

SECURITY, STABILITY AND COOPERATION IN THE WIDER BLACK SEA REGION

Proceedings of the International Conference Jointly Organized by Center for Eurasian Studies (AVİM) and Konrad-Adenauer-Stiftung (KAS) on 4 December 2017



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Foreword by Teimuraz Antelava

It was an honor and a privilege to give a presentation at the Conference on “Security, Stability and Cooperation in the Wider Black Sea Region” organized by Center for Eurasian Studies (AVİM) and Konrad Adenauer Stiftung (KAS) on 4 December 2017 in Ankara. On behalf of the Secretary General of the Organization of Black Sea Economic Cooperation (BSEC) Ambassador Michael Christides, I would like to express BSEC’s profound gratitude to Center for Eurasian Studies and Adenauer Foundation Turkey for making this conference happen.

There is, indeed, an innate connection between the topic of this conference and the mandate of BSEC; BSEC was established when the “wind of change” was still blowing all over the former communist countries in the early 1990s. Parallel to the direction of this wind, BSEC embarked on the objective of fostering peace, stability and prosperity in the Black Sea region as one of its *raison d’être*. The bi-directional relationship between peace and economic cooperation has been known for so long. In fact, this is the one of the root ideas that lies behind many international organizations, including BSEC.

“Swords into Plowshares: The Problems and Progress of International Organization,” the seminal book authored by Inis L. Claude Jr. reflects on the transformative power of international organizations. By referring to the Old Testament maxim from the Bible, Claude Jr. highlights the salience of international organizations. He argues that like the swords that turned into the plowshares in the Bible, international organizations nowadays play a crucial role as vehicles of transformation.

The idea behind the foundation of BSEC was not different. Of course challenges, some of which came soon after the organization was established, had their impact on the efficiency of BSEC in contributing to security, stability, and cooperation. Bilateral tensions between the countries of the region, wider economic challenges and changes, such as the global digitalization, emergence of renewable energy sources, and other factors pushed us to adopt a more sober view on possible achievements within the existing circumstances. Mindful of these challenges, BSEC is working to readjust and respond to them by bringing together parties which hardly come together under any other format.

To that end, in recent years, BSEC served as a platform, the sidelines of the official meetings of which were effectively used for overcoming disagreements between countries of the region. Most recently, the twenty-fifth anniversary summit of BSEC held in May 2017 in Istanbul was concluded with the adoption of the

declaration of the heads of the BSEC member states, acknowledging their commitment to turn Black Sea into a region of peace, stability and prosperity in spite of all challenges.

Today we are undoubtedly going through difficult times because of issues such as terrorism, declining economy, radical nationalism, ethnic and religious hatred. In many different countries we witness striking developments that remind us those in 1930s. This directs us to try to understand what is really going on and to seek solutions to the existing problems before it is too late.

Our reflective potential may in fact prove to be of much greater practical utility than it is perceived. Because of this, it is important to develop platforms and utilize them to share our views with each other. It is therefore all the more important to have meetings such as the conference on “Security, Stability and Cooperation in the Wider Black Sea Region” to reflect on obstacles preventing stability and cooperation and come up with innovative ideas and approaches to our common problems. This conference is, in fact, a step forward in this regard. As the representative of BSEC, I am proud for having a chance to take part in this conference. BSEC is more than willing to pledge its full support to initiatives similar to that of Center for Eurasian Studies and Adenauer Foundation Turkey.

Teimuraz Antelava
BSEC Legal Advisor

Foreword by Sven-Joachim Irmer

First of all, I would like to express my pleasure for cooperating with AVİM in organizing the conference titled “Security, Stability and Cooperation in the Wider Black Sea Region” and subsequently publishing this book.

Having worked at Konrad Adenauer Stiftung in Romania and in the Republic of Moldova for six years before coming to Turkey, I have the firsthand experience that makes me appreciate the timeliness and the importance of this event.

For the KAS and for me personally, the Wider Black Sea is more than the just the Wider Black Sea. It is a region where we witness conflicts and challenges, but also hopefully a bright future. Obviously, the Wider Black Sea region has an immense significance for the European Union for economic cooperation and security. The same is true for the Russian Federation and the US. Therefore, it is an imperative to study this region in depth. Without doubt, the fact that experts coming from the regional countries, who follow the developments in the region closely and hence probably grasp better the upcoming challenges and opportunities regarding the Wider Black Sea Region participated in the conference and contributed to this book adds to the importance and significance of the conference and the resultant book.

