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Syria, Tunisia, Turkey, Ukraine, United Kingdom and the United States.	Better management of water and its demand; an increased rational use of energy drawing on renewable sources; supporting sustainable mobility through appropriate transport management; assuring sustainable tourism that may also become a leading economic sector; guaranteeing sustainable agricultural and rural development; furnishing incentives for sustainable urban development; favouring sustainable development of the sea and its coastal zones.
Interstate Oil and Gas Transportation to Europe (INOGATE)	1995	Programme	Initiating party: EU Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkey, Turkmenistan, Ukraine, and Uzbekistan.	Support the development of energy cooperation between the European Union, the littoral states of the Black and Caspian Seas and their neighbouring countries.
Kyiv Initiative	2005	Council of Europe initiative	Armenia, Azerbaijan, Georgia, Moldova and Ukraine.	Show the added value of coordinated and inter-disciplinary planning across a range of key functions, including heritage and environmental protection, tourism, cultural development, education and economic development.
Operation Black Sea Harmony	2004	Naval operation	Initiating party: Turkey Turkey, Russia, Ukraine and Romania.	Increase shipping security along the Black Sea coast and track suspicious ships.
Organization for Democracy and Economic Development – GUAM (ODED-GUAM)	2001	Regional organisation	Initiating parties: Azerbaijan, Georgia, Moldova and Ukraine. Georgia, Ukraine, Azerbaijan and Moldova (initially including Uzbekistan).	Strengthen trade and economic ties; develop transport and communication arteries; strengthen regional security; interact in the framework of international organisations; fight international terrorism, organised crime and drug trafficking.
South Caucasus Anti-Drugs Programme (SCAD)	2001	Programme	Initiating party: EU Azerbaijan, Armenia and Georgia.	Exchange drug epidemiology/information; legal assistance; prevention of drug use; treatment for drug addicts; regional law enforcement trainings.
South East European Co-operation Process (SECEP)	1996	Non-institutionalised regional cooperation structure	Initiating party: Bulgaria Albania, Bosnia & Herzegovina, Bulgaria, Greece, Croatia, FYROM, Moldova, Montenegro, Romania, Serbia and Turkey.	Promote good-neighbourly relations; stability; security; cooperation in South East Europe.

Southeast European Cooperative Initiative (SECI)	1995	Regional organisation	Initiating party: OSCE Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Greece, Hungary, FYROM, Moldova, Montenegro, Romania, Serbia, Slovenia and Turkey.	Combat and improve coordination against trans-border crime in South East Europe.
The Baku Initiative	2004	Policy dialogue on Energy and Transport	Azerbaijan, Armenia, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan.	Integrate energy markets of the participating countries, in order to guarantee transparency and to also give an impulse to Trans-European transport cooperation on the basis of the mutual interest for the progressive integration of their respective transport networks and markets in accordance with EU and international legal and regulatory frameworks.
The Black Sea NGO Network (BSNN)	1998	Regional association	Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine.	Protect the environment, democratic values and good practices.
The Commission on the Protection of the Black Sea Against Pollution (the Black Sea Commission or BSC)	1992	Intergovernmental organisation	Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine.	Combat pollution from land-based sources and maritime transport; achieve sustainable management of marine living resources; pursue sustainable human development.
The Danube Black Sea Task Force (DABLAS)	2001	Cooperation programme	Austria, Bosnia & Herzegovina, Bulgaria, Croatia, Georgia, Germany, Hungary, Moldova, Romania, Russia, Serbia, Montenegro, Slovakia, Slovenia, Turkey, Ukraine, the International Commission for the Protection of the River Danube (ICPDR), the Black Sea Commission, International Financial Institutions (IFIs), the EC, other bilateral donors, other regional/international organisations with relevant functions.	Provide a platform for cooperation for the protection of water and water related ecosystems of the wider Black Sea region, (the entire Black Sea basin including all tributaries).
The Black Sea Trust for Regional Cooperation (BST) – a project of the German Marshall Fund of the United States	2007	Public-private partnership	Main recipients can be located in Armenia, Azerbaijan, Bulgaria, Georgia, Moldova, Romania, Turkey, Ukraine and Russia (the oblasts of Krasnodar and Rostov).	Rebuild trust in public institutions; to affirm the value of citizen participation in the democratic process; to strengthen a critical set of institutions that lie at the nexus of state and society; to foster regional, cross-border ties in the public, private and non-profit sectors.
Transport Corridor Europe-Caucasus-Asia (TRACECA)	1993	Intergovernmental programme	Initiating party: EU Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkmenistan, Turkey, Ukraine and Uzbekistan.	Stimulate cooperation among the participating states in all matters related to the development and improvement of trade in the region; promoting optimal integration of the international transport corridor Europe-Caucasus-Asia 'TRACECA' into Trans-European Networks (TENS); identifying problems and deficiencies in the region's trade and transport systems; promoting TRACECA projects as a means to attract funding from IFIs, development partners and private investors; defining, in terms of contents and timing, a Technical Assistance Programme to be financed by the European Commission.
United Nations Development Programme (UNDP): Black Sea Trade and Investment Promotion Programme (BSTIP)	2007	Intergovernmental initiative	Greece, Turkey, BSEC and UNDP.	Develop networking arrangements; supporting the introduction of the Global Compact in the sub-region; building capacity in EU and WTO legislation.
Union of Black Sea and Caspian Confederation of Enterprises (UBCCE)	2007	International union	National organisations from: Albania, Armenia, Austria, Azerbaijan, Bosnia & Herzegovina, Bulgaria, FYROM, Georgia, Germany, Greece, Iran, Iraq, Kazakhstan, Romania, Serbia, Turkey and Ukraine.	Enhance economic cooperation.



