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EU and Turkish Perspectives on Black Sea Regional Cooperation

**Statement by Ambassador Leonidas Chrysanthopoulos,
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Mr. Chairman,
Distinguished Participants,
Ladies and Gentlemen,

I am very pleased to be here at the International Conference on Turkey and Black Sea Regional Cooperation, on behalf of the Organization of the Black Sea Economic Cooperation. I would like to thank our esteemed hosts, the Southeast Europe Association and the Association of Turkish Industrialists and Entrepreneurs (TÜSİAD) for organizing this event.

Today, I wish to share with you some views on the role of Turkey in launching the Black Sea Economic Cooperation (BSEC) and the value of this initiative which later on evolved into a full-fledged regional cooperation organization.

As you know, the Black Sea area is an important region at the heart of three major continents. It is on strategic transport and trade routes and energy corridors in Eurasia. With its significant economic and human potential as well as natural resources including energy, it is no surprise that the international focus on this region is growing.

Parallel to this trend, enhancing regional economic cooperation is becoming increasingly important for maximizing the potential that the region holds. At the heart of such cooperation lies the Organization of the Black Sea Economic Cooperation (BSEC).

During the Cold War, the Black Sea area drew little attention mainly due to the fact that the delicate and uneasy balance in the region made it undesirable to have tensions there. With the collapse of the Soviet Union and new countries coming into play, facing a combination of economic, political, social and administrative problems, the Black Sea area started experiencing a major transition. Since then, the geo-strategic portrait of the region has changed completely. It is widely acknowledged that, with the end of the Cold War, the Black Sea area has assumed a more central international role.

I would like to mention some of the underlying reasons which played a part in this change, without observing any particular order related to their importance.

1. A factor which draws the interest of international players to the region is the vast economic potential it harbors. The rich natural and human resources of the region has enabled the Black Sea countries to have remarkable economic growth and development over the past five years, parallel to a steady increase in their share in the world economy.

2. The quest for the diversification of energy sources is yet another dimension of the growing profile of the region. Following the events of September 11 and the wars in Afghanistan and Iraq, the search started for alternatives, in terms of energy sources, to the Middle East which has approximately 65% of the oil and 40% of the natural gas reserves of the world. The Black Sea and the Caspian Sea regions, rich in oil and gas, proved important for this pursuit.

3. Thirdly, the Black Sea has also been steadily gaining importance as a key energy supply route for Europe and the rest of the world. Just a quick glance over a map of existing and planned oil and gas pipeline projects is enough to reflect the significance of the Black Sea region as a prime energy supply route.

4. Fourthly, the region is seen as Europe's final frontier on the east, with windows opening onto completely dissimilar regions, the Caucasus, Central Asia and the Middle East, requiring different policy responses.

5. Fifthly, after September 11, the fight against terrorism and the efforts to dry up the financial sources of terrorism, which are mostly linked to various forms of organized crime such as the trafficking of arms, drugs and human beings, have also lead to the growing importance of the Black Sea region. This stems from the geo-strategic position of the region, located on one of the transit routes of trafficking and the

air corridor to some of the neighboring areas in turmoil. It is of such importance that it is nowadays being called the “Black Sea Security Corridor.”

6. We should also take into consideration that with the accession of Bulgaria and Romania, the EU has become a littoral of the Black Sea and its interest in furthering stability and prosperity in the region has grown even greater. Among the countries in the region, Turkey is negotiating for membership to the EU, the Russian Federation is a strategic partner of the EU and Armenia, Azerbaijan, Georgia, Moldova and Ukraine are Partners of the European Neighboring Policy. Serbia and Albania, on the other hand, are among the countries of the Stabilization and Association Process and are potential candidates.

Having highlighted the main reasons behind the rising significance of the Black Sea area, I wish to draw your attention to Turkey’s role in fostering regional cooperation.

When the Cold War came to an end, Turkey took the lead to launch a regionally owned initiative to help transform the centrally planned economies of the Soviet era and integrate them into the world economy, in order to maximize the potential of the region. With this understanding, the Black Sea Economic Cooperation (BSEC) was launched in 1992 on the idea that stronger economic cooperation among the Black Sea countries would enhance peace and stability in the region.