We have thousands of young and bright researchers around the Wider Black Sea region. The BSEC has been laying the foundations of cooperation nearly since the last twenty years. Despite that, however, we found out that it is very hard to bring the regional countries together and get fruitful results out of the expert-level meetings for various reasons including diverse views and developmental paths in the region. So, I am very happy for succeeding organizing the conference titled “Security, Stability and Cooperation in the Wider Black Sea Region” and publishing the resultant book with the same name with our partner organization AVİM. I believe this book will help us to get a grip on the views of the regional countries on the critical issues with respect to the Wider Black Sea region and contribute to find ways to overcome the challenges facing the region and advance cooperation, peace and prosperity.

Sven-Joachim Irmer

Head of the KAS Office Turkey

Foreword by Ambassador (R) Alev Kılıç

Located on the northern section of the historical “silk road” that has been in the process of revitalization to connect the Pacific and the Atlantic oceans, the Wider Black Sea region is a major conduit for this desired connectivity. For this reason, the Wider Black Sea region is a strategically important area within the great game of geopolitics. Its position at the crossroads with the Russian Federation, Turkey, Caucasus, Balkans, and Europe adds to region’s strategic significance. The rich hydrocarbon resources of the Caspian region and transportation of these resources to the West through the Black Sea region is a non-negligible factor that makes global powers keep an eye on the region. All of these, plus the global shift of economic center of the world to Eurasia increases the relevance of the Wider Black Sea region.

Upon this rather generic portrayal of the region, I believe we can propose a basic framework for research on the Wider Black Sea area.

Focusing on the shift of the commercial, political and military power from the West to the East, and the Asia-Pacific with a vast vacuum in Central Asia would help us to contextualize our understanding of the recent developments in the Wider Black sea region.

With a view to expanding our understanding of the Wider Black sea region, we must stay cognizant of the fact that Wider Black Sea is also an aspect of the wider power struggle in the global scale. Therefore, one of the important dimensions of the study of the Wider Black Sea should be global geopolitical concerns and objectives of the major players. The interplay of the hard and soft powers of the major global players, and their aspirations should be one of the dimensions of the study of the Wider Black Sea.

Apparently, the great game of geopolitics also runs through alliances and economic, political and military blocs. Therefore, organizations such as BSEC, NATO, CSTO, EU, Eurasian Economic Union should not be left unattended.

Besides the great powers, regional powers, among them Turkey, are important players in the Wider Black Sea. In addition to its hard and soft powers, Turkey’s deep rooted historical and cultural ties within the Wider Black Sea provide it with a certain advantage. Accordingly, political and economic projections of Turkey need to be added to the analyses of the Wider Black Sea.

Other countries of the region, though they may have diverse capabilities, potentials and weaknesses are not subservient states, but actors that are trying to maximize

their interests. Overlooking these countries as purely benefit-seeking actors would lead to false analyses.

The crisis in Ukraine has important, both actual and potential, consequences in the Wider Black Sea region. The Ukrainian Crisis may lead some actors in the Wider Black Sea to opportunistic alternatives and activate deep rooted potential and frozen conflicts in the region. Therefore, the crisis in Ukraine has important implications and potential effects on the Wider Black Sea and beyond, which should be taken into consideration by the researchers.

In fact, it was this framework of research that we had in mind when Center for Eurasian Studies (AVİM) and Konrad Adenauer Stiftung (KAS) came together to organize the international conference titled “Security, Stability and Cooperation in the Wider Black Sea Region” at which twelve academics and experts from the regional countries to present their views on energy politics and security; hard security issues; and regional cooperation and integration in the Wider black Sea region. Obviously, all these issues cannot be covered within the limits of just one conference. For that, we hope to continue with similar activities that would bring academics and experts of the region together with the objective to develop perspectives to enhance stability, peace and prosperity in the Wider Black Sea region.