ANNEX II: Military Balance in the Black Sea Region

Table I: Military Capacities and Reserves of the Black Sea Region States

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Conscription (months)	24	No	No	18	9	12	No	12	15	12 (Army/AF) 18 (Navy)
Capabilities										
Active	42,080	66,940	40,747	21,150	156,600	6,000	73,200	1,027,000	510,600	129,925
Army	38,945	56,840	18,773	17,767	93,500	5,150	43,000	360,000	402,000	70,753
Army Professionals	13,840			14,000	57,970	1,671		170,000	77,000	
Conscripts	25,105			3,767	35,530	3,479		190,000	325,000	
Airborne	-	-	-	-	-	-	-	35,000	-	-
Navy	-	2,200	4,100	495	20,000	-	6,500	142,000	48,600	13,932
Professionals	-				16,000	-			14,100	11,932
Conscripts	-				4,000	-			34,500	2,000
Coast Guard	-				-	-			(2,200) ²	-
Marines	-				-	-			(3,100) ²	-
Naval Aviation	-				-	-			-	(2,500) ²
Naval Infantry	-				-	-			-	(3,000) ²
Air Force	2,220	7,900	9,344	1,310	31,500	850	10,200	160,000	60,000	45,240
Professionals					20,500					
Conscripts					11,000					
Strategic Deterrent Forces	-	-	-	-	-	-	-	80,000	-	-
Command and Support	-	-	-	-	-	-	-	250,000	-	-
Joint	915	-	-	-	11,600	-	13,500	-	-	-
Space Forces	-	-	-	-	-	-	-	40,000	-	-
National Guard	-	-	-	1,578	-	-	-	-	-	-
Central Staff	-	-	8,530	-	-	-	-	-	-	-
Paramilitary³	4,748	15,000	34,000	11,700	4,000	2,379	79,900	449,000	102,200	84,900
Reserve	210,000	300,000	302,500	-	237,500	66,000	45,000	20,000,000	378,700	1,000,000
Army			250,500	-	163,500	-			258,700	-
Navy			7,500	-	8,000	-			55,000	-
Air			45,000	-	31,500	-			65,000	-
Paramilitary ³			-	-	-	-			50,000	-
National Guard			-	-	34,500				-	-
Joint			-	-	-	66,000			-	1,000,000

Source: Hackett, J., ed. The Military Balance 2009 (London: IISS, 2009). (2) Included in "Navy" (3) Depending on the country, it might refer to Coast Guard Riot Police, Border Police, etc.

Table II: Comparison of the Black Sea Region's Armies

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Main Battle Tanks	110	320	1,474	53	1,620	-	316	23,000	4,205	2,984
Light Tanks	-	-	-	-	-	-	-	150	-	-
Reconnaissance (Recce)	-	-	18	-	242	-	-	2,000+	250+	600+
Armoured Infantry Fighting Vehicles	104	127	214	77	377	44	49	15,140+	650	3,028
Armoured Personnel Carrier	136	468	2,409	32	2,105	315	1073	9,900+	3,643	1,432
Artillery	229	282	1,666	236	3,163	148	838	26,121+	7,450+	3,351
Unmanned Aerial Vehicles (UAV)	-	-	-	-	12-18	-	-	N/A	215+	-
Aircraft	-	-	-	-	43	-	-	-	168	-
Helicopters	-	-	-	-	161	-	-	1278	280	177

Source: Hackett, J., ed. The Military Balance 2009 (London: IISS, 2009).

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Table III: Comparison of the Black Sea Region's Navies

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia		Turkey	Ukraine
								BS Fleet	Total ¹		
Submarines	-	-	1	-	10	-	-	1	67	14	1
Principal Surface Combatants	-	-	4	-	17	-	7	11	43	23	4
Frigates	-	-	4	-	14	-	3	8	21	23	1
Corvettes	-	-	-	-	3	-	4	-	2	-	3
Aircraft carriers	-	-	-	-	-	-	-	-	1	-	-
Destroyers	-	-	-	-	-	-	-	1	15	-	-
Cruisers	-	-	-	-	-	-	-	2	4	-	-
Patrol and Coastal Combatants	-	5	19	4	40	-	17	10	72	43	5
Mine Warfare	-	2	17	-	11	-	11	7	46	22	4
Logistic and Support	-	1	14	-	21	-	11	90+	422+	49	36
Amphibious	-	5	8	2	64	-	-	7	26	46	3
Naval Aviation											
Aircraft	-	-	-	-	8 (2) ²	6	-	36	314 (245) ³	7	26 (10) ³
Helicopters	-	-	6 (3) ⁴	-	21 (11) ⁵	6	-	42	342	21	77
Naval Infantry											
Armoured Personnel Carrier	-	-	-	-	-	-	16	-	-	-	-
Armoured Combat Vehicle	-	-	-	-	-	-	-	59	488	-	-
Artillery	-	-	-	-	-	-	-	14	58	-	-
Strategic Deterrent Forces											
Submarines									15		

Source: Hackett, J., ed. The Military Balance 2009 (London: IISS, 2009). (1) Incl. the Northern Fleet, the Russian Pacific Fleet, the Russian Black Sea Fleet, the Russian Baltic Fleet, and the Russian Caspian Flotilla (2) support aircraft (3) combat capable (4) operative (5) attacking

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**Table IV: Comparison of the Black Sea Region's Air Forces**

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Aircraft (combat capable)	22 (16)	102 (47)	116 (80)	27 (8)	275 (271)	6	125 (72)	2222 (1859)	753 (435)	299 (211)
Helicopters	33	35	47	33	-	6	67	60	40	38
Unmanned Aerial Vehicle	-	4	1	-	-	-	65	-	18	-
Air Support Command										
Aircraft					39					
Helicopters					34					
Air Training Command										
Aircraft					104					
Strategic Deterrent Forces										
Aircraft								90		

Source: Hackett, J., ed. The Military Balance 2009 (London: IISS, 2009).

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Table V: Military Expenditure

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Military expenditure million US\$ (2007) ¹	195 ²	680	806	720	8,780 ⁵	17.3 ^{2,3}	1,974	33,821 ⁴	11,155	3,278
Military expenditure % of GDP (2007) ¹	3%	-	2.6%	9.2%	3.3%	0.5%	1.6%	3.5% ⁴	2.1%	2.9%

Notes: (1) SIPRI, "Military Expenditure Database," <http://milexdata.sipri.org/> (2) Figures do not include military pensions (3) Figures do not include spending on paramilitary forces (4) Estimates

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ANNEX III: General and Economic Data on the Black Sea Region States

Table I: General Data

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Area ¹ (in km ²)	29,743	86,600	110,879	69,700	131,957	33,851	238,391	17,098,242	783,562	603,550
Population	2,967,004 ¹	8,238,672 ¹	7,606,551 ²	4,615,807 ¹	11,260,402 ²	4,320,748 ¹	21,498,616 ²	140,041,247 ¹	71,517,100 ²	46,016,186 ³
Majority population ¹	97.9 %	90.6 %	83.9 %	83.8 %	93.0 %	78.2 %	89.5 %	79.8 %	75.0 %	77.8 %

Notes: (1) CIA, "The World Factbook," <https://www.cia.gov/library/publications/the-world-factbook> (accessed April 7, 2010) (2) Eurostat, "Total Population," <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=tps00001&tableSelection=1&footnotes=yes&labeling=labels&plugin=1> (3) State Statistics Committee of Ukraine, "Total Population," http://www.ukrstat.gov.ua/operativ/operativ2009/ds/kn/kn_e/kn0809_e.html

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Table II: General Economic Data

		Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
GDP billion US\$ ³	2008	11.917	46.378	49.904	12.864	357.548	6.047	200.074	1,676.586	729.983	179.604
	2009 ⁴	8.683	42.505	44.777	10.981	338.250	5.328	160.674	1,254.651	593.533	115.706
GDP/capita US\$ ³	2008	3,684.555	5,349.391	6,560.723	2,923.545	32,105.106	1,692.547	9,310.386	11,806.947	10,479.452	3,909.873
	2009 ⁴	2,658.053	4,863.808	5,916.220	2,495.627	30,304.748	1,495.984	7,502.905	8,873.614	8,427.105	2,537.803
GDP (PPP) billion US\$ ³	2008	18.733	74.856	93.728	21.424	341.688	10.660	270.772	2,264.608	915.212	337.268
	2009 ⁴	16.057	81.730	89.002	20.887	344.404	9.852	251.741	2,126.390	869.068	294.564
GDP (PPP) / capita US\$ ³	2008	5,792.248	8,634.185	12,321.990	4,869.064	30,681.024	2,983.661	12,600.295	15,947.941	13,138.559	7,342.126
	2009 ⁴	4,915.734	9,352.212	11,759.518	4,747.123	30,856.107	2,766.370	11,755.413	15,039.048	12,339.193	6,460.737
Avg. Inflation ⁵		6.8%	10.8%	6.0%	2.1%	2.9%	7.2%	7.1%	5.6%	1.1%	2.1%
Unemployment rate		7.1% ¹	6.0% ¹	9.1% ²	13.6% ¹	8.9% ²	2.6% ¹	7.6% ²	8.9% ¹	14.5% ¹	4.8% ¹
FDI (2008) million US\$ ⁶		1,132	11	9,205	1,564	5,093	713	13,305	70,320	18,198	10,693

Notes: (1) CIA, "The World Factbook," <https://www.cia.gov/library/publications/the-world-factbook> (accessed April 7, 2010) (2) EuroStat, "Total Population," <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=tps00001&tableSelection=1&footnotes=yes&labeling=labels&plugin=1> (3) IMF, "World Economic Outlook Database 2009," <http://www.imf.org/external/pubs/ft/weo/2009/02/weodata/index.aspx> (4) Estimates (5) BSTDB, Annual Report 2008 (Thessaloniki: BSTDB, 2009), 14. (6) UNCTAD, "FDI Statistics," <http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1>

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**Table III: Growth Rates of the Black Sea Region States**

	Armenia ¹	Azerbaijan ¹	Bulgaria ²	Georgia ¹	Greece ²	Moldova ¹	Romania ²	Russia ¹	Turkey ²	Ukraine ¹
2000	6.0%	6.2%	5.4%	1.9%	4.5%	2.1%	2.4%	10.0%	6.8%	5.9%
2001	9.6%	6.5%	4.1%	4.7%	4.2%	6.1%	5.7%	5.1%	-5.7%	9.2%
2002	13.2%	8.1%	4.5%	5.5%	3.4%	7.8%	5.1%	4.7%	6.2%	5.2%
2003	14.0%	10.5%	5.0%	11.1%	5.9%	6.6%	5.2%	7.3%	5.3%	9.6%
2004	10.5%	10.4%	6.6%	5.9%	4.6%	7.4%	8.5%	7.2%	9.4%	12.1%
2005	13.9%	24.3%	6.2%	9.6%	2.2%	7.5%	4.2%	6.4%	8.4%	2.7%
2006	13.2%	31.0%	6.3%	9.4%	4.5%	4.0%	7.9%	7.7%	6.9%	7.1%
2007 ³	13.7%	25.0%	6.2%	12.4%	4.0%	3.0%	6.0%	8.1%	4.5%	7.6%
2008 ⁴	6.8%	10.8%	6.0%	2.1%	2.9%	7.2%	7.1%	5.6%	1.1%	2.1%
2009 ⁵	-15.6%	7.5%	-5.0%	-4.0%	-2.0%	-9.0%	-7.1%	-7.5%	-5.8%	-14.0%

Notes: (1) IMF, "World Economic Outlook Database 2009," <http://www.imf.org/external/pubs/ft/weo/2009/02/weodata/index.aspx> (2) Eurostat, "Real GDP Growth Rate," <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb020> (3) BSTDB, Annual Report 2007 (Thessaloniki: BSTDB, 2008), 14. (4) BSTDB, Annual Report 2008 (Thessaloniki: BSTDB, 2009), 14. (5) Estimates (except for Bulgaria, Greece, and Romania)

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Table IV: Exports of BSEC (in million US\$)

	Albania	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Serbia	Turkey	Ukraine
1999	275.0	247.3	1,025.2	4,006.4	329.5	8,544.7	474.3	8,503.0	75,551.0	1,548.0	29,031.0	13,189.0
2000	255.7	309.9	1,858.3	4,824.6	459.0	10,201.5	476.8	10,366.0	105,033.0	1,645.0	30,825.0	15,722.0
2001	304.5	353.1	2,078.9	5,112.9	496.1	10,615.0	564.6	11,385.0	101,884.0	1,821.0	34,729.0	17,091.0
2002	330.2	513.8	2,304.9	5,354.1	603.3	9,865.4	659.7	13,876.0	107,301.0	2,212.0	40,719.0	18,669.0
2003	447.2	696.1	2,624.6	7,081.4	830.6	12,577.8	805.1	17,618.0	135,929.3	3,319.0	52,394.0	23,739.0
2004	603.3	738.3	3,743.0	9,931.2	1,092.1	15,739.0	994.1	23,485.0	183,207.0	4,082.0	68,535.0	33,432.0
2005	656.3	1,004.9	7,649.0	11,754.1	1,472.4	17,631.2	1,104.6	27,729.7	243,798.0	4,970.2	78,365.0	35,024.0
2006	792.9	1,025.5	13,014.6	15,101.4	1,666.5	20,300.4	1,058.7	32,336.0	303,550.0	6,441.9	93,611.0	38,949.0
2007	1,078.7	1,196.7	21,269.3	18,575.3	2,088.3	23,991.4	1,368.4	40,555.0	354,401.0	8,755.6	115,356.0	49,840.0
2008	1,355.7	1,112.0	30,586.3	22,585.5	2,428.0	29,162.7	1,640.8	49,626.0	471,603.0	10,956.5	140,999.0	67,717.0

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table V: Total Exports of BSEC (in million US\$)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
142,724.4	181,976.8	186,435.2	202,408.4	258,062.1	345,582.0	431,159.4	527,847.9	638,475.7	829,772.5

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table VI: Imports of BSEC (in million US\$)

