



EU AND BLACK SEA REGIONAL COOPERATION

Report on the International Workshop

Berlin, 26 and 27 March, 2007

This document presents the statements and discussions during the preparatory international workshop held in Berlin 26-27 March, 2007, and should be considered as a starting point for debates of the International Conference that will take place on the 7th and 8th of May, 2007. The report summarizes the views expressed by the participants and do not necessarily represent the opinion of the organizers.

The aim of the workshop was threefold: to investigate in which way the EU could strengthen its policy towards the Black Sea region; to define which lessons learned from other regional cooperation could be applied to the context of the Black Sea countries and how; and to identify thematic areas of cooperation and concrete projects, feasible in a relatively short time.

The Report was compiled by Elena Tegovska and Johanna Deimel, Wim van Meurs has written the introduction.

Introduction

On the eve of the 2004 Eastern enlargement, the EU launched a comprehensive strategy for relations with and among its neighbours – the neighbours across the Mediterranean and the new eastern neighbours. Eventually the European Neighbourhood Policy (ENP) emerged from the initial “Wider Europe” strategy and included states in the Middle-Eastern and Caucasian regions too. The ENP’s key challenge concerned the formulation of an EU policy towards countries explicitly barred from an EU accession perspective and those for which a perspective of EU integration was “not on the agenda” for the short and medium term. Yet, the EU endeavoured to contribute to democracy, prosperity and stability in these regions facing substantial problems in economic and political development as well as intrastate conflict and fragile statehood. ENP came to integrate experiences from the Barcelona Process for the Mediterranean and regional cooperation in the Baltic Sea region (the EU’s Northern Dimension and the Council of the Baltic Sea States) with some instruments and practices from the enlargement process.

The accession of Romania and Bulgaria to the European Union on 1 January 2007 not only rounded off the process of Eastern enlargement, but also meant that the EU received a lengthy coast on the Black Sea. The Black Sea region in a wider sense (including the six littoral states, Greece, Turkey, Russia, Azerbaijan and Armenia) has an importance for the European Union unequalled by the Mediterranean and the Baltic Sea region. In *positive terms*, the economic potential of the region is largely untapped due to unfinished processes of economic transition, deficits in transport infrastructure and regional tensions. The



region's importance as a provider and transit region for energy resources has increased markedly in recent years. In *negative terms*, however, issues of state consolidation, political tensions between the states of the region and frozen conflicts continue to trouble the Black Sea region. Economic disparities, the hardships of transition to a market economy, insufficient border controls and political instabilities have contributed to the Black Sea's reputation as a transit area for organised crime, illegal migration and trafficking that concern EU member states directly. Therefore, the EU Commission launched a new Black Sea Synergy as a new regional cooperation initiative of the EU to address opportunities and challenges in the Black Sea region¹ to be submitted to the European Council in June 2007.

In the case of the Black Sea, the EU's interests have been upped and the time has come to take stock of the lessons learned from earlier EU endeavours of regional-cooperation promotion (partly) beyond its outer borders. At the same time, the first phase of the European Neighbourhood Policy has almost passed and in June 2007 the European Commission plans to submit a report on the further development of an "ENP plus" to the European Council. Although the ENP was designed to cover Europe's neighbouring regions from Tanger to Murmansk, the regional-cooperation dimension in particular tends to cluster around three seas, the Mediterranean Sea, the Black Sea and the Baltic Sea.

In terms of EU endeavours of regional cooperation, a much smaller "sea" may actually offer the most adequate lessons learned – Lake Ohrid. The Balkans feature as the most intense EU project of inducing heterogeneous and partly inimical states and nations to lay the foundations for sustainable cooperation.

Even without the dilemma of EU integration, the Barcelona Process for the Mediterranean only partially lived up to European expectations. European bilateral assistance and the promise of enhanced relations did produce some results in political and economic reforms, but the limited leverage of the EU beyond its external borders failed to produce crucial breakthroughs, e.g. in democratisation. Multilateral regional cooperation among the southern littoral states by and large failed to materialise, too. Conversely, the various fora of regional cooperation around the Baltic Sea involving Russia and sometimes Belarus are often applauded as role models for the transformative and stabilising effects of European strategies. Apart from the clear advantage of the democratic consolidation and economic prosperity of the Scandinavian and Baltic states as well as the absence of bilateral tensions, the key lesson from Baltic cooperation is to involve Europe's strategic partner Russia on a strictly non-political level of cooperation with tangible benefits for both sides and no political strings attached.

