

## **BSEC: A ROAD MAP TO RELEVANCE**

*This article shares the author's observations about the Black Sea region at large and discusses the current status and future potential of the Organization of Black Sea Economic Cooperation (BSEC). Several arguments are put forth regarding the internal and external failures of BSEC and improvements are recommended. The relationship between BSEC and the EU is analyzed in light of changing regional and global realities. Political issues, it is argued, should also be included in the scope of this Organization. Various purely political issues are the greatest impediment and barrier to BSEC's designated role to promote sustainable economic development among its member states.*

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The strategic and regional landscape has changed, radically, since the time Black Sea Economic Cooperation (BSEC) was founded. In the broadest sense, the Wider Black Sea region (which through BSEC embraces, partially, the Caspian Sea Basin as well as some segments of the Balkans) can no longer be considered in isolation from the larger important dynamics emerging around us. While the Black Sea was once a road to “somewhere else”, today it is a vital crossroad in its own right and a place where things happening elsewhere intersect and impact tens of millions of people.

The Black Sea is a critical node not only in the strategies of the littoral states. It has also become integral to the evolving policies and strategies of the states of the Eurasian landmass, the Mediterranean, the Greater Middle East and Europe.

The Black Sea region has become the European Union’s “near abroad”. In the next few years, BSEC member states such as Romania and Bulgaria are due to transition to full EU membership, while Turkey is already deeply immersed in the EU accession process.

This next expansion of the EU borders will make the Black Sea the European Union’s body of water. Many other member states of BSEC are subject to the European Neighborhood Policy (ENP) and it is obvious that, as these changes take place, interest in the Region from the United States, Japan, China, and other countries beyond the Black Sea region is soon to follow, if not already present.

BSEC needs to respond to this new strategic road map in ways that are appropriate to its objectives and the charter of the Organization, keeping in mind that the founding fathers of BSEC envisioned this institution as dynamic and within the context of permanent progress and adjustment, not as a rigid monument to their intellectual capacity.

Changes and recalibration are the basic and essential elements in the daily activities of BSEC and all fundamental BSEC documents outlining its operating framework are intended to serve only these critical objectives.

By all means, BSEC has matured and developed into a full-fledged and respected multi-lateral organization, with its unique and important international and regional outlook. BSEC has developed its own vision and visibility with focus on the execution of realistic issue-oriented activities. BSEC has become more visible to the outside world and the awareness of the international community with respect to the activities of the Organization (BSEC’s interconnection with other international institutions) has, recently, been modestly increased. The accomplishments that BSEC has achieved in recent years are truly noteworthy.

However, it is time for the Organization to focus more on what it could have accomplished but failed—due to some well known or, as yet, unclear reasons.

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BSEC needs to focus, mainly, on how to tune and fit itself into to these new developments in the world and delineate obstacles that hamper its proper functioning.

Clearly, there are always many different “understandings” and interpretations of the goals of the Organization including, of course, its functions and agenda, among the BSEC member states and its related bodies. BSEC is a unique institution, an entity which has accumulated legal, institutional, and structural capacity and attributes which need to be utilized in an appropriate manner and according to the prevailing realities and trends of modern world affairs.

The day-to-day relevance of the Organization has often been questioned by not only experts from Europe, the U.S., and Asia but also by officials and observers from the member states. It is disappointing that, except for a small coterie of Black Sea area pundits and diplomats from the member states, especially before November 2005, BSEC was little known and those who knew of it often believed it to be moribund, at best.

Perhaps, some of the pessimism towards the Organization stemmed from the seemingly inexorable expansion of the EU into the Black Sea region and the sense that the Region, and specifically BSEC’s role, would be effectively eclipsed by the EU.

Perhaps, amongst the BSEC’s member states many could not see the relevance of BSEC in the economic and political development of their respective countries and preferred to be engaged in more efficient and effective bilateral frameworks?

And, perhaps, some of this pessimism could be traced back to BSEC’s reluctance to even discuss many sensitive issues (such as the persistence of frozen conflicts and disputes in the Black Sea region), which have done and continue to do so much damage to the external perceptions of the Region and to its investment climate and economic prospects?