	Albania	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Serbia	Turkey	Ukraine
1999	938.0	721.4	1,433.4	5,087.4	863.4	26,495.6	611.5	9,595.0	39,537.0	2,792.0	38,802.0	12,945.0
2000	1,070.0	773.4	1,539.0	6,000.2	970.5	30,440.4	770.3	12,050.0	44,862.0	3,227.0	52,882.0	14,943.0
2001	1,331.6	773.3	1,465.1	6,693.4	1,045.6	29,702.0	879.7	14,354.0	53,763.7	4,129.0	38,092.0	16,893.0
2002	1,485.4	882.6	1,823.3	7,012.6	1,092.3	31,320.6	1,037.5	16,487.0	60,965.8	5,440.0	47,109.0	17,959.0
2003	1,783.5	1,130.2	2,723.1	9,657.3	1,468.6	38,183.6	1,428.1	22,155.0	76,070.0	7,340.0	65,883.0	23,221.0
2004	2,194.9	1,196.3	3,581.7	13,619.1	2,007.7	47,360.0	1,748.2	30,150.0	97,382.0	10,551.0	91,271.0	29,691.0
2005	2,477.6	1,592.8	4,349.9	17,204.4	2,686.3	51,899.5	2,296.1	37,348.1	125,434.0	10,260.0	111,353.0	36,159.0
2006	2,915.6	1,921.3	5,269.3	22,129.5	3,685.8	64,585.3	2,644.4	47,171.9	164,281.0	12,712.6	134,552.0	44,143.0
2007	3,978.3	2,796.9	6,045.0	28,566.7	4,984.0	81,041.2	3,676.4	65,121.0	223,486.0	17,886.0	162,025.0	60,412.0
2008	4,907.5	3,775.6	7,574.7	35,450.3	6,261.2	94,209.0	4,869.9	76,721.0	291,861.0	22,213.0	193,843.0	84,651.0

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table VII: Total Imports of BSEC (in million US\$)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
139,821.6	169,527.8	169,122.4	192,615.1	251,043.3	330,752.8	403,060.6	506,011.8	660,018.6	826,337.1

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table VIII: Intra-BSEC Exports (in million US\$)

	Albania	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Serbia	Turkey	Ukraine
1999	44.3	49.4	267.5	1,205.1	131.9	1,607.2	280.5	1,181.6	8,601.6	244.5	2,272.4	3,721.8
2000	40.2	69.5	344.1	1,637.7	193.7	2,107.0	292.3	1,765.1	11,621.8	298.6	2,507.3	5,335.1
2001	52.5	87.6	318.0	1,498.0	181.9	2,116.5	352.7	1,420.2	12,048.7	209.6	2,966.2	5,539.0
2002	51.1	93.7	360.7	1,696.0	180.2	2,043.0	370.9	1,504.8	13,229.9	267.1	3,637.2	5,653.4
2003	73.1	128.3	473.9	2,275.1	250.3	2,643.6	477.0	2,104.5	17,281.0	368.2	5,085.3	7,161.0
2004	87.9	125.5	750.1	3,113.9	343.2	3,208.5	545.3	3,461.0	25,106.9	568.4	6,823.8	10,492.0
2005	91.2	184.9	1,121.5	3,564.7	498.8	3,527.5	608.5	4,754.8	33,632.9	704.8	8,686.4	12,275.3
2006	100.8	204.2	1,325.5	4,936.2	499.0	4,393.5	529.2	6,015.9	43,412.1	962.3	11,679.3	14,265.6
2007	142.6	391.8	2,173.9	6,675.2	634.7	4,930.3	702.3	7,402.6	50,735.0	1,313.7	16,914.7	20,460.1
2008	157.9	375.9	2,527.0	8,134.5	884.7	5,518.5	886.1	10,093.9	72,393.5	1,663.1	21,135.5	26,123.1

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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**Table IX: Total Intra-BSEC Exports (in million US\$)**

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
19,607.8	26,212.4	26,790.9	29,088.1	38,321.2	54,626.5	69,651.4	88,323.6	112,477.0	149,893.6

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table X: Intra-BSEC Imports (in million US\$)

	Albania	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Serbia	Turkey	Ukraine
1999	361.1	250.4	429.0	1,818.4	336.1	1,686.7	329.7	1,407.8	3,636.8	611.1	4,308.7	3,721.8
2000	427.4	272.2	443.6	2,578.0	348.1	2,467.7	391.9	2,173.4	4,987.0	944.9	6,748.0	5,335.1
2001	544.5	268.6	370.1	2,583.7	367.5	3,148.1	436.7	2,432.1	5,383.3	1,169.4	5,554.3	5,782.7
2002	596.5	379.2	547.8	2,469.0	389.3	3,978.4	516.2	2,670.9	4,912.2	1,273.4	6,589.2	6,724.6
2003	694.0	373.9	728.2	3,523.8	499.4	4,837.9	682.3	4,114.2	6,527.6	1,794.0	9,298.8	9,258.1
2004	784.8	416.9	1,000.5	4,688.9	853.2	5,736.8	925.1	5,557.9	8,798.9	2,496.0	15,370.2	12,542.1
2005	923.9	585.7	1,319.8	6,530.7	1,295.3	7,092.1	1,145.4	7,011.2	11,474.2	2,813.1	20,482.2	14,059.6
2006	1,127.2	778.2	1,998.9	8,459.4	1,953.0	8,362.2	1,451.7	8,771.3	14,171.2	3,857.9	27,023.8	15,540.5
2007	1,343.0	1,348.4	2,211.1	10,956.0	2,656.0	9,288.6	1,879.1	11,605.2	20,463.8	4,671.9	34,811.8	19,277.2
2008	1,531.5	1,743.7	2,850.9	13,806.9	2,984.5	12,619.4	2,413.7	13,199.3	26,333.3	6,255.3	45,632.6	23,497.3

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table XI: Total Intra-BSEC Imports (in million US\$)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
18,897.6	27,117.3	28,041.0	31,046.7	42,332.3	59,171.2	74,733.3	93,495.2	120,511.9	152,868.3

Source: : Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table XII: Total Intra-BSEC Trade (in million US\$)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
38,505.4	53,329.7	54,831.9	60,134.8	80,653.5	113,797.7	144,384.7	181,818.8	232,988.9	302,761.9

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table XIII: Intra-BSEC Exports / Exports of BSEC Ratio