Not unlike the Black Sea, the Balkans involved a number of countries with strenuous relations, to say the least, that had never before considered themselves "a region" in its own right. In terms of frozen conflicts such as Moldova and the Caucasus, the Black Sea region and the Balkans face similar major stumbling blocks to regional cooperation. The role of the European Union as a promoter of cooperation among the riparian states of the Black Sea, however, is further complicated by the region's prime geostrategic importance and the proximity of two strategic powers – Russia and Turkey. In the case of the Balkans, the EU wielded the powerful incentive of the EU membership perspective, which certainly pushed and guided reform efforts in Bulgaria and Romania, and has been crucial as a momentum for reform in the Western Balkans as well, even though progress is still less far reaching.

¹ Communication from the Commission to the Council and the European Parliament: Black Sea Synergy – A New Regional Cooperation Initiative, COM (2007) 160 final, Brussels 11.04.2007

The fundamental strategic challenge of the Black Sea region concerns the accepted fact that EU membership is a reality for Romania and Bulgaria, a long-term promise for Turkey and a non-option for Ukraine, Russia and the Caucasian states. The lessons learned from the Balkans not only concern the intricacies of calibrating the bilateral relations with (potential) candidate countries with the multilateral process of regional cooperation, but also the dilemma's of Europeanising a heterogeneous region encompassing member states, candidate countries as well as non-candidates.

After eight years of implementing a comprehensive program for multilateral cooperation of unrivalled ambition, the Stability Pact for Southeastern Europe is currently winding down and with the establishment of the Regional Co-operation Council (RCC) handing over responsibility for the regional co-operation processes under its auspices into regional ownership in partnership with the South-East European Cooperation Process (SEECP). In retrospect, some of the most relevant and critical lessons from the engagement in South Eastern Europe are the following:

1. Internationally driven initiatives require a degree of regional/local ownership from the outset to be successful;
2. Even the most comprehensive program of regional cooperation should define its key priorities in line with existing local interests and political will in order to use political commitment and available resources efficiently;
3. The creation of new fora and institutions should be considered with utmost caution;
4. Preference should be given to existing platforms and organisations for cooperation;
5. Rather than to insist on having all states of the region on board for every initiative, regional cooperation initiatives should rely on the attraction of a successful endeavour and be ready to start with a committed core group of countries;
6. The structural tension between cooperation within the region and cooperation between the region and the European Union should be addressed constructively and strategically; and
7. The role of local civil society as a monitor and an active partner should be a primary concern rather than an afterthought.

Apart from the geostrategic issues and the frozen conflicts, the set of relevant policies for regional cooperation should take the following lessons and priorities into account. Firstly, energy resources and energy security measures have played a powerful role in the Balkans in enhancing the commitment to regional cooperation. The same applies, secondly, to trade facilitation and the reduction of administrative barriers to free movement of goods, persons, services and capital. Apart from administrative measures for the transparency and compatibility of business and investment related laws, customs and tax systems, cross-border communication and cooperation also require the upgrading of the transport infrastructure. Conversely, free movement implies shared levels of measures against illegal migration, trafficking and organised crime, e.g. in terms of border management and policing. Last, but not least, among neighbours with a history of conflict, confidence-building on the civil-society level and the facilitation of a pooling of resources e.g. in higher education is an asset for further projects of regional integration. After all, the much-acclaimed “regional identity” can only be the outcome of an incremental process of successful cooperation turning the region into a meaningful category. In sum, the lessons learned from the Balkans and Baltic and Mediterranean regions of cooperation are not a blueprint for the unique challenge of the Black Sea region, but nevertheless provide policy-makers from the region and from Europe

with an insightful list of does and donts.