In today’s intensely competitive international economic environment, the concepts of “development” and “security” are intertwined and can no longer be viewed as separate subjects.

Whatever the exact causes, the pessimism was tangible and real.

Since November 2005, pessimism towards the BSEC has dissipated to some extent, though not completely. The political disarray within the EU and the consequent confusion over its future role and involvement in the Region has certainly played a part.

Perhaps, this has forced some people to think more seriously about alternative structures and institutions to enhance stability and encourage economic growth.

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The growing trade between certain member states (Turkey and Russia being the most dramatic example) and the Region's emergence as a strategic energy corridor may have caused some observers to review their previous positions concerning BSEC's relevance in today's world.

But there has also been a psychological and existential change in the way many external actors and observers perceive the Region. Perhaps now, for the first time, they are finally beginning to see it as a true "Region"- with a capital R -, in which many issues of mutual interest must be dealt with regionally as well as on a national, bilateral level.

BSEC, as its name implies, is deliberately "non-political" and its priorities lie in economic issues. But purely "political" issues such as unresolved conflicts and disputes within the BSEC member states, as noted above, are the greatest impediment and barrier to BSEC's designated role to promote sustainable economic development among its member states. That is why the Organization needs to focus its attention to these problems and find an appropriate context to discuss and, hopefully, resolve these pressing concerns.

The UN and Organization for Security and Co-operation in Europe (OSCE) have the primary responsibility for dealing directly with political and security aspects of emerging or lingering regional conflicts and disputes, yet participants engaged in economic development in the BSEC region know that political solutions are a pre-requisite to long-term success. Inflows of foreign direct investment in the Black Sea area are low relative to other regions largely because of these on-going conflicts and disputes. This, in turn, translates directly and concretely into jobs and lost opportunities for the peoples of the broad Black Sea region.

Good politics make good economics, and vice versa, while political stalemate invites economic stagnation.

But how can the Organization contribute? What is appropriate and possible? How can BSEC best leverage its unique position and expertise in a way that significantly advances the Organization's mission without making it unmanageable or embroiling it in intractable political disputes?

These questions have been posed before (in formal and informal meetings), but did not find adequate answers - though the UN has offered a general model throughout the world that should be based on three pillars: sustainable development, security, and good governance (i.e. transparent democratic institutions appropriate to individual states' circumstances, traditions, and cultures).

In order to resolve these sensitive issues and accomplish BSEC objectives, new internal resources need to be found in order to redefine and recharge the Organization, reassess its potential, reformulate and reformat its agenda and goals,

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and re-draft some segments of the BSEC Charter, tuning them, as mentioned earlier, to the new strategic realities in the Black Sea region and beyond. If BSEC is to adjust and adapt to the changing political landscape, live up to its potential, implement appropriate structural and personnel changes, and engage other international institutions and bodies to take part in this process, BSEC will, at the very outset, need to re-invent itself.

It is ironic that at a time when international interest in the Region is expanding by the day, the premier regional international organization faces a distinct danger of being incapacitated and is rendered irrelevant by internal disputes, sometimes of its own making. These include over-bureaucratized procedures and debates which are never resolved, whether about the problems of the BSEC PERMIS budget or the salary adjustment of its personnel, the ineffective and irrational BSEC budgeting cycle employed, or issues such as BSEC business trips (the concentration is more on the quantity of these trips than accomplished results). Discussions also revolve around the essence of the BSEC reserve fund, the efficiency of the BSEC Working Groups or the effectiveness and financial capacity and productivity of the Project Development Fund (PDF) and its interaction with the same BSEC Working Groups which are supposed to become a primary source of the PDF with concrete and practical ideas.

The Organization's institutional memory - the BSEC PERMIS - needs to be transformed into a more competent, efficient and project-oriented structure that will be able to take advantage of the growing international interest towards the Black Sea region. It needs to engage a highly qualified cadre of professionals and base the selection process for the vacancies in the Secretariat on the competitive quality of applicants, and not only on their national identity or country representation.