	Albania	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Serbia	Turkey	Ukraine
1999	16.1%	20.0%	26.1%	30.1%	40.0%	18.8%	59.1%	13.9%	11.4%	15.8%	7.8%	28.2%
2000	15.7%	22.4%	18.5%	33.9%	42.2%	20.7%	61.3%	17.0%	11.1%	18.2%	8.1%	33.9%
2001	17.3%	24.8%	15.3%	29.3%	36.7%	19.9%	62.5%	12.5%	11.8%	11.5%	8.5%	32.4%
2002	15.5%	18.2%	15.6%	31.7%	29.9%	20.7%	56.2%	10.8%	12.3%	12.1%	8.9%	30.3%
2003	16.3%	18.4%	18.1%	32.1%	30.1%	21.0%	59.3%	11.9%	12.7%	11.1%	9.7%	30.2%
2004	14.6%	17.0%	20.0%	31.4%	31.4%	20.4%	54.9%	14.7%	13.7%	13.9%	10.0%	31.4%
2005	13.9%	18.4%	14.7%	30.3%	33.9%	20.0%	55.1%	17.1%	13.8%	14.2%	11.1%	35.0%
2006	12.7%	19.9%	10.2%	32.7%	29.9%	21.6%	50.0%	18.6%	14.3%	14.9%	12.5%	36.6%
2007	13.2%	32.7%	10.2%	35.9%	30.4%	20.6%	51.3%	18.3%	14.3%	15.0%	14.7%	41.1%
2008	11.6%	33.8%	8.3%	36.0%	36.4%	18.9%	54.0%	20.3%	15.4%	15.2%	15.0%	38.6%

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table XIV: Total Intra-BSEC Exports / Total Exports of BSEC Ratio

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
13.7%	14.4%	14.4%	14.4%	14.8%	15.8%	16.2%	16.7%	17.6%	18.1%

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table XV: Intra-BSEC Imports / Imports of BSEC Ratio

	Albania	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Serbia	Turkey	Ukraine
1999	38.5%	34.7%	29.9%	35.7%	38.9%	6.4%	53.9%	14.7%	9.2%	21.9%	11.1%	28.8%
2000	39.9%	35.2%	28.8%	43.0%	35.9%	8.1%	50.9%	18.0%	11.1%	29.3%	12.8%	35.7%
2001	40.9%	34.7%	25.3%	38.6%	35.1%	10.6%	49.6%	16.9%	10.0%	28.3%	14.6%	34.2%
2002	40.2%	43.0%	30.0%	35.2%	35.6%	12.7%	49.8%	16.2%	8.1%	23.4%	14.0%	37.4%
2003	38.9%	33.1%	26.7%	36.5%	34.0%	12.7%	47.8%	18.6%	8.6%	24.4%	14.1%	39.9%
2004	35.8%	34.8%	27.9%	34.4%	42.5%	12.1%	52.9%	18.4%	9.0%	23.7%	16.8%	42.2%
2005	37.3%	36.8%	30.3%	38.0%	48.2%	13.7%	49.9%	18.8%	9.1%	27.4%	18.4%	38.9%
2006	38.7%	40.5%	37.9%	38.2%	53.0%	12.9%	54.9%	18.6%	8.6%	30.3%	20.1%	35.2%
2007	33.8%	48.2%	36.6%	38.4%	53.3%	11.5%	51.1%	17.8%	9.2%	26.1%	21.5%	31.9%
2008	31.2%	46.2%	37.6%	38.9%	47.7%	13.4%	49.6%	17.2%	9.0%	28.2%	23.5%	27.8%

Source: : Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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**Table XVI: Total Intra-BSEC Imports/Total Imports of BSEC Ratio**

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
13.5%	16.0%	16.6%	16.1%	16.9%	17.9%	18.5%	18.5%	18.3%	18.5%

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table XVII: Intra-BSEC Trade/Trade of BSEC Ratio

	Albania	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Serbia	Turkey	Ukraine
1999	33.4%	31.0%	28.3%	33.2%	39.2%	9.4%	56.2%	14.3%	10.6%	19.7%	9.7%	28.5%
2000	35.3%	31.5%	23.2%	38.9%	37.9%	11.3%	54.9%	17.6%	11.1%	25.5%	11.1%	34.8%
2001	36.5%	31.6%	19.4%	34.6%	35.6%	13.1%	54.7%	15.0%	11.2%	23.2%	11.7%	33.3%
2002	35.7%	33.9%	22.0%	33.7%	33.6%	14.6%	52.3%	13.8%	10.8%	20.1%	11.6%	33.8%
2003	34.4%	27.5%	22.5%	34.6%	32.6%	14.7%	51.9%	15.6%	11.2%	20.3%	12.2%	35.0%
2004	31.2%	28.0%	23.9%	33.1%	38.6%	14.2%	53.6%	16.8%	12.1%	20.9%	13.9%	36.5%
2005	32.4%	29.7%	20.3%	34.9%	43.1%	15.3%	51.6%	18.1%	12.2%	23.1%	15.4%	37.0%
2006	33.1%	33.3%	18.2%	36.0%	45.8%	15.0%	53.5%	18.6%	12.3%	25.2%	17.0%	35.9%
2007	29.4%	43.6%	16.1%	37.4%	46.5%	13.5%	51.2%	18.0%	12.3%	22.5%	18.6%	36.0%
2008	27.0%	43.4%	14.1%	37.8%	44.5%	14.7%	50.7%	18.4%	12.9%	23.9%	19.9%	32.6%

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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Table XVIII: Total Intra-BSEC Trade/Total Trade of BSEC Ratio

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
13.6%	15.2%	15.4%	15.2%	15.8%	16.8%	17.3%	17.6%	17.9%	18.3%

Source: Compiled by Panagiotis Gavras, Head of Policy & Strategy, Black Sea Trade & Development Bank (BSTDB), Thessaloniki, 2008.

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ANNEX IV: Human Development Index

Table I: Human Development Index 2007 – World Ranking

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Rank	84	86	61	89	25	117	63	71	79	85
Rating	0.798	0.787	0.840	0.778	0.942	0.720	0.837	0.817	0.806	0.796

Source: UNDP, "Human Development Report 2009." <http://hdrstats.undp.org/en/indicators/81.html>

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Table II: Human Development Index 1990-2006 – World Ranking

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
1990	0.731	-	-	-	0.872	0.735	0.786	0.821	0.705	-
1995	0.693	-	-	-	0.874	0.682	0.780	0.777	0.730	-
2000	0.738	-	0.803	0.739	0.895	0.683	0.788	-	0.758	0.754
2005	0.777	0.755	0.829	0.765	0.935	0.712	0.824	0.804	0.796	0.783
2006	0.787	0.773	0.835	0.768	0.938	0.718	0.832	0.811	0.802	0.789

Source: UNDP, "Human Development Report 2009." <http://hdrstats.undp.org/en/indicators/81.html>

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The Human Development Reports of the UNDP have introduced a new way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite human development index (HDI). The HDI sets a minimum and a maximum for each dimension, called goalposts and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1.

