



## BLACK SEA ECONOMIC COOPERATION ORGANIZATION SHORT AND MEDIUM TERM PROSPECTS

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**Abstract** Black Sea Economic Cooperation Organization (BSEC) was founded on June 1992, in Istanbul. Founding members are: Albania, Armenia, Azerbaijan, Bulgaria, Greece, Moldova, Romania, Russia, Turkey, Ukraine. Serbia acceded BSEC in 2004. BSEC is a regional cooperation organization whose principal goal is the development and diversification of economic cooperation in accordance with the principles and norms of international law. BSEC is focused on maintaining the Black Sea region stable and prosperous through the economic cooperation among its Member States. Between July-December 2015 Romania was BSEC Chairman in Office. In this position, Romania acted under the slogan *Building Stability, Enhancing Commitments*. During its chairmanship Romania highlighted the necessity of BSEC reactivation in order to ensure the economic development of the Black Sea area. Romania handed down the six months Chairmanship-in-Office to the Russian Federation.

**Key words:**

Black Sea area, multilateral economic cooperation, leading bodies, intra-regional trade, exchange of information, reactivation

**JEL Codes:**

F10, F13, F20, F50, F53

### 1. Introduction

Black Sea Economic Cooperation Organization (BSEC) was established on June 1992 when the representatives of eleven states signed, the Summit Declaration on Black Sea Economic Cooperation and the Bosphorus Statement, in Istanbul. BSEC was founded as bilateral and multilateral economic and political initiative with the aim of fostering the interaction and cooperation between the Member States. In the same time the organization aims to ensure stability, prosperity, peace and good neighborhood relations in the Black Sea Region. Founding members are: Albania, Armenia, Azerbaijan, Bulgaria, Greece, Moldova, Romania, Russia, Turkey, Ukraine. Serbia acceded BSEC in 2004. The *Charter* of the organization was signed in 1998, in Yalta, and entered into force one year later. From that moment, BSEC acquired international legal identity and has been recognized as a regional economic organization. BSEC is acting under the slogan *Working together towards peace, stability and prosperity in the Black Sea Region*. There are thirteen observer nations and four observer organizations with the BSEC.

The Organization of Black Sea Economic Cooperation covers an area of 2.2 millions square kilometers situated on two continents and counts 350 million people but it has not its own regional identity. However, the Black Sea Area is widely recognized as an important strategic region from economical, political

and military point of view. The region is very rich in natural resources, especially oil and gas, and represents a huge potential market. The BSEC area is one of the most transport and energy transit corridors. Cumulative trade in the region represents over 5% of world trade.

The main objectives of the Organization of Black Sea Economic Cooperation are:

- Development and diversification of the bilateral and multilateral cooperation between the Member States in accordance with the international legislation principles and rules.
- Improvement of business environment and promotion of individual and collective initiative of the companies acting in the economic cooperation process.
- Development of the economic cooperation.
- Increasing mutual trust and respect, dialog and cooperation between Member States.

### 2. BSEC' Leading Bodies

During the time, BSEC developed its own cooperation structures in governmental, parliamentary, business, financial, banking, academic and scientific fields. BSEC's leading bodies are:

*Council of Ministers of Foreign Affairs* is the main decision making body. The Council may charge subsidiary body to make decisions on particular questions which must inform the Council about these. The Council shall meet biannually, in May/June and

November/December, in the Chairman in office country. Additional meetings of the Council may be held in case of need upon the request of one or more of the Member States. The Chairmanship of BSEC is provided by the Member States, (English alphabetical order) for a six months period, starting from January 1<sup>st</sup> and July 1<sup>st</sup>.

*Committee of Senior Officials* is accountable to the Council of Ministries of Foreign Affairs of Member States and is acting on behalf of it. The Committee has the appropriate functions and responsibility in order to implement the activities of the organization. Mainly, the Committee analyzes the most important problems of the organization and formulates proposals which are submitted to the Council. The Committee reunions may be ordinary, previous Council's reunions and extraordinary, convened by Chairman in office to debate urgent problems.