In comparison to the Northern Dimension / the Baltic Sea and South Eastern Europe the Black Sea is much more diverse and complex. Hard issues were never tackled for example in the Northern Dimension Initiative thereby avoiding the obstruction of other projects. As such, this would be a lesson learned for the Black Sea Region: In the short-term strategy, one should consider refraining from tackling hard security issues in order to negotiate and implement the project rapidly and effectively.

The experiences in the Balkans have shown that regional cooperation, which has started with the Royaumont Process for Stability and Good Neighbourly Relations in 1996 and continued with the Stability Pact for South Eastern Europe since 1999, is a value in itself. The Stability Pact succeeded in match making, i.e. bringing donors and countries together to define priorities of action and cooperation, and to make good use of limited funds. Furthermore, the SP experience shows that bilateral issues can be easier and earlier addressed within a regional framework and cooperation on technical issues as a first step to more political cooperation.

While the Balkans are shaped by several regional initiatives, like the Stability Pact for South Eastern Europe, Adriatic-Ionian Cooperation, Southeast Europe Cooperation Process SEECP, the question arise whether this might happen in the Black Sea. The main driving force for the Stability Pact was the EU membership perspective with the EU the only real player in the region. In the Black Sea region not only the EU but also other players, such as Russia, Turkey as a EU candidate and the USA are relevant. Thus, the main difference between South Eastern Europe and the Black Sea region is that the EU cannot apply the same pressure on the latter. In this respect, the two mechanisms of peer pressure and peer review used by the Stability Pact in the Balkans could be applied in the Black Sea region in this particular context. Throughout these two mechanisms, reform in one country has triggered reforms in the neighbouring countries. As the EU is perceived as a pole of attraction for all countries in the Black Sea region, it already has the necessary leverage to consider including the two instruments in its policy strategy towards the Black Sea Region.

<p>Workshop “EU and Black Sea regional cooperation,” Berlin 26-27 March 2007</p>

Below we summarize the statements and discussions during the preparatory international workshop held in Berlin 26-27 March 2007 that should be considered as a base for debates of the international conference that will take place on the 7th and 8th of May, 2007.

European Neighbourhood Policy: Achievements and Shortcomings in the Black Sea Region

The EU involvement in the Black Sea region has so far been based on bilateral agreements such as the Action Plans (Armenia, Azerbaijan, Georgia, Moldova, Ukraine), Europe Agreements (Bulgaria and Romania until they joined the EU in 2007 as well as with the EU accession candidate Turkey), and the Partnership and Cooperation Agreement and Four Common Spaces with Russia. Since ENP lacked a regional dimension to the Black Sea, ENP for the Eastern neighbours would benefit from substantial synergies through the adoption of a more coordinated regional approach. Enhanced political dialogue with the Black Sea countries is much needed. Increased regional cooperation might not only generate economic growth but will also support confidence building and the creation of a regional voice. Last but not least enhanced regional cooperation can set up a framework for facilitating conflicts.

ENP was seen by the participants from the Black Sea region as a tool to get closer to the EU. During the discussion the EU was defined as an exclusive organisation (compared to the inclusive ones like UN and OSCE), with EU and NATO having more power to leverage and consequently to induce reforms. Addressing the crucial question, i.e.

EU Black Sea Synergy

- enhanced political dialogue with the Black Sea countries
- not new institutions but use of existing
- increased sectoral co-operation among the circle of the 10 Black Sea countries (energy, transport; environment; border security; civic protection; illegal migration et.al.)
- confidence building

how can an enhanced ENP work without further EU enlargement perspective, the comparison to Norway and Switzerland that adopted most of the *acquis* has been raised during the workshop as positive examples. Enhanced EU policy in the Black Sea region does not require new institutions, but may use already existing regional initiatives.

Participants addressed several shortcomings of ENP in the Black Sea region:

The *lack of short-term dimensions*. Political instabilities, economic hardships, and in some cases frozen conflicts mean that the basis the countries in the Black Sea region are build on are fragile. The long term benefits that closer ties with the EU promise, are not sufficient to address these short-term urgencies, which would require closer engagement and short term benefits as part of the EU ENP approach.