Members should create an efficient mechanism to monitor the implementation of adopted BSEC decisions or even make the changes or modifications that are so urgent to be accomplished to update the "Blue Book" of BSEC - its Charter.

This task would be a Sisyphean toil, but members need to re-think the entire decision-making process in BSEC that is based on a veto system, euphemistically known as the "consensus rule," that frequently offers a Faustian bargain and operates on the "everybody against everybody" principle.

The post of the Secretary General of the entire BSEC needs to be created and made to be a truly meaningful one in order to increase accountability, efficiency, and coordination within the BSEC system.

And, of course, any attempts to change or re-organize BSEC should not be interpreted as some sort of "power play" but as an obvious need to improve its efficiency and accountability.

Again the UN reform effort should serve as guidance, accordingly where the UN Secretary General acts more as a fully-accountable corporate chief executive than as an inefficient and un-empowered interlocutor (which frequently happens in the case of Secretary General of the BSEC PERMIS).

As stated earlier, the effectiveness of the Secretary General position could be improved with the creation of a small planning group of “Wise Men” on an ad-hoc basis within the BSEC PERMIS or who are affiliated, personally with the Secretary General. The purpose of such a group would be threefold. First, the group would develop ideas and concepts of BSEC activities that could be brought to the whole body for deliberation. Second, this group would be responsible for eliciting ideas from the member states and then, alongside with the BSEC related bodies, elaborating on them for fuller discussions. Third, the group would also prepare a brief of proposed future opportunities, challenges and risk assessments for the BSEC Ministerials and Summits.

Why not engage in this Group, alongside other experts, for example, former Secretary Generals of BSEC PERMIS who have accumulated an immeasurable amount of practical experience?

On 11 April 2006, the BSEC Committee of Senior Officials got together in Brussels to continue its dialogue with EU officials. Member states should be grateful to the Ministry of Foreign Affairs of Romania and the Government of Greece for their continued enthusiasm to establish an appropriate channel of communication between BSEC and the EU.

BSEC is taking its first steps with regard to instituting a framework of cooperation with the EU. By all means, it should highly appreciate the advice and efforts of the Government of Greece in this regard, outlined recently in the Concept of their Presidency at BSEC, and acknowledge specifically the Concept of an EU Regional Dimension elaborated by the MFA of Greece.

But, perhaps, the Organization needs to look at itself more critically and recognize that there may be a sense in some quarters of the EU that BSEC is not particularly relevant. Maybe BSEC needs to look at itself from the perspective of the EU and try to determine the sources of this deep-seated wariness that the EU has towards the Region. Thus these “ideas” can be targeted promptly and effectively.

Such an assessment may appear harsh and pessimistic. But, perhaps, the seeds of BSEC’s strategy towards the EU can be discerned in it as well since, ultimately, it is events on the ground that will drive and shape the EU’s policy towards the Region. BSEC needs to get within the EU’s “decision-making cycle” and the ensuing BSEC engagement strategy should be built around serving the self-interests of the European Union. Perhaps, then, BSEC stands the best chance of real relevancy and success.

This strategy would also serve the best interests of BSEC member states, both those that are candidates for accession and those that may be considered – even if just hypothetically - for this status in the foreseeable future.

In short, BSEC must be seen in Brussels as an essential enabler of the European Neighborhood Policy that can help deliver the relationships and programs it will need to be effective. In so doing BSEC does not have to “sell-out” its role of promoting the self-interests of its members - quite the opposite, it will have positioned itself in a way that enhances the interests of its members.

Again, BSEC needs to be more innovative in its strategy towards the EU and needs to digest one obvious strategic fact on the ground: the process of fashioning closer ties to Europe is inevitable and inescapable for the entire Black Sea Region and BSEC. And, managing and understanding that development, which is supposed to be a two-way process, will be a priority for all BSEC member states, irrespective of the eventual individual political relations that emerge over time. The EU expansion towards the Black Sea is irreversible and BSEC needs to find the most appropriate ways to benefit from it and help the EU “understand” the efficiency of BSEC for long-term European security perspectives.