Ambassador (R) Alev Kılıç
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Contributors

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Introduction

THE RECENT POLITICAL HISTORY OF THE BLACK SEA BASIN

Turgut Kerem TUNCEL

The Black Sea Basin is one earliest habitats of human settlement. The ancientness of the region is reflected in many myths and legends that has become the common heritage of mankind. Whereas the Southern coasts of the Black Sea were the home to the tribe of female warriors known as the Amazons, its eastern coasts were traveled over by the Argonauts in search of the Golden Fleece, so tell the legends. Zeus chained Prometheus to a rock in the Caucasus Mountains in the East of the Black Sea, and Odysseus first sailed to the North to the Black Sea when he left Troy, so continue the legends. Some search the lost Atlantis in the waters of the Black Sea, while some believe that Noah's Biblical flood took place at the very same waters. These are the myths and legends that are well known in the Western world. There are also countless lesser known legends, myths, and stories of the East to which the Black Sea Basin provided stage.

With such an ancient history, the Black Sea Basin had also been home to many different tribes, peoples and ethnies, hence to many different languages and cultures, some of which survived to the day, some of which disappeared, and some of which coalesced into one another and lived on in new forms and names. Certainly, it was not only the ancientness of the region, but its geographical location, which rendered it a junction in the east-west and north-south directions that resulted in such a mix.

Although the ancient history of the Black Sea Basin is one of fascination, political scientists and analysts, such as the ones that participated to the "Security, Stability and Cooperation in the Wider Black Sea Region" organized by Center for Eurasian Studies (AVİM) and Konrad Adenauer Stiftung (KAS) on 4 December 2017 in Ankara, tend to be more concerned with recent history, as they view it more relevant to present-day issues and future prospects that they strive to analyze and comprehend.

We can start the recent history of the Black Sea region that is most relevant to the present-day from the year 1774, when the Treaty of Küçük Kaynarca ended the Russo-Turkish War of 1768–74. Whereas the Black Sea had been a "Turkish lake," since the Ottoman conquest of the then Constantinople, by the 1774 Treaty of

Küçük Kaynarca, the Tsarist Russia crowned one of the dreams of the father of the Russian navy, as well as “modern Russia,” Peter the Great, of gaining a lasting presence in the Black Sea region. Tsarist Russia’s occupation of the Crimean Khanate and the annexation of the Crimean Peninsula in 1783 solidified its presence in the region. The Russian advances in 1774 and 1783 provided the Tsarist Russia with a solid leverage to expand beyond the Black Sea towards the “warm waters,” i.e., the Mediterranean Sea. In fact, from then on, the objective of reaching out to the Mediterranean Sea has been the precept of Tsarist Russia’s policy vis-à-vis the Ottoman Empire that continued to hold the Bosphorus and the Dardanelles straits until its demise by the end of the World War I; lamentably for Russia, Istanbul never became *Tsargrad*.

By the Montreux Convention in 1936 after the birth of the Republic of Turkey from the ashes of the Ottoman Empire in 1923, the regime of straits was established, which confirmed the sovereignty of Turkey over the Bosphorus and the Dardanelles straits. Yet, the Soviet Union did not give up its claims over the straits, which it inherited from its Tsarist predecessor. Being one of the victors of the World War II, while claiming some territories in north-east Turkey, in 1946 Soviet Union increased its military presence in the Black Sea region to coerce Turkey for concessions related to a prospective Soviet military base on the Turkish territory and the straits. In fact, this was one of the major reasons of Turkey’s accession to the NATO in 1952.

Between 1774 and 1991, the political history of the Black Sea Basin was dominated by the struggle between Russia (Tsarist Russia and the Soviet Union) and Turkey (Ottoman Empire and the Republic of Turkey). However, by the collapse of the Soviet Union in 1991 and the demise of the Communist Bloc, a new chapter in the political history of the Black Sea region opened; by these upheavals, Georgia and Ukraine, as independent former soviet countries, and Bulgaria and Romania as former satellites freed from the Soviet hegemony, emerged. Accordingly, six littoral Black Sea countries, namely, Bulgaria, Georgia, Romania, Russia, Turkey, and Ukraine began playing their new roles in the post-cold war political theatre. In addition to these, Moldova, Armenia, and Azerbaijan, as non-littoral countries in the Wider Black Sea region also got on the political stage as independent countries.