The *implementation gap of ENP* in certain areas. The Erasmus exchange programme, for example in Moldova, where only 14 students gained stipends for abroad in 3 years, and TAEIX which only now holds its first seminars in Moldova, were particularly mentioned as illustrative of the weak functioning of ENP on the ground.

The *border security dilemma*: Romania and Bulgaria as EU member states have to strengthen their borders with their eastern neighbours. This complicates and even is contradicting the promotion of regional cooperation. Ways should be found to avoid the status quo this situation produces. In contrast to the Barcelona process (Political and Security Chapter – Barcelona Declaration) ENP does not address security problems. As to whether the EU should engage in so-called hard security issues, NATO was mentioned as already involved in this area. It was noted that the EU could engage more in conflict resolution and in democratisation. Regional cooperation could help setting a framework in which a solution for frozen conflicts would be easier to reach. Indeed, it is easier to address bi-lateral issues in a regional cooperation structure. For example, BSEC is already providing a framework where countries like Armenia and Azerbaijan are sitting together around the table, which is per se a climate that facilitates cooperation.

Finally, there is problem of expecting Bulgaria and Romania to facilitate the *democratisation and Europeanization of the region*. Romania and Bulgaria are still very much in transition and barely have resources to take the lead in the regional reform process.

A clear and unanimous message from all Black Sea region participants of the workshop was that being part of the EU is the ultimate goal for their countries. Since this will not happen in the near future, it was argued that the EU should improve its visibility and the attractiveness of its offers to these countries. This could be done by creating a comprehensive and holistic approach of the ENP; raising public awareness on EU values and benefits of implementing effective regional cooperation; reaching agreements on visa facilitation; developing bottom-up projects; supporting academic exchanges; and conducting courses on the EU at the universities of the Black Sea Region, but also providing seminars on the Black Sea region in European universities.

In order to ensure the basic principle of ownership of the countries in the region and to concretise EU policy for the Black Sea area, the EU could identify a lead country or organisation that already has a substantial experience in one particular area, thereby ensuring the implementation of the related project. In order to create a homogenous and coherent regional approach, it was suggested to set up Thematic Action Plans (TAP) in addition to Country Action Plans. These TAPs would be the starting point for boosting regional cooperation. Every main area of cooperation would be defined by a specific Thematic Action Plan with a limited number of feasible projects and with one year as the maximum duration of each project.

Set up of Thematic Action Plans (TAP) in addition to country Action plans in
 - specific areas of cooperation
 - with a clear time frame
 - and a leading country / organisation

On a more general note, in order to enhance the regional cooperation, every project should be based on the “flexible geometry approach”: The position of the EU has to be flexible: whoever in the region is interested should be part of the cooperation. The EU was asked to identify areas where the cooperation is feasible and where short term priorities will be tackled. Once again, if there is one particular country or organisation in the region that has experience in a particular area it should take the lead in cooperation.

Main areas of cooperation

a) Internal security - Organised crime, border management and illegal trafficking

Internal security issues in the Black Sea region affect the EU directly and have become a major concern for the EU. During the discussions the following topics have been raised:

Organised crime and border management: Data collection at border levels should be more effective and more coherent. The assessment of the effectiveness of measures taken to combat organised crime is crucial in this context. One lesson learned is that in the Balkans the effectiveness was evaluated on a state level, which proved to be totally insufficient when talking about organised crime. Participants strongly argued that the EU must have a much better insight of what is actually happening on the ground.

Strengthening the exchange of information is indispensable. From a more general perspective, no participant argued that creating FRONTEX and at the same time forbidding the exchange of personal data between FRONTEX, OLAF and Europol was a suboptimal solution. Through this weakness, effectively combating organised crime and illegal migration is jeopardised. The existing instruments are already in place; however there is a need for closer cooperation between the relevant bodies. Not a single meeting on border issues should happen without Europol, Eurojust or FRONTEX being present. A consolidation of processes is needed. In addition, EU institutions and agencies are not always connected to each other, which often duplicates the efforts and causes loss of time and money.