The educational component of the HDI is comprised of adult literacy rates and the combined gross enrolment ratio for primary, secondary and tertiary schooling. Since the minimum adult literacy rate is 0% and the maximum is 100%, the literacy component of knowledge for a country where the literacy rate is 75% would be 0.75, the statistic for combined gross enrolment is calculated in an analogous manner. The life expectancy component of the HDI is calculated using a minimum value for life expectancy of 25 years and maximum value of 85 years, so the longevity component for a country where life expectancy is 55 years would be 0.5. For the wealth component, the goalpost for minimum income is \$100 (PPP) and the maximum is \$40,000 (PPP). The HDI uses the logarithm of income, to reflect the diminishing importance of income with increasing GDP. The scores for the three HDI components are then averaged in an overall index (<http://hdr.undp.org/en/statistics/indices/hdi/>).



ANNEX V: Natural Resources

Table I: Oil in 2009

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine	
Reserves (thousand mln barrels – 2009)	0	7.00	0.015	0.035	0.010	0	0.60	60.00	0.30	0.395	
Production (thousand barrels daily – 2008)	0	875.15	3.35	0.97	4.89	0	115.24	9,789.78	46.11	101.27	
Consumption (thousand barrels daily – 2008)	47	121	120	17	433.98	15.80	255	2,916	675.54	370	
Imports (thou- sand barrels daily – 2008)	Crude oil ¹	0	0	144	0.300	386.67	0	48	174	437.28	230
	Refined products	N/A	N/A	N/A	N/A	134.24	N/A	N/A	N/A	297.27	N/A
Exports (thou- sand barrels daily – 2008)	Crude oil ¹	0	730	0	0	21.40	0	5,120	0	0	0
	Refined products	N/A	N/A	N/A	N/A	131.58	N/A	N/A	N/A	133.05	N/A

Source: EIA, "International Energy Statistics," <http://tonto.eia.doe.gov/cfapps/ipdbproject/IEDIndex3.cfm>
Notes: (1) incl. lease condensate

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Table II: Gas in 2009

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Reserves (trillion cubic meters – 2009)	0	0.84	0.005	0.008	0.001	0	0.063	47.57	0.008	1.10
Production (billion cubic meters – 2008)	0	16.19	0.31	<0.02	<0.02	0	11.41	662.21	1.01	19.79
Consumption (billion cubic meters – 2008)	1.92	10.64	3.39	1.72	4.21	2.52	16.93	475.69	37.18	80.78
Imports (billion cubic meters)	1.92	0	3.08	1.72	4.19	2.52	5.49	56.88	36.72	64.19
Exports (billion cubic meters)	0	5.55	0	0	0	0	0	243.41	0.42	3.19

Source: EIA, "International Energy Statistics," <http://tonto.eia.doe.gov/cfapps/ipdbproject/IEDIndex3.cfm>

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ANNEX VI: Freedom of the Press

Table I: Freedom of the Press 2009 – World Ranking

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Rank	151	168	76	128	63	148	92	174	101	115
Rating	68	78	36	60	29	67	44	80	50	55
Status	Not Free	Not Free	Partly Free	Partly Free	Free	Not Free	Partly Free	Not Free	Partly Free	Partly Free

Source: Freedom House, "Freedom of the Press 2009," http://www.freedomhouse.org/uploads/fop/2009/FreedomofthePress2009_tables.pdf

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Table II: Freedom of the Press – World Ranking (1995 to 2008)

	Armenia		Azerbaijan		Bulgaria		Georgia		Greece		Moldova		Romania		Russia		Turkey		Ukraine	
	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating
1995		57		69		39		70		26		47		50		55		73		42
1996		56		69		46		68		29		62		49		58		74		39
1997		56		74		44		55		27		57		47		53		65		49
1998		56		74		36		56		30		58		39		53		69		49
1999		56		73		39		57		30		56		44		59		69		50
2000		57		70		30		47		30		58		44		60		58		60
2001		59		76		26		53		30		59		44		60		58		60
2002		60		77		29		53		30		59		35		60		58		60
2003		65		73		30		54		28		59		38		66		55		67
2004	135	64	156	71	78	35	114	54	64	28	127	63	103	47	147	67	107	52	150	68
2005	134	64	158	72	77	35	116	56	61	28	136	65	104	47	145	68	105	48	123	59
2006	137	64	161	73	77	34	118	57	59	28	141	65	96	44	158	72	103	48	113	53
2007	142	64	164	75	76	34	120	57	54	25	144	65	90	42	164	75	105	49	112	53
2008	144	66	168	77	76	33	128	60	56	27	144	66	94	44	170	78	106	51	110	53

Source: Freedom House, "Freedom of the Press Historical Data," <http://www.freedomhouse.org/template.cfm?page=274>

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Rating	0–30	31–60	61–100
Status	Free	Partly Free	Not Free

The Freedom of the Press index, elaborated by Freedom House, is an annual survey of media independence in 195 countries and territories. The index assesses the degree of print, broadcast, and internet freedom in every country in the world, analyzing the events of each calendar year. It provides numerical rankings and rates each country's media as "Free," "Partly Free," or "Not Free." Country narratives examine the legal environment for the media, political pressures that influence reporting, and economic factors that affect access to information (<http://www.freedomhouse.org/template.cfm?page=16>).



ANNEX VII: Corruption

Table I: Corruption Perceptions Index 2009 – World Ranking

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Rank	120	143	71	66	71	89	71	146	61	146
Score	2.7	2.3	3.8	4.1	3.8	3.3	3.8	2.2	4.4	2.2
Surveys Used	7	7	8	7	6	6	8	8	7	8
Confidence Range	2.6–2.8	2.0–2.6	3.2–4.5	3.4–4.7	3.2–4.3	2.7–4.0	3.2–4.3	1.9–2.4	3.9–4.9	2.0–2.6

Source: Transparency International, "Corruption Perceptions Index 2009". http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table
 Notes: The Corruption Perceptions Index (CPI) measures the perceived level of public-sector corruption in 180 countries and territories around the world.

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Table II: Corruption Perception Indexes 1995 to 2008 – Ranks

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
1995 (41 countries)	–	–	–	–	30	–	–	–	29	–
1996 (54)	–	–	–	–	28	–	–	47	33	–
1997 (52)	–	–	–	–	25	–	37	49	38	–
1998 (85)	–	–	66	–	36	–	61	76	54	69
1999 (99)	80	96	63	84	36	75	63	82	54	75
2000 (90)	76	87	52	–	35	74	68	82	50	87
2001 (91)	–	84	47	–	42	63	69	79	54	83
2002 (102)	–	95	45	85	44	93	77	71	64	85
2003 (133)	78	124	54	124	50	100	83	86	77	106
2004 (145)	82	140	54	133	49	114	87	90	77	122
2005 (158)	–	137	55	130	47	88	85	126	65	107
2006 (163)	93	130	57	99	54	79	84	121	60	99
2007 (179)	99	150	64	79	56	111	69	143	64	118
2008 (180)	109	158	72	67	57	109	70	147	58	134

Source: Transparency International, http://www.transparency.org/policy_research/surveys_indices/cpi/previous_cpi

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The Corruption Perceptions Index (CPI) of Transparency International measures the perceived level of public-sector corruption in 180 countries and territories around the world. It is a "survey of surveys," based on 13 different expert and business surveys. The CPI tables show a country's ranking and score, the number of surveys used to determine the score and the confidence range of the scoring. The rank shows how one country compares to others included in the index. The CPI score indicates the perceived level of public-sector corruption in a country/territory. The CPI is based on 13 independent surveys. However, not all surveys include all countries. The surveys used column indicates how many surveys were relied upon to determine the score for that country. The confidence range indicates the reliability of the CPI scores and tells us that, allowing for a margin of error, we can be 90% confident that the true score for this country lies within this range (http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table).