The demise of the Communist Bloc, however, resulted in a vacuum that gave rise to security and other concerns, which in its turn, necessitated a new status quo for stability in the Wider Black Sea region. This motivated the signing of the Summit Declaration and the Bosphorus Statement by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine, which gave birth to the Organization of the Black Sea Economic Cooperation (BSEC) on 25 June 1992. In 2004, Serbia joined the BSEC as the twelfth BSEC

country. Being the outcome of the first post-cold war international project in the Wider Black Sea region, the BSEC described itself as “a unique and promising model of multilateral political and economic initiative” that aimed at “fostering interaction and harmony among its members, as well as to ensure peace, stability and prosperity, encouraging friendly and good-neighborly relations in the Black Sea region...”¹

Another significant development with respect to the security and stability of the Wider Black Sea region took place in 1997, when Ukraine and Russia signed an agreement on the partition of the former Soviet Black Sea Fleet and a friendship treaty on 28 and 31 May. According to the partition agreement, Russia got 81% and Ukraine got 19% of the Black Sea Fleet. With this agreement, Russia secured the right to use the Port of Sevastopol until 2017. This period was extended until 2042 in 2010 with an additional agreement, which is referred to as the Kharkiv Pact. With the friendship treaty, Ukraine and Russia pledged to recognize the existing borders, to respect for territorial integrity, and for strategic partnership.

However, despite the launch of the BSEC and the treaties and agreements between Ukraine and Russia, by the 2000’s, the much desired yet immature stability in the Black Sea region began to show signs of deterioration.

With the beginning of the “Putin Era” in Russia, especially after 2012, the transformation of the Russian foreign policy that began as early as mid-1990’s defined by the will to regain a super power status once again gained momentum. The 1999 NATO bombing of Serbia; accession of Bulgaria, Czech Republic, Estonia, Lithuania, Latvia, Hungary, Poland, Romania, Slovakia, and Slovenia to NATO between 1999-2004 and to the EU between 2004-2007; and the “color revolutions,” i.e., the Rose Revolution in Georgia in 2003, the Orange Revolution in Ukraine in 2004, and the Tulip Revolution in Kirgizstan in 2005 paralleled with Russia’s increasing assertiveness in its “near abroad.” Russia sought to legitimize its new foreign policy approach as a “proactive” one vis-à-vis the “Western hostility towards itself.” Not surprisingly, the Wider Black Sea region was affected from this variation in the global geopolitics; after all, the Wider Black Sea region was comprised of the Balkans, Black Sea Basin and the Caucasus, all of which have been the hinges of the “southern policy” of Tsarist Russia, Soviet Union and the Russian Federation.

The Georgian-Russian War in 2008, which resulted in the recognition of Abkhazia’s and South Ossetia’s independence by Russia and few other states was the first dramatic incident in the Wider Black Sea region with significant consequences with respect to Wider Black Sea region geopolitics. The next

1 “BSEC,” BSEC, Last modified June 25, 1992, <http://www.bsec-organization.org/Information/Pages/bsec.aspx>.

dramatic blow in the region came six years later in 2014 by the illegal annexation of Ukraine's Crimea by Russia and the armed conflict in eastern Ukraine, which most of the Ukrainian political scientists and analysts define as a war between Ukraine and Russia, whereas majority of their Russian counterparts define it as a Ukrainian civil war.

Today, when we look at the Wider Black Sea region, we see polarizations that threatens regional stability. On the one hand, we see Russia with its assertive approach vis-à-vis the regional countries, which it defines as nothing but a defensive stance at the face of the "Western aggression towards Russia." On the other hand, we see Georgia, Ukraine, Romania, and Moldova as pro-Western countries, despite the existence of pro-Russian currents, seeking membership to the NATO and the EU partially as a defensive measure against the "Russian aggression." When we look to the East, we see Armenia as a country officially pursuing a policy of complementarity, which means balancing between the West and Russia, and even bridging these two powers. However, a closer look at Armenia reveals that this country is rather a vassal of Russia, almost all the strategic assets of which are owned by the latter. Azerbaijan, pursuing a policy of neutrality and non-alignment since 1991, to some extent has been able to achieve this goal, but, recently, have sour relations with Brussels. Bulgaria in the West, although a member of the NATO and the EU, thoroughly refrains from antagonizing Russia. Finally, to the South of the Black Sea region, Turkey, the second biggest country in terms of economy and military in the region after Russia and a status quo country, for some time have ambiguous relations with both the West and Russia.