The SECI Centre in Bucharest was mentioned as a potential model to be used in the Black Sea Region for the exchange of data and with regard to assessing organised crime. It was critically added during the discussion that the SECI Centre still is not ruled by public law and needs a convention in order to exchange information and personal data. Per se the SECI Centre was regarded as a good example for the Black Sea region, though one must keep in mind that it is still adapting and becoming more functional, which means that it can not be transposed as such to the Black Sea region. Taking into account that SECI Centre has already

Bulgaria, Moldova and Romania as Member states and it might be worth to consider a SECI enlargement or offering an observer status to the rest of the countries of the Black Sea region. Concerning *illegal trafficking*, it was argued that a higher degree of cooperation between governments has to be established. A concrete problem here is for instance the absence of cooperation between Armenia and Turkey due to the non-existence of bilateral diplomatic relations.

On a more general note, when analysing the internal security issues, one must keep in mind that the Justice and Home affairs subjects are inter-governmental within the EU, therefore the European Commission has only limited capabilities. This is the reason why the leadership should come from the region itself; a country or an organisation could take the lead in facilitating co-operation on internal security issues. Due to its experience in such issues, BSEC was mentioned several times as the most suited actor.

b) Energy, Transport, Environment

The Black Sea region is of growing significance to the EU as a transit area for energy. Participants from the region reminded that the countries from the Black Sea region are too small to adopt individual *energy policy strategies*. If the EU does not develop its own energy policy these countries are, as one discussant has put it, “condemned to be dependent on Russia”. While it was commonly accepted that the EU needs a strategy for diversifying its energy resources, it was critically mentioned that the absence of a coherent energy policy cannot be used as an excuse for pursuing national interests - the Burgos-Alexandroupolis pipeline was mentioned as an example.

Whereas oil will always find its way to the markets, this does not apply for natural gas. Gas is a bilateral long-term issue, which is challenged by the global market. The triangle between EU, Russia and Turkey was regarded as crucial. At present no one can tell how bilateral agreements between these three parties will look. It was questioned whether the EU can afford to make agreements with both - Turkey and Russia - or does it have to choose? If the EU wants energy security it either has to bring Russia on board or to face up to Russia. In consequence, the attitude of the countries of the Black Sea region in this area might be shaped by the ups and downs of the relations between the EU, Russia and Turkey.

The expansion of the Energy Community Treaty to Moldova, Turkey and the Ukraine was supported by the participants of the workshop, as a way to enhance dialogue on energy security and to improve the alignment with the EU acquis.

In addition, regional cooperation in the energy sector could also focus on electricity interconnections, the Bosphorus bypass issue, promotion of energy efficiency; the development of renewable energy sources, integration of energy and environmental planning.

Concerning regional *transport*, corruption was identified as a serious obstacle to effective projects in this area. The EU must find ways to overcome this problem by having a better overview of what is happening on the ground and where the money is going to.

The *environmental issue* is by definition cross border and regional. More involvement by the EU in this area would be welcome. The EU was perceived by the participants from the Black Sea region as being barely interested in Black Sea environmental issues. It was stressed that the EU should be more involved in the rehabilitation and protection of the Black Sea. Concerning common efforts for monitoring water, the implementation of river waste projects should be fostered. It was suggested that the European Commission should take the role of an observer in the Bucharest Convention. Concerning the Danube Black Sea environmental issue there is also more space for EU involvement.

c) Civil society and bottom-up cooperation

When talking about civil society, lessons learned from the Balkans should be taken into account where NGOs and the civil society often became highly dependent on external aid and donors. On the other hand non state actors seriously lack resources. Enhanced exchange could be developed on municipal level (between towns and communities; port cities in the region). In the context of developing effective democratic institutions and good governance the experience of cross border cooperation on municipality level in Serbia is evocative. Cooperation on the local level is much easier to develop. Projects such as environment protection, waste management, and culture and education exchange can be implemented in a relatively short period of time. Moreover, these projects contribute to a sense of local ownership because they will gradually be handed over to local level actors. Very good results were achieved in Serbia through the twinning projects involving municipalities. Such programmes can be introduced in the Black Sea region not only concerning municipalities but also involving NGOs and think-tanks. In many cases the learning-by-doing approach proved to be one of the most successful tools the EU can use.