BSEC needs to recognize one additional and, perhaps, obvious fact: the EU’s allure and perceived attraction continues to exert significant power and influence and serves as a “psychological anchor,” especially for those BSEC member states who did not make the EU’s next enlargement cycle short list.

The EU remains engaged, as noted above, in evolving the ENP format which seeks to reward, in some still ill-defined way, countries that embrace so-called “European norms and values,” although this policy clearly lacks a regional (for example specific to the Black Sea region) dimension.

While this may not be an exemplary state of affairs, does BSEC have a truly viable alternative? Or, for that matter, any alternative given the way its own member states often react to each other’s foibles with petty and self-defeating retaliatory measures?

Even as globalization takes root in the Region and begins to affect the daily lives of its populations, a countervailing force of unilateralism has emerged. That is perhaps understandable as each member state grapples with its relations with the rest of Europe and the wider world. But unilateralism should not prevent member states from exploiting intra-regional opportunities or benefiting from greater cooperation.

BSEC’s vision and focus need to be broadened on areas where it can provide real and tangible results for its member states’ populations. It must not let existing practices and legal frameworks hamper its ability to respond to the changing

circumstances or undermine its ability to implement the positive and inspiring principles upon which BSEC is ultimately based.

It seems that developments within BSEC are too often in the hands of “experts”. But most of those “experts” have never built a business enterprise or met a payroll. Investment bankers are often seen as the storm troopers of globalization. In order to recharge our activities, and make them open to the outside world, BSEC should second EU-based investment bankers for three to six month periods to particular regions of individual BSEC member states. There, they could evaluate opportunities to create businesses with the potential to serve niche markets in Europe and report back about their observations and reflections to BSEC’s superior bodies.

BSEC needs to use its regional outlook to foster what could be called a high-level globalization “early warning system” and communicate its views as widely as possible. The only limit to the ability to innovate and re-energize the activities of BSEC should be its intellectual capacity, transparent and honest interpretation of rules and procedures, and interaction to seek sound compromise.

But these goals could be accomplished only with the increased political will and interest of the governments of BSEC member states towards the Organization; the BSEC PERMIS and other BSEC related bodies can only be initiators of these reforms. Only BSEC member states are able and have the capacity to implement them in practice. An urgent priority is to demonstrate to the governments of BSEC member states that BSEC is a vital and viable Organization that is relevant to their ultimate goals and ambitions.

BSEC is moving forward, progress is being accomplished. But this does not mean that problems and difficulties are diminishing. In fact, BSEC’s progress presents it with further challenges which will multiply and become more complex. To move further it needs new ideas, new energy, and new impulses.

To progress and move ahead it needs money which could be available from different financial institutions and donors *if* BSEC is reformed and creates accountable and transparent mechanisms which will execute new programs and initiatives.

BSEC needs to demonstrate more creativity and innovation. Areas, such as using the Region’s rich legacy and diversity of cultural heritage as an agent of economic change and development, must be assessed and acted upon in a timely manner.

It is important to remember that BSEC was established by its founding fathers as an Organization to serve the people of its member states through the creation of regional and sub-regional business networks, helping both SMEs and larger enterprises enhance their efficiency.



Advances in the rule of law and good governance would be irreversible guarantees for sustainable economic development in the Black Sea Region. BSEC has the means and the expertise to do so. To do anything less would be tantamount to the betrayal of the vision of its founding fathers and an irresponsible abandonment of the hopes and aspirations of the peoples of the Black Sea Region.

Who will take on this burden of BSEC's "re-invention"? Turkey, as it did in 1992? Russia, with its unique intellectual and natural potential? Or the Hellenic Republic, still the only EU Member - and which, as noted above, has made the most resolute and qualitative steps to bring BSEC closer to the European Union? Or, perhaps, other members of the BSEC family? The best results for this fascinating journey of reform would be accomplished through joint and collective efforts of all BSEC member states.