*BSEC Troika* assists the Chairman in office to fulfilling the mandate entrusted by the Council. The mechanism of Troika represents a consulting structure which includes the former, the present and the future Chairmanship country of BSEC. Romania, Russian Federation and Republic of Serbia compose BSEC Troika at the moment.

*Working groups* together with experts' groups cover the problems on the following areas: trade, communications, transports, agriculture, tourism, energy, environment protection, tourism, health care, pharmaceutical, investment promotion and protection, industrial and commercial cooperation, SMS', banking and finance, statistical and economical data exchanges agriculture, food industry, science and technology, combating organized crime and terrorism, emergency assistance in case of disasters.

*Permanent International Secretariat*, located in Istanbul, is functioning under the coordination of the Chairman in office and provides secretarial services for BSEC under the direct management of the General Secretary. The Permanent International Secretariat staff works to implement the decisions and resolutions of the Council of Ministers of Foreign Affairs as international officials in charge with BSEC activity. The present General Secretary is H.E. Ambassador Michael B. CHRISTIDES from Hellenic Republic.

The *Parliamentary Assembly*, *BSEC Business Council*, the *Black Sea Trade and Development Bank*, the *International Center for Black Sea Studies* are independent bodies related to BSEC.

### 3. Main Regional Cooperation Objectives and Prospects

At the moment, the implementation of the 2012 Economic Agenda objectives for regional cooperation and the improvement of BSEC efficiency are the most important tasks of this organization. The main

cooperation areas are: trade and economic development, custom, transport, energy, agriculture and agro-industry, small and medium entrepreneurship, information and communication technologies, science and technology, banking and finance, budget and finances health and pharmaceuticals, environment protection, youth and sport, tourism, exchange of statistic data and economic information, education, fighting organized crime, etc. Each cooperation area activity is focusing by a relevant Working Group.

Permanent International Secretariat is the coordinating body for *Trade and economic development area*. The relevant Working Group future priorities in this area are the identification of ways and means to develop and facilitate intra-regional trade and investment; building capacity and mechanism and the related human resources as well as of the private sector involvement potential. The cooperation in the field with European Union and other organizations, associations, programs and initiatives is also of great interest. The most important problems to be solved consisted in the identification of the constraints which are affecting intra-regional trade expansion, especially the policy barriers and other kind of barriers that harm goods and services trade in the area and of the ways to solved these constraints; in the facilitation of businessman visa procedures in accordance with the national legislation and in the setting up BSEC promotional networks in order to fostering intra-regional trade and investment.

*Custom area* is coordinated by Republic of Azerbaijan. The relevant Working Group is focused on the crossing border and custom procedures simplification and harmonization as well as in introducing common standards of simplified and efficient customs procedures in order to facilitate and secure the movement of goods and peoples across national boundaries.

Romania is the country coordinator for *Transport area*. The main activities carried out by the relevant Working Group are aimed on the facilitation of road transport of goods in the Black Sea Region. Of great interest for this purpose is the development of the Black Sea Ring Highway as well as the development of the Motorways of the Black Sea. The in charge body is working on simplification of visa procedures for professional drivers. The cooperation in the civil aviation sector cooperation is also of interest but there is not yet consensus between the Member States. In the same time, it was elaborated a new concept concerning the intermodal transportation in the region. This concept is focusing the development of an intermodal transport strategy based on the cooperation between Member States. The most important point of interest the strategies are: the ICT platforms for intermodal transport, the concept of a single window and dry ports

and the establishment of international terminals as important logistics hubs.

*Energy* area is coordinated, up to June 2017, by Russian Federation. The most important challenge for the relevant Working Group is the establishment of an integrated energy market in the BSEC Region by defining the concept; the general and specific goals and the mechanism for the market implementation and monitoring. Drawing up Energy Strategy up to 2020, electrical interconnection between the Member States and the Black Sea hydrocarbons resources exploration and extraction are still points of interest on the agenda.

The area of *Agriculture and Agro-Industry* is coordinated by the Permanent International Secretariat. The cooperation in the field is mainly focusing on the development of the agriculture intra-regional market, improvement of the export-import procedures, food safety, preventing non-secure products import, etc. As concern food security and safety the main priorities are the implementation of a high rural productivity by facilitating the access to know-how and new technologies, implementation of a sustainable management in the adoption of quality agricultural products, development of the exchange of information, best practices and experience between the reliable authorities from the Member States.