ANNEX VIII: Index of Democracy

Table I: Democracy Index 2008 – World Ranking

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Rank	113	135	52	104	22	62	50	107	87	53
Overall Score	4.09	3.19	7.02	4.62	8.13	6.50	7.06	4.48	5.69	6.94
Electoral Process and Pluralism	4.33	3.08	9.17	7.00	9.58	9.17	9.58	5.25	7.92	9.58
Functioning of Government	3.21	0.79	5.36	0.79	7.50	4.29	6.07	2.86	6.07	5.36
Political Participation	3.89	3.33	6.11	4.44	6.67	6.11	6.11	5.56	4.44	5.56
Political Culture	3.13	3.75	5.63	4.38	7.50	5.00	5.00	3.75	5.00	6.25
Civil Liberties	5.88	5.00	8.82	6.47	9.41	7.94	8.53	5.00	5.00	7.94

Source: "The Economist Intelligence Unit's Index of Democracy 2008," <http://graphics.eiu.com/PDF/Democracy%20Index%202008.pdf>

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Table II: Democracy Index 2006 – World Ranking

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Rank	110	129	49	104	22	62	50	102	88	52
Overall Score	4.15	3.31	7.10	4.90	8.13	6.50	7.06	5.02	5.70	6.94
Electoral Process and Pluralism	4.33	3.08	9.58	7.92	9.58	9.17	9.58	7.00	7.92	9.58
Functioning of Government	3.21	0.79	5.71	1.79	7.50	4.29	6.07	3.21	6.79	5.71
Political Participation	3.89	3.33	6.67	3.33	6.67	6.11	6.11	5.56	4.44	5.56
Political Culture	3.13	3.75	5.00	5.00	7.50	5.00	5.00	3.75	3.75	5.63
Civil Liberties	6.18	5.59	8.53	6.47	9.41	7.94	8.53	5.59	5.59	8.24

Source: "The Economist Intelligence Unit's Index of Democracy," http://www.economist.com/media/pdf/Democracy_Index_2007_v3.pdf

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Table III: Democracy Index – Comparison between 2008 and 2006

	Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
Rank	-3	-6	3	-	-	-	-	-5	+1	-1
Overall Score	-0.06	-0.12	-0.8	-0.28	-	-	-	-0.54	-0.01	-
Electoral Process and Pluralism	-	-	-0.41	-0.92	-	-	-	-1.75	-	-
Functioning of Government	-	-	-0.35	-1.00	-	-	-	-0.35	-0.72	-0.35
Political Participation	-	-	-0.56	+1.11	-	-	-	-	-	-
Political Culture	-	-	+0.63	-0.62	-	-	-	-	+1.25	+0.62
Civil Liberties	-0.30	-0.59	+0.29	-	-	-	-	-0.59	-0.59	-0.30

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Overall Score	8–10	6–7.9	4–5.9	0–3.9
Status	Full Democracy	Flawed Democracy	Hybrid Regime	Authoritarian Regime

The Economist Intelligence Unit's democracy index is based on five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. The five categories are inter-related and form a coherent conceptual whole (<http://graphics.eiu.com/PDF/Democracy%20Index%202008.pdf>).

ANNEX IX: Democracy and Management of Transformation

Table I: Status of Democracy and Market Economy Index, BTI 2001

	Armenia	Azerbaijan	Bulgaria	Georgia	Moldova	Romania	Russia	Turkey	Ukraine
Rank	62	86	14	52	61	16	65	20	37
Overall Score Status	5,75	4,85	8,36	6,03	5,79	8,23	5,70	7,54	6,551.
I. Democracy									
Stateness	8,8	7,0	9,8	6,3	8,0	9,3	8,0	8,0	8,8
Political Participation	4,0	3,3	9,3	7,3	6,5	9,3	5,3	7,8	7,8
Rule of Law	4,5	4,0	8,3	5,5	5,8	8,3	4,3	7,3	6,3
Stability of Democratic Institutions	2,0	2,0	9,0	6,5	7,0	8,5	5,0	8,0	6,5
Political and Social Integration	5,8	3,3	7,5	4,8	6,0	7,3	3,8	7,3	5,8
II. Market Economy									
Socioeconomic Level	4,0	5,0	7,0	4,0	3,0	7,0	6,0	5,0	5,0
Market Organization	6,5	5,5	8,8	7,5	5,5	8,8	6,0	8,5	6,8
Currency and Price Stability	8,0	6,5	9,0	7,5	7,0	9,0	8,5	8,5	6,5
Private Property	8,0	6,0	9,0	7,0	5,5	9,0	4,0	8,5	6,0
Welfare Regime	5,5	5,5	7,0	4,0	4,0	7,0	6,0	7,0	6,0
Economic Performance	8,0	7,0	8,0	6,0	5,0	8,0	8,0	8,0	7,0
Sustainability	5,5	5,0	7,0	6,0	4,5	7,0	4,5	6,5	5,5

Source: "The Transformation Index of the Bertelsmann Stiftung (BTI) 2010", <http://www.bertelsmann-transformation-index.de/en/>

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Table II: Management of Transformation, BTI 2010

	Armenia	Azerbaijan	Bulgaria	Georgia	Moldova	Romania	Russia	Turkey	Ukraine
Rank	85	95	14	42	79	25	107	23	66
Management Index Score	4,36	4,05	6,67	5,68	4,49	6,27	3,41	6,34	4,92
Level of Difficulty	4,2	5,1	2,8	6,0	5,7	3,0	4,0	3,6	3,9
Steering Capability	4,7	4,0	7,3	6,0	4,3	7,0	4,0	8,0	5,7
Resource Efficiency	4,7	4,0	7,0	6,7	4,0	6,3	4,3	6,7	4,0
Consensus-Building	4,0	4,2	8,4	5,6	5,2	8,0	4,4	6,6	6,4
International Cooperation	6,7	6,0	9,0	6,7	6,3	8,3	3,0	8,3	6,7

Source: "The Transformation Index of the Bertelsmann Stiftung (BTI) 2010", <http://www.bertelsmann-transformation-index.de/en/>

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The Transformation Index BTI of the Bertelsmann Stiftung is a ranking of 128 developing and transition countries. It sheds light upon the political and economic status of each country as well as upon the political management performance by the relevant actors. Detailed country reports provide information on the underlying factors of assessment for each country examined. The rating scale for each area ranges from 10 (best) to 1 (worst) (<http://www.bertelsmann-transformation-index.de/en/>).



