

Background Note on the Regional Economic Cooperation in the Black Sea Region

The Organization of the Black Sea Economic Cooperation (BSEC) was established in June 1992 by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, the Russian Federation, Turkey and Ukraine, in order to foster economic interaction and cooperation among its Member States, and ensure peace, stability and prosperity in the Black Sea region. In 2004, Serbia and Montenegro (then a single country) joined the BSEC (currently, Montenegro has an observer status at the Organization). The institutional structure of organisation includes a Permanent International Secretariat, the Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC), the BSEC Business Council (BSEC BC), the Black Sea Trade and Development Bank (BSTDB), and the International Centre for Black Sea Studies (ICBSS).

The BSEC aimed at creating a framework for co-operation in an area with different geopolitical and economic realities and gave priorities to sectors such as energy, transport and telecommunications, as well issues concerning environmental protection. The BSEC countries encompass an area of approximately 20 million square kilometres with 330 million people. The region has advantage of proximity to large markets, such as the EU market, but is facing competitiveness challenges following the rise of Asia in the global economy. The region is characterized by serious economic and security challenges requiring coordinated responses, and the BSEC represents the most significant achievement among the regional cooperation agreements.

Several regional cooperation platforms were inaugurated in the BSEC. The Community of Democratic Choice initiative was launched in 2005 and the Black Sea Forum in 2006, focusing on democratization, good governance, security, and civil society. Several schemes were launched among the Black Sea littoral states: the Black Sea Naval Cooperation Task Group, Operation Black Sea Harmony, Black Sea Coast and Border Guards Cooperation Forum, and the Black Sea Commission. Prioritizing project development, the BSEC countries established their own (albeit limited) financing mechanisms; the Black Sea Trade and Development Bank, which

complements the role of multilateral lending institutions, is the most important of them.

The EU, as a major international player, devised its own policies towards the region: the Black Sea Synergy (in 2008) and the Eastern Partnership (in 2009). The Black Sea Synergy aimed to revitalise intra-regional cooperation, while the Eastern Partnership aims to bring the countries without immediate membership prospects closer to the EU. However, the Black Sea Synergy did not succeed in boosting Black Sea cooperation. There are considerable obstacles, among them problematic bilateral relationships and limited capacity for regional policy implementation. A number of geopolitical conflicts in the region (the conflict around Ukraine being the most recent one) constitute another impediment.

In June 2012, during the Istanbul Summit of the BSEC, the Member States renewed their commitment to the BSEC process and endorsed a new Economic Agenda for the region, the Economic Agenda Towards an Enhanced BSEC Partnership, which sets goals in 17 priority areas of action. Currently, agriculture and agro-industry, banking and finance, combatting organised crime, culture, customs matters, education, emergency assistance, energy, environmental protection, exchange of statistical data and information, healthcare and pharmaceuticals, information and communication technologies, institutional renewal and good governance, science and technology, SMEs, tourism, trade and economic development and transport are among the fields of cooperation within the framework of the Organization.

From July 2014 to December 2014, Greece holds the chairmanship of the Organization. The priorities of the Greek Chairmanship include promoting and highlighting BSEC's role as an appropriate forum for developing and implementing concrete projects in the wider Black Sea Region. Therefore, Greece will support the project-oriented character of the Organization. The country also aims to enhance cooperation with the European Union and to ensure the sustainability of BSEC financial resources for project development, including through the BSEC Project Development Fund.