*Small and Medium Entrepreneurship* area is coordinated by Republic of Turkey. The working body is focusing its activities on the following priorities:

- Increasing SMEs competitiveness by creating fair conditions of activity at the national and regional level.
- Drawing up regular surveys on the needs, problems and priorities of this category of SMEs.
- Using high technology, innovation, software parks, clusters and business incubators as concrete instruments in order to facilitate SME start-ups and to encourage entrepreneurship, competitiveness and cooperation with large companies in the area.
- Developing a large support system for innovation and technology in the region, with the view to promote cooperation among universities and research institutions with SMEs.

Permanent International Secretariat is the coordinating body for the *Information and Communication Technologies* area. The main activities of the respective Working Group comprise improvement and growth of ICT sector in the region; promotion of ICT cooperation among the Member States and bridging digital divide. A number of specific projects like “Mediterranean – Black Sea Interconnection” and “Trans-Eurasian Information Super Highway”.

*Science and Technology* country coordinator is Republic of Azerbaijan. In this respect the main areas of cooperation are, first of all, human resources, synergies, capacity building, innovation, research

infrastructure, multilateral cooperation, projects founding, etc. In 2010 Member States agreed to further strengthen regional cooperation in scientific research and technological development field. They are considering the development of science and technology being a major driving force of a sustainable economic growth and prosperity in the region. Cooperation in science and technology between BSEC and EU, UN and other international organizations is being strengthened.

The cooperation in the field of *Banking and Finance* is focusing on reviewing the recent developments in the banking and financial sectors and in exchanging information and sharing experience in economic and financial evolutions. The area is coordinated, also, by the Permanent International Secretariat. BSEC-Black Sea Trade and Development Bank is drawing up a common vision on cooperation, making cooperation precise ways and practical mechanisms. In the same time, the bank is an active participant on the establishment process of a union or association of banks of the BSEC Member States.

Important works are carried out in the fields of *Budget and Finances*, *Combating Organized Crime* (Country-Coordinator Romania); *Emergency Assistance*; *Environment* (Country-Coordinator Romania); *Healthcare and Pharmaceuticals*; *Tourism*; *Culture*; *Education*; *Exchange of Statistics*; *Youth and Sports*.

#### 4. Romania's Chairmanship

Between July - December 2015 *Romania was BSEC Chairman in Office*. In this position, Romania acted under the slogan *Building Stability, Enhancing Commitments*. The major goal of Romania was to improve the profile and relevance of the organization for the Member States by adjusting its activities to the real needs of cooperation in the region. Romania was focused on the continued improvement of the organization functioning, by deepening its economic mission and strengthening the project-oriented activity. Topics of common interest for Romania and the other Member States of BSEC during the specified period were the development of transport networks and infrastructure from the wider Black Sea area and the investment in projects and commercial exchanges of maximum interest for investors. Romanian BSEC chairmanship had made special efforts in order to develop environmental policies, fostering the regional economic exchanges and investment and to combat the organized crime and corruption in particular. Also, Romanian Chairmanship focused on coming back to the initial calling of the Organization that of developing regional economic projects and strengthening the interaction between BSEC and other external partners, first of all the interaction between BSEC and the

European Union. During its chairmanship Romania highlighted the necessity of the reactivation of the organization in order to have an effective contribution to the development of the Black Sea area.

Romania handed down the six months Chairmanship-in-Office to the Russian Federation.

## 5. Conclusions

During its 25 years of activity, Black Sea Economic Cooperation Organization has endorsed, in the region, economic development, welfare, prosperity and a relative stability and peaceful climate through multilateral cooperation, dialogue and good neighborhood between its Member States.

The 25<sup>th</sup> Black Sea Economic Cooperation Organization anniversary which will take place in June 2017, in Istanbul, must emphasize a new development stage of BSEC involvement in the region. A new vision and strategy will be drawn up and new priorities, approaches and mechanisms will be defined in order to determine the Organization to play a more proactive and constructive role in the wider Black Sea Region.

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