The main pillars of this initiative have been inclusiveness, transparency and regional ownership. These principles are important as they are the very principles that have ensured the prevention of creating new dividing lines in the Black Sea region as we had in the past.

In 1998, BSEC was officially transformed from an initiative into a regional cooperation organization. Turkey hosts the Permanent International Secretariat of the Organization, as well as two of its Related Bodies (the Parliamentary Assembly of the Black Sea Economic Cooperation and the BSEC Business Council) in Istanbul. Today, BSEC is acknowledged

as the most inclusive and institutionalized forum in the Black Sea area. It is an important contributor to peace and stability in the region, which is interlinked to the stability and security of Eurasia. Thanks to its inclusive approach and its pragmatic project-oriented vision, it has brought together all countries of the wider Black Sea area in a spirit of confidence and constructive cooperation.

The Black Sea could have easily deteriorated over the last decade into a conflict zone. Instead, it has been a region of fairly sustainable cooperation. Although the members had diverging priorities after the BSEC was created, lately the situation has started to reverse. The interests of the BSEC Member States have begun to converge and they are now able to develop common strategies on many diverse issues.

Today, the members of the BSEC encompass an area of approximately 20 million square kilometers with 330 million people. This can be translated as a huge economic potential. Representing 7.6% of the overall world economy, the GDP of the BSEC region grew by 6% annually, with a total GDP amounting to 3.4 trillion USD in 2005.

The success of BSEC depends on the concreteness and effective implementation of common projects.

Within this framework, I wish to highlight two projects of major significance for the countries in the Black Sea area, as well as the Eurasian region. These are the Black Sea Ring Highway project and the project on the development the Motorways of the Sea in the BSEC region. These two projects which are related to the development of transport links in the region are expected to do much to foster intra-BSEC trade, as well as tourism, infrastructure and transport investments and economic prosperity among the countries of the Black Sea. Most importantly, they will make a concrete difference in the lives of the people of the region and bring them closer together.

The Black Sea Ring Highway project envisages a four lane ring highway system, approximately 7100 km long, to connect the BSEC Member States with each other. The project on the development of the Motorways of the Sea in the BSEC region, on the other hand, is about strengthening the maritime links among the ports of the BSEC Member States. The two projects also constitute regional contributions to the extension of the Trans-European Networks and the development of Euro-Asian transport links.

Mr. Chairman,

Distinguished Participants,

Besides transport, one of the areas where the potential of Black Sea economic cooperation is most visible is in the area of trade. During the past five years, with a yearly average growth rate of 6.2%, the region has been one of the fastest growing in terms of GNP. However, despite some improvement, intra-BSEC trade and investment is not of the desired level. Therefore, various initiatives have been launched recently within the framework of BSEC to contribute to the improvement of the intra-BSEC trade situation.

For example, to support the improvement of the intra-BSEC trade situation, BSEC has been cooperating with the United Nations Development Programme (UNDP). Within this framework, the Black Sea Trade and Investment Promotion Programme (BSTIP) - the first joint project between the two organizations – was launched in 2007. The project, which is co-financed by Turkey, Greece, the UNDP and BSEC, aims to develop trade and investment linkages among the BSEC Member States, with the direct participation of the business communities of the BSEC countries. This will be done through identifying the untapped potential in the BSEC region, organizing sector-focused events and partnership fora and other trade and investment promotion events, as well as supporting networking mechanisms among the business communities of our region. It has been decided that in its first phase, the BSTIP would focus on industrial machinery, agro-food, tourism and related services, international communication technology services, logistic services, construction materials and business services sectors. Within this framework, various matchmaking events and

partnership fora on the identified sectors will be organized in 2008 and 2009 in order to assist the establishment of concrete trade and investment linkages among the private sector institutions of BSEC countries.

Also, a proposal for the city of Bursa in Turkey to host a BSEC Trade Center is currently under discussion. The objective is to eventually set up similar Trade Centers in all BSEC Members States and to create sectoral networks among them, which will contribute to the common goal to develop trade relations among the Member States.

I would also like to mention here the important role that the Union of Black Sea and Caspian Confederation of Enterprises (UBCCE) can play in this respect. We have recently received a letter from its President Arzuhan Doğan Yalçındağ, requesting Observer status to BSEC and I am confident that it will be granted.

