

EU Contribution to Strengthening Regional Development and Cooperation in the Black Sea Basin

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Abstract

EU's agenda had for some time a topic (at least at an idea level) about the "strengthening of cooperation in the Black Sea Region." It faced an interesting paradox: the lack of (or, in the case of existence, sub-optimal) economic relations between countries in this area, regardless of their geographical proximity. The paradoxical situation considered to be mostly due to their different historical and political backgrounds. Therefore, a form of support of regional development in the area was necessary, as it has been considered in EU's Black Sea Synergy, which encourages cooperation between countries in the Basin while offering a forum for solving common issues and promoting political and economic reform. Regional cooperation in various areas stems from a high political involvement as the main initiator but requires a strong involvement and participation of both civil society and private sector as main drivers of cross-border cooperation. Our paper focuses, apart from its conceptual research background, on mapping the effective outcomes of the EU initiatives in the area and on providing future perspectives for EU contribution to strengthening regional development and cooperation in the Black Sea Basin.

Key words: Cross-border cooperation, Energy, Entrepreneurship, Regional Cooperation, Regional development

J.E.L. Classification: O1, O2

1. Introduction

Called the backyard of the Ottoman Empire, the continuation of the Mediterranean world and an extension of the Soviet zone of influence, Black Sea Basin has been dominated by different hegemonic powers throughout history. (Çelikpala, 2010).

Throughout history, at the confluence of cultural synergies, trade routes, empires, quests for domination and control, and civilizations, the Black Sea is nowadays the border between NATO and UE and the volatility of Russia and Turkey. Some countries in the Black Sea basin find themselves the adepts of Western values and institutions, while others are exponents of authoritarian regimes and questionable governance. Despite these different political approaches, we can still refer to the attempts of building frameworks for constructive cooperation, during the early post-Cold War period and in the following years. The main reason for these attempts would be represented by the fact that the access to the and from the Black Sea is vital for all coastal states and nearby neighbors, as it forms a critical crossroads and a strategic intersection of East-West and South-North corridors.

The Black Sea Economic Cooperation (BSEC) was established in 1992 at an Istanbul summit on June 25th, as a project-based, joint initiative in specific areas. So far, despite its institutional architecture, the success in project implementation is limited, to say the least, while the organization provides a meeting place for conflictual partners.

For the European Commission, *"the Black Sea region is a distinct geographical area rich in natural resources and strategically located at the junction of Europe, Central Asia, and the Middle East. [...] The region is an expanding market with great development potential and an important hub for energy and transport flows. It is, however, also a region with unresolved frozen conflicts, with many environmental problems and insufficient border controls thus encouraging illegal migration and organized crime. In spite of significant positive developments in the last years, differences still remain in the pace of economic reforms and the quality of governance among the different countries of the region"* (COM(2007) 160 final). The same mentioned communication states that in the view of the European Union, *"a dynamic regional response to the issues can greatly benefit the citizens of the countries concerned as well as contribute to the overall prosperity, stability and security in Europe."*

By bringing Bulgaria and Romania to NATO (2004) and the European Union (2007), a new area of influence of control was brought with added benefits and consequences. Within this assumed framework of the EU Security Strategy, the European Council proposed in 2004 a document on the European Neighborhood Policy (ENP). This document, amended in 2008 to become the Eastern Partnership for enhanced EU bilateral relations with Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine, included Russia and Turkey in the Black Sea Synergy.

2. Brief attempt to introduce the Black Sea Region

Including Greece, Bulgaria, Romania and Moldova in the west, Ukraine and Russia in the north, Georgia, Armenia and Azerbaijan in the east and Turkey in the south, the Black Sea region does not bring at the table solely littoral states.

A precise definition of the area is difficult to say, as it can also be known as "Black-Caspian Seas Region" and "Black-Mediterranean Seas Region" (Çelikpala, 2010). Fragmentation, both political and economic, on the outskirts of more historically relevant regions, such as the Mediterranean and Europe (Braudel, 1976), was the accompanying characteristic of the aforementioned territorial variety and cultural diversity. Even the status as a region is questionable, considering the different theoretical approaches to the concept of regionalization. One argument is that, nor the international community, neither the inner states think of it as such. Called an "intellectually constructed region," characterized by a weak regional identity, the Black Sea area carries obvious discrepancies among the component countries regarding economic and social development but also regarding political orientation and cultural aspects. It has neither internal nor external potential for region building (Aydin, 2005). However, from another perspective, we must consider that all the regions, in a sense, are the construct of region-wide intellectual endeavors.