This state of the Black Sea region, in fact, has wider consequences that exceed its borders. The Black Sea region, is not only a "region" *per se*, but a North-South and East-West nexus between the Eurasian landmass and Middle East and Africa, and between Asia and Europe. Therefore, the state of the Black Sea region has global implications effecting non-regional states, both small and big. On the one hand, the Wider Black Sea region is a very important juncture for global trade. It is also a very important juncture for the China-led Belt and Road Initiative. Any development in the Wider Black Sea region has reflections on this huge global project. On the other hand, Black Sea region is also a corridor for the energy flow from Russia, and Central Asia and Iran as prospects, to the European market. Given the economic and political importance of the energy pipelines, the state of the Black Sea becomes an important topic for Brussels, Moscow, Washington and Beijing. Furthermore, the Wider Black Sea region is just to the east of the EU. Therefore, developments in this region have direct effects for the EU. Being a North-South nexus, geopolitical developments in the Wider Black Sea region have implications for the Middle East and the Mediterranean regions, which are the most sensitive areas in the present.

Taking all these into consideration, Center for Eurasian Studies (AVİM) and Konrad Adenauer Stiftung (KAS) on 4 December 2017 in Ankara organized a conference titled “Security, Stability and Cooperation in the Wider Black Sea Region” with the participation of thirteen experts from ten countries, namely, Albania, Turkey, Russia, Romania, Moldova, Azerbaijan, Ukraine, Georgia, Armenia and Serbia, which are all members of the BSEC, in order to assess the recent state of the Wider Black Sea region through the lenses of the experts coming from the region.

The conference was composed of three sessions. The first session was on the “Energy Politics and Security in the Wider Black Sea Region.” In this session, current energy politics and their actual and potential implications with respect to the security and politics in the Wider Black Sea region was discussed by three participants, namely, Leodin Krisafi (Albania), Oktay F. Tanrısever (Turkey) and Evgeniy Bahrevskiy (Russia).

The second session titled “Hard Security Issues in the Wider Black Sea Region” aimed at analyzing hard security issues in the Wider Black Sea region and defining and understanding the security perceptions of the Wider Black Sea region countries and non-regional countries and organizations with interests in the region. In this session Dan Petre (Romania), Igor Munteanu (Moldova), Zaur Shiriyev (Azerbaijan), and Leonid Savin (Russia) shared their views on the subject.

In the third session Koray Targay (Turkey), Giorgi Badridza (Georgia), Muhtar Hajizade (Azerbaijan), Alexander Iskandaryan (Armenia), and Marko Savkovic (Serbia) made presentations on “the Wider Black Sea Region and Regional Cooperation and Integration: Opportunities and Challenges” to evaluate the existing organizations in the Wider Black Sea region or others that are relevant to the region such as Economic Cooperation Organization (ECO), European Union, via the EU Eastern Partnership program, and Eurasian Economic Union.

This conference book brings together the papers presented at this conference. It is composed of twelve chapters, each presented and written by the above mentioned participants of the conference with the exception Alexander Iskandaryan, who did not submit his paper out of personal considerations. We hope this book will contribute to the literature on the Wider Black sea region by presenting the views of the academics and experts coming from the region to the wider research community.

1st Session

**Energy Politics in the
Wider Black Sea Region**



WESTERN BALKANS AND THE CAUCASUS GAS: ENERGY SECURITY AND GEOPOLITICAL CONSIDERATIONS

Ledion KRISAFI

This paper focuses on the correlation of the energy security and geopolitics encompassing the Western Balkans and the Caucasus gas. I am going to tackle with the current energy situation in the Western Balkans and an important change in the energy panorama of the Western Balkans giving a new significance to the region in what is called the geopolitics of energy.

The Western Balkans is very vulnerable when it comes to the energy security. In Serbia, Croatia, Macedonia, Bosnia and Herzegovina, the oil and natural gas supplies are dominated by Russia. In other words, Gazprom is the main gas supplier of the entire region.¹ This is the main problem with respect to the energy

1 Aleksandar Kovacevic, "Towards a Balkan Gas Hub: The Interplay between Pipeline Gas, LNG and Renewable Energy in South East Europe," *Oxford Institute for Energy Studies OIES Paper: NG 115* (2017), accessed April 03, 2018 <https://www.oxfordenergy.org/wp-content/uploads/2017/02/Towards-a-Balkan-gas-hub-NG-115.pdf>

security of the region. All the recent efforts are concentrated on finding solutions to this problem.