As I mentioned earlier in my speech, the two BSEC projects in the area of transport, namely the Black Sea Ring Highway project and the project on the development of the Motorways of the Sea in the BSEC region, are also expected to contribute to the growth of trade among the BSEC countries.

The Memorandum of Understanding on the Facilitation of Road Transport of Goods in the BSEC Region, which was signed in 2002, is another concrete step taken by the BSEC countries to facilitate regional trade.

The BSEC Agreements on Simplification of Visa Procedures for the Businesspeople and for the Professional Lorry Drivers Nationals of the BSEC Member States, expected to be signed later this year, will also surely make valuable contributions to the trade cooperation among the BSEC Member States.

Mr. Chairman,
Distinguished Participants,
Ladies and Gentlemen,

I have only summarized some of the most vivid examples of the added value of BSEC to our regional cooperation. In 2007, at the 15th Anniversary Summit of BSEC held in Istanbul, the priorities of BSEC were redefined in order to focus on certain areas of cooperation where we can derive tangible results, such as environmental protection, tourism, energy, telecommunications, science and technology and combat against all forms of organized crime, in addition to trade and transport. A lot has been done and is currently underway in these areas which help foster the spirit of cooperation in the Black Sea region.

BSEC is viewed by the international community as an anchor of cooperation in the Black Sea area today. Germany, Austria, France, Italy, Poland, the Czech Republic, Slovakia, Belarus and Croatia, as well as non-European countries such as the United States, Tunisia and Israel have Observer status in BSEC. Japan and Iran, among others, have applied for Observer status. The UK and Hungary, on the other hand, have recently acquired Sectoral Dialogue Partnership status within BSEC and will join us in our activities.

The Commission of the European Communities has also become an Observer in BSEC. A new period of enhanced relations between BSEC and the EU is already underway. For the first time, a joint meeting of the Ministers of Foreign Affairs of BSEC and the European Union was held in Kyiv in February 2008.

BSEC has also undertaken the role of initiating the coordination of activities among the other cooperation fora in the region. Within this framework, the sixth Coordination Meeting of Regional Organizations was held on 31 March 2008 at the BSEC Headquarters in Istanbul. The meeting was attended by the Adriatic and Ionian Initiative, the Central European Initiative, the Danube Co-operation Process, the Regional Cooperation Council and the South East European Cooperation Process.

At the meeting, the participants exchanged information about their ongoing projects, they agreed to establish and maintain a list of the main ongoing projects to seek synergy in planning and implementing regional projects, as well as a list of their main events to avoid holding high level events at the same period of time. Energy, transport, infrastructure, environment, disaster response and combating crime were agreed upon as areas of interaction among these organizations and initiatives. A network of contact points for each of these areas will be established. A list of modalities for interaction was also agreed upon. Within this framework, a network of persons in charge of the overall interaction process is envisaged.

Distinguished Chairman,
Esteemed Participants,

In conclusion, it can be said that the importance of the Black Sea region is on the rise. Turkey had a strategic vision to foresee this and to take the lead in launching BSEC. The Black Sea basin is becoming a centre of gravity regarding oil, energy, transport and trade. There is every reason to believe that this trend will continue. Preserving security and stability in the region is of paramount significance.

Within this framework, an important responsibility rests with BSEC, which, as I said, is the only full-fledged and the most inclusive cooperation organization in the Black Sea area. Increased cooperation in the Black Sea region through BSEC mechanisms not only generates economic benefits, but also contributes to building confidence and reducing persisting bilateral tensions. This, in turn, consolidates stability and security in the region, which is the common interest of the Black Sea area, the Eurasian region and the international community.

With this in mind and making use of the growing interest from the international community to the region, BSEC – the main player of economic cooperation in the Black Sea region to-

day — will continue to pursue its objectives as a project-oriented organization serving the common benefit of all its members.

In concluding my words, I wish to thank again the Southeast Europe Association and the Association of Turkish Industrialists and Entrepreneurs (TÜSIAD) for organizing this event, which has enabled us to focus on this very important region and the role of BSEC in fostering cooperation in the Black Sea area.

Thank you.