The approach to defining the Black Sea from within, as opposed to the case of other regions, has its strengths and weaknesses. As outsiders are not enforcing it, this situation could not lead to resentments in the component peoples, as they acknowledge common geography and interests. This strength counterbalances the crave for recognition from outsiders. (Aydin, 2005)

Through its heterogeneity, a mix of conflict and cooperation, the Black Sea is paradoxical, with continuously changing boundaries. This trait is further highlighted by the fact that almost each country in the area has specific links with the EU and other international organizations exercising a significant impact on domestic and foreign economic policies (Manoli, 2010).

3. EU Presence in the Black Sea Basin from a Regional Development Perspective

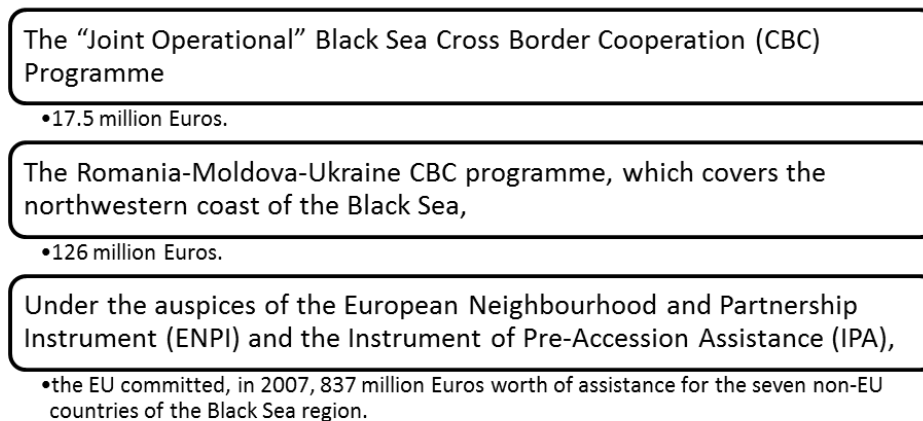
From European policies perspective, we could state that, in a way, the Black Sea became almost an internal sea of the EU with the accession of Romania and Bulgaria. Within this context, from April 2007, the EU has a holistic vision: "Black Sea Synergy-A New Regional Initiative" (COM (2007) 160 final, 11.04.2007).

The Black Sea Synergy (BSS) is believed to be a mechanism for recognizing *"the whole region as strategic for the EU and consolidating the existent engagement mechanisms of the Union in the region"* (Açıkmeşe, 2012). The objectives set out in the BSS refer to sharing experience and good practices between the countries in the area, introducing common standards for saving and

exchanging information, increasing political involvement for avoiding regional conflicts and addressing ongoing regional conflicts.

Starting in 2010, the EU defines the sectoral partnerships as well as the funding provided for the Black Sea, with most of the cooperation funds being from the EU. (Memo/10/78, 15 March 2010). Within a similar framework, the European Neighbourhood Policy (ENP) which was initiated by a Commission Communication in March 2003 (COM (2003) 104 final, Brussels, 11 March 2003), provided the bilateral policies and the Action Plans.

Figure no. 1 The budget allocation for the Black Sea region in the 2007-2014 financial period



Also, a way for component countries to pool resources is the Neighbourhood Investment Facility (NIF) (COM (2008) 391 final, Brussels, 19 June 2008, p. 10).

Despite all assistance provided, there is a reluctance of the EU to become fully involved in the Black Sea, a situation which has led to ridiculous instances in which countries, such as Georgia, prove to be more involved and assertive regarding the EU involvement in the region than the EU itself .

Still, any study on the dynamics of economic integration around the Black Sea, which reveal a reorientation of regional economic flows away from local markets and towards the EU (Manoli, 2010), includes the EU as the largest source of trade and capital.

4. EU Contribution to Strengthening Regional Development and Cooperation in the Black Sea Basin: the Black Sea Basin Cooperation Programme

The main EU program addressing the Black Sea Region within the framework of the ENPI was the Joint Operational Programme „Black Sea Basin 2007-2013” (Black Sea Basin Programme).