Albania is an exception. There is no Russian influence in Albania at all. The absence of Russian influence could be explained by two factors. First of all the basis of Albanian gas infrastructure is very weak. Russia's influence in the countries mentioned in this paper the energy dependency. Therefore Albania is not one of the prime targets of Russia. Albania's orientation towards the United States and the European Union in its foreign policy since the fall of communism constitutes the second reason. This absence of Russian influence is combined with Albania's geographical position that is only 72 km away from Italy. It makes Albania a perfect starting point for every attempt aiming to diminish the Balkans' and EU's dependency on the Russian gas.

This situation in the Western Balkans poses a security problem and challenge not only for the region, but also for the European Union as a whole. Considering that the Western Balkans is an important zone for the diversification of the energy supplies and transit towards the European Union, its salience for the future energy security of the European Union should be seen.

Russia's actions in the last years, e.g., illegal annexation of Crimea, war in Donbass, manipulation of the elections in several European countries and the US, have turned an energy security problem into a political and geopolitical one.

Similar to the Western Balkans, more than half of the countries of the European Union are dependent on Russian natural gas. In the countries in Eastern Europe this dependency is almost absolute and the share of the Russian natural gas in countries like Germany and Italy is around 50%.² This situation is one of the greatest challenges that the EU tries to overcome through different ways.

In 2015, European Council for Foreign Relations stated that the EU's aim:

is to diversify the EU's gas supplies away from Russia, which has already proved to be an unreliable partner, first in 2006 and then in 2009, and which threatened to become one again at the outbreak of the conflict in Ukraine in 2013-2014.³

2 Eurostat, "EU Imports of Energy Products - Recent Developments," June 05, 2018, accessed June 14, 2018, http://ec.europa.eu/eurostat/statistics-explained/index.php/EU_imports_of_energy_products_-_recent_developments.

3 Chi-Kong Chyong et al., "Europe's Alternatives to Russian Gas," *European Council on Foreign Relations*, April 09, 2015, accessed June 14, 2018, http://www.ecfr.eu/article/commentary_europes_alternatives_to_russian_gas311666.

This is a common goal of the EU and the Western Balkans.

The EU can achieve this goal by taking the Western Balkans into consideration. In this regard, the Western Balkans is both a part and the solution of the problem, at the same time.

Energy Security in Albania

I will take Albania as an example, not because it is my country, but because it is a country that in a small scale provides a description of the energy security situation of the entire Western Balkans. At the same time, it has the potential to help to alter the existing situation.

Today Albania is a net importer of energy. In 2016, 60% of the energy consumed in Albania was imported. This number went to 70% in the last couple of months.⁴ 90% of the energy produced in Albania comes from hydropower. This fact makes the country especially vulnerable when it comes to the energy security. Albania suffers from a lack of domestic energy resources.

Because of this, in the last 15 years Albania has suffered from several energy shortages that have greatly affected not only its economic performance but also created frustration among the population.

In the last years, the democratic and socialist governments have given hundreds of licenses for new hydro power plants. These new hydro power plants that are being built or that have been completed will increase the energy production in Albania. However, in the long term, they will not enhance the energy security of Albania significantly.

Albania can be taken as an example for renewable energy production because almost all its energy is produced by hydropower plants. On the other hand, this is also a major problem for its energy security, since hydropower depends on rainfall.⁵ Compared with the 1960s and 1970s, rainfalls in Albania have decreased and they are expected to decrease further in the next thirty-five years. Several studies about the impact of the climate change in Albania and the Balkans reveal that the energy production in Albania will be reduced by 20% in the next thirty

4 “Bilanci i Energjisë Elektrike, Gjashtëmujori I-2017”, *INSTAT*, August 31, 2017, accessed June 18, 2018, http://instat.gov.al/media/2015/bilanci_i_energjis_elektrike_gjasht_mujori_i-2017.pdf.