Abbreviations

BLACKSEAFOR	Black Sea Naval Cooperation Task Group
BSANNA	Black Sea Association of National News Agencies
BSC	The Commission on the Protection of the Black Sea Against Pollution (a.k.a. the Black Sea Commission)
BSEC	The Organization of the Black Sea Economic Cooperation
BSNN	Black Sea NGO Network
BST-GMFUS	Black Sea Trust for Regional Cooperation – a project of the German Marshall Fund of the United States
BSTIP	Black Sea Trade and Investment Promotion Programme
BSTDB	Black Sea Trade and Development Bank
CBMs	Confidence-Building Measures
CDC	Community of Democratic Choice
CFE Treaty	Treaty on Conventional Forces in Europe
CIS	Commonwealth of Independent States
CSDP	Common Security and Defence Policy
CSTO	Collective Security Treaty Organisation
DABLAS	The Danube Black Sea Task Force
ENP	European Neighbourhood Policy
EU	European Union
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
GMF	German Marshall Fund of the United States
GUAM-ODED	Organization for Democracy and Economic Development
ICBSS	International Centre for Black Sea Studies
ICPDR	International Commission for the Protection of the Danube River
IFI	International Financial Institution
IMF	International Monetary Fund
INOGATE	Interstate Oil and Gas Transportation to Europe
MAP	Membership Action Plan (NATO)
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organisation
OSCE	Organization for Security and Co-operation in Europe
PABSEC	Parliamentary Assembly of the BSEC
PfP	Partnership for Peace
PPP	Purchasing Power Parity
SCAD	South Caucasus Anti-Drugs Programme
SEECF	South East European Cooperation Process
SME	Small and Medium Enterprises

TEN	Trans-European Networks
TEPAV	Economic Policy Research Foundation of Turkey
TRACECA	Transport Corridor Europe-Caucasus-Asia
UBCCE	Union of Black Sea and Caspian Confederation of Enterprises
UN	United Nations
UNDP	United Nations Development Programme
US / USA	United States/United States of America
WTO	World Trade Organization



Initiators

International Centre for Black Sea Studies (ICBSS), Athens

The International Centre for Black Sea Studies (ICBSS) was founded in 1998 as a non-profit organisation under Greek law. It has since fulfilled a dual function: On the one hand, it is an independent research and training institution focusing on the wider Black Sea region. On the other, it is a related body of the Organisation of the Black Sea Economic Cooperation (BSEC) and in this capacity serves as its think-tank. As such it has direct access to policy makers in the BSEC member states and a vast network of contacts in research institutes and with other stakeholders. Since its founding, the ICBSS has accumulated rich experience in policy-oriented research and advocacy work. It plays a central role in strengthening Black Sea – EU cooperation and regularly produces publications, policy recommendations and events with the overarching aim of fostering cooperation among and with the countries of the Black Sea region.

www.icbss.org

Economic Policy Research Foundation of Turkey (TEPAV), Ankara

The Economic Policy Research Foundation of Turkey (TEPAV) is an independent, non-governmental, non-partisan think-tank, established in October 2004. TEPAV aims to increase the knowledge content of policy discussions in Turkey. The goal of TEPAV research is to remove the gap between academic research and policy implementation. TEPAV is composed of three institutes. They are the International Policy Research Institute – IPRI, the foundation is composed of the Economic Policy Research Institute – EPRI and the Economic Stability Institute – ESI. TEPAV makes its findings and analysis widely available through its publications and events.

www.tepav.org.tr

The Black Sea Trust for Regional Cooperation, a project of the German Marshall Fund of the United States, Bucharest

In order to promote regional cooperation and good governance in the wider Black Sea region, GMF started the Black Sea Trust for Regional Cooperation. A public-private partnership, the Black Sea Trust (BST) works in collaboration with a range of donors to provide grants to local organisations working to foster and strengthen regional cooperation, civil society, and democratic foundations.

The broad goals of the Black Sea Trust are four-fold:

- To rebuild trust in public institutions
- To affirm the value of citizen participation in the democratic process
- To strengthen a critical set of institutions that lie at the nexus of state and society
- To foster regional, cross-border ties in the public, private, and non-profit sectors

www.gmfus.org/blacksea

Bertelsmann Stiftung, Gütersloh

Founded in 1977, the Bertelsmann Stiftung is a private, independent and non-partisan foundation that aims to identify social problems and challenges at an early stage and develop solutions to address them. The Bertelsmann Stiftung is both a think tank and an agent for social change and is working to promote steady development that leads to a sustainable society. It focuses on areas in which it has accumulated a wealth of experience over many years. Its work is geared towards improving education, a just and efficient economic system, a preventative healthcare system, a vibrant civil society and greater international understanding.

In the area of international politics, the Bertelsmann Stiftung has gained expertise in fields such as democracy and integration, modern government, European integration, as well as security policy. It has developed the Bertelsmann Stiftung Transformation Index (BTI), an international ranking of 125 developing and transition countries which permits a focused comparison of the status of a country's democratic and market-economy structures, as well as the efficacy of its reform strategies.

www.bertelsmann-stiftung.de



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Tim Judah is a foreign correspondent and author. He writes most of the Balkan coverage for The Economist but also covers other parts of the world. These have included Afghanistan, Iraq, North Korea and Darfur. He has reported from Georgia for The Economist, including Abkhazia and South Ossetia. His reports and commentaries have been published by the BBC, the New York Review of Books, The Observer and the Balkan Investigative Reporting Network (BIRN) amongst others. He is the author of several books and served as a Senior Visiting Research Fellow at the London School of Economics.

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The Report

The Black Sea region is coming into its own – but it is a contested and sometimes dangerous neighbourhood. What is needed are regional solutions for regional problems, but how do we get them? The Commission on the Black Sea was formed to suggest ways for this increasingly important but volatile region to move in the direction of cooperation and collaboration and away from conflict and rivalry. It was formed to provide policy-oriented research on the challenges and opportunities of the Black Sea region and to suggest ways to secure its peace and prosperity.

“The Commission believes in the potential of the Black Sea, its people and governments. We believe that our recommendations can serve as a means to begin to release it.”

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