Figure no. 2 The objectives of the Joint Operational Programme „Black Sea Basin 2007-2013.”

The objectives of the programme	to support regional transport cooperation and construction of new energy infrastructure,
	to facilitate the development of contacts between communities, cities, universities, cultural institutions, civil society organizations in the Black Sea region,
	to establish a strategic environment for cooperation, enhancing the implementation of multilateral environment agreements in the region,
	to support the cooperation between the countries in the region in the social, scientific fields, strengthening cross-border cooperation.

For reasons both social and economic, facilitated by the membership of 5 component states to the ENP and the Member State status of Romania and Bulgaria, the BSB 2007-2013 was supported financially by the EU under the instruments and mechanisms of ENPI and other external assistance. Added to these was the European Regional Development Fund as funding sources for the Member States.

In this sense, the regional activities of the European Bank for Reconstruction and Development, the European Investment Bank, and the Black Sea Trade and Development Bank (with the headquarters in Thessaloniki) offered different possibilities for the creation of common funding mechanisms.

Within this framework, there were eight participating countries: Armenia, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Turkey, and Ukraine. As already mentioned, the program was financed by the ENPI, while the Instrument finances the participation of Turkey for Pre-accession Assistance (IPA). The Black Sea Basin Programme had three top priorities and seven measures aiming to increase economic, social, environmental and cultural development in the Black Sea Basin region, the total budget of the program amounting to 38.5 million Euros (including co-financing of the participating countries). 62 projects have been approved for financing, of which 19 projects had been awarded under the first call for proposals and 43 projects under the second call for proposals. The contracting process of all applications ended on December 31st, 2013, the final deadline specified by the applicable regulations. These 62 projects received a total amount of 33,678,382.80 Euro (ENPI and IPA funds)

For the 2014-2020 programming period, EU has allocated a total contribution of 49 million Euros (ENPI+IPA) for the ENI CBC Black Sea Basin (BSB) Programme 2014-2020, meaning a 40% increase compared with 2013-2020 period. For the current EU intervention, The ENI CBC Black Sea Basin Programme' s aim is to achieve strategic objectives as the promotion of social inclusion and fight against poverty, the environmental protection, climate change adaptation and disaster and the accessibility to the regions, development of transport and communication networks and systems. We can also mention the fact that, according to the Partnership Agreement signed between Romanian government and EU Commission, the development of maritime potential (marine knowledge, protection of marine environment, Maritime Spatial Planning and Integrated Maritime Surveillance) may also be addressed through joint actions.

The idea of the ENI CBC Black Sea Basin Monitoring Committee is to increase the efficiency of the program, to maximize its impact via more focused objectives and streamlined procedures. The projects should be more result oriented, with stronger partnerships and local added value (as stated on the package of the Joint Operational Programme Black Sea Basin 2014-2020).

As a weak point of EU contribution to the development of the Black Sea Basin, one area that is not sufficiently covered by an integrative approach is the energy security of the region. There is a need for more coherence (at least in dialogue) among members states, as there is a visible heterogeneity in the dependence on Russia for gas (countries in the Black Sea basin and Central, Southeastern, and Eastern Europe are more dependent and create deep security vulnerabilities). Also, there are significantly different approaches to nuclear energy.

The same Black Sea region is pivotal regarding addressing the challenge of gas supply diversification for Europe as the main solution appears to be the geographic diversification of gas supply.

Therefore, an effective and efficient energy policy in the Black Sea region is part of a new, to be created, wider and more encompassing paradigm, because a safe and peaceful Black Sea area is vital for European energy security, and for the regional economic development.

5. Conclusions

A key instrument in a volatile part of the world, the Black Sea Synergy has the potential of becoming a source of peace and stability. There are however several elements to be mitigated:

- The capacity of the component states to shift from stable to unstable within a very narrow timeframe, particularly in political terms
- The infrastructural vulnerabilities, which cannot be solved without the funding from the EU
- The dependence on the EU financing
- The heterogeneous dependence on Russian gas
- The social and economic discrepancies between and within countries.

To be addressed via transnational cooperation and projects, on the success of these elements is also hinged the success of the EU as an active driver for change not solely for member states, but also for its neighbors.

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