Still, NGOs in the Black Sea region are not engaged enough in the process of democratisation. As democratisation of the region is quite challenging, the EU should pay more attention to the NGO sector. NGOs and civil society of the Black Sea region are lacking face to face contacts. Thus, to extend cooperation with the civil society sector and to increase the inclusion of sub-state levels in regional cooperation would be desirable. It was also argued that there is still no real civil society in place (even the term “fake civil society” was used). A clear political support for the development of the civil society is needed. The Euro-Mediterranean partnership involving two networks of institutes has proven to be a very successful format for dialogue and regional cooperation. Through publications on policy and societal issues it has even managed to influence key policy makers. This initiative could be transposed to the Black Sea region as well.

e) Economic cooperation

The region with its 350 million population has a great potential for economic growth and for becoming an important partner for the EU.

Creating a Free Trade Area was mentioned as a way for enhancing economic cooperation. The fact that three countries from the Black Sea region are not members of the WTO should not be such a big problem for creating this free trade area (Bosnia and Herzegovina, Montenegro and Serbia are not members of the WTO but of CEFTA). What is more problematic is the fact that Turkey is in a customs union with EU. In order to overcome the Turkey issue, it would be more easy to start with bilateral Free Trade Agreements which are easier to negotiate. These agreements would have the advantage of tackling particular needs of the countries.

4. The Role of Regional Organisations

The Black Sea Economic Cooperation (BSEC) was regarded as an unique organisation with a wide membership and Russia and Turkey as founding member states. Therefore, there is no alternative but to work with BSEC. Nevertheless BSEC does neither reflect regional identity nor a clear community of interests. Thus, it is necessary to think long-term and start from the bottom. The EU could help in implementing some projects piloted by BSEC. While the organisation has already developed a pretty sound institutional structure, the institutional capacities in the member states diverge and are often hindrances to achieve adequate results in all countries. GUAM was mentioned in this context as having a deeper level of integration . BSEC is an inclusive organisation with a good basis for regional cooperation but with still

only limited influence. Enhanced dialogue between BSEC and the EU is welcome. Some participants shared the opinion that BSEC is influenced by the EU anyhow. Thus, BSEC is a core partner for the EU policy regarding the region with the BSEC agenda to be more Europeanised.

The interaction with the EU has already led to a process of reform of BSEC. Besides the intergovernmental nature of BSEC, the EU might also take advantage of the parliamentary dimension within BSEC as it does within the EMPA - Euro-Mediterranean Parliamentary Assembly. Since its establishment BSEC has been in evolution. It established a culture of meetings and of cooperation with more and more substance in the discussions. Worthy to note that Russia is on board in most of the BSEC projects. Although the Black Sea Development Bank is a regional financial institution and a BSEC Business Council has been set up, interest of business is still lacking.

At present the Czech Republic, Germany, France, Italy, Austria, Poland and Slovakia hold an observer status with BSEC.

5. The Role of Russia

Russia is one of the major actors in global politics, and particularly in the Black Sea region. It was underlined that the EU has to develop a transparent regional cooperation with the Black Sea region and to enhance confidence building towards Russia. For some projects, the EU may use the existing regional cooperation formats such as BSEC, therefore avoiding an isolation of Russia or Turkey. If the EU approach is exclusively based on ENP it will leave out Russia. The reality is that major projects in the region are impossible without Russia's consent. The EU must therefore not create the impression that Russia is isolated and can use amongst others the inclusive structure of BSEC for the implementation of small projects. Regional cooperation will not succeed unless EU and Russia resolve the strategic issues. The harmonisation of activities with Russia would be warmly welcomed.

To prevent anything that might fuel nationalism and anti-European mood in Russia was strongly emphasised during the debate. Russia should be interested in a stable Black Sea region, she even has a more fundamental interest in having a stable environment securing energy supplies. Engaging Russia on smaller projects will help confidence building and will remove the impression that the EU is isolating Russia. In order to avoid further tensions in EU-Russia relations, the energy policy of the EU should be based on multilateral cooperation and a functional approach that does not exclude anyone.