5 Vlad Popovici, “Energy-Sector Progress and Setbacks for Balkan States Noted in the EC 2011-2012 Enlargement Strategy Package,” *Balkananalysis.com*, October 29, 2011, accessed June 18, 2018, <http://www.balkananalysis.com/energy-sector/2011/10/29/energy-sector-progress-and-setbacks-for-balkan-states-noted-in-the-ec-2011-2012-enlargement-strategy-package/>.

five years.⁶ In brief, in long run, energy production in Albania from hydropower is expected to decrease, no matter how many new hydropower plants are built. If nothing changes, Albania will continue to be a net importer of energy that will consequently increase its vulnerability for the energy security.

Albania is still an insignificant energy player in the Balkans. The Western Balkans, in general, also has been an insignificant energy player in the European and global energy markets for being a net importer of energy.

Albania has the largest onshore oil reserves in Europe, but currently it has no capacity to refine its oil, which greatly affects oil prices in Albania. It is not convenient to use oil as an energy source in Albania, while the gas infrastructure is nonexistent.

The TAP and Geopolitics

Despite this bleak picture, Albania and the Western Balkans have the potential to become key actors for the future energy security of the European Union. This is why the EU and the US are supporting financially and politically a costly and difficult natural gas pipeline from Azerbaijan to Albania, namely, the Trans Adriatic Pipeline (TAP).

Of course, it is much easier to transport natural gas from Russia to Germany, for example, via the Nord Stream than to transport it from the Caspian Sea via Georgia and Turkey to Greece and Albania, and then through the Adriatic Sea to Italy and beyond.

Among all the proposed gas pipeline projects that bypass Russia in the last twenty five years, TANAP-TAP is the only one that was implemented. The only reason why this project is implemented is a geopolitical and a security concerns generated by Russian dependency..

Nevertheless, the amount of the natural gas that will be transported from Azerbaijan to Europe through Turkey, Greece and Albania is modest compared to the natural gas coming from Russia. For example, Nord Stream has two lines and an annual capacity of 55 billion cubic meters and this amount is forecasted to be increased up to 110 billion cubic meters by 2019 with the constructing two additional lines,⁷ while the TAP) will have an annual capacity of 10 billion cubic

6 Jane Ebinger, "Albania's Energy Sector: Vulnerable to Climate Change," *Europe and Central Asia Knowledge Brief*; No. 29. World Bank, September 1, 2010, accessed June 18, 2018, http://siteresources.worldbank.org/INTECALEA/Resources/ECA_KB_29_Albania_Energy.pdf.

7 "Russia's Gazprom to Expand Nord Stream Gas Pipeline with E.ON, Shell, OMV," *Reuters*, June 18, 2015, accessed June 14, 2018, <https://uk.reuters.com/article/energy-gazprom-pipeline/update-2-russias-gazprom-to-expand-nord-stream-gas-pipeline-with-e-on-shell-omv-idUKL5N0Z42OB20150618>.

meters, which can be doubled.⁸ This is still far from the annual capacity of the Nord Stream.

It would be an exaggeration to say that TANAP-TAP will decrease the dominance of Russia, and will enhance the energy security of Europe. Yet, this is the first project that really starts to crumble Russia's dominance, especially in the Western Balkans and through the Western Balkans in Central Europe. This is why the Western Balkans, and Albania in particular, is very important for the energy security of much bigger region than Albania itself or the Western Balkans.

A branch of the TAP will be the Ionian Adriatic Pipeline that will transport gas from Albania to other Western Balkans countries such as Montenegro, Macedonia, and Croatia, Serbia, and further to Slovenia and Hungary.

This second pipeline, a branch of the TAP that will be very important for the lessening Russia's energy dominance in the Western Balkans and Albania, has a great importance in this new scheme. Because of its geographic position Albania has the potential to transform itself into an energy hub for the entire region. But for this to become a reality big investments are needed. Albania is obliged to build a gas storage facility, power plants that function with natural gas and smaller pipelines that will connect the country with the other Western Balkans countries.

This is not only a pipeline project, but also a geopolitical project. For the first time it puts Albania in the map of gas pipelines. It also puts Albania and the Western Balkans in the frontline of the EU's drive to diminish Russia's energy dominance. The EU's and the US' attempts to build gas and oil pipelines that bypass Russia have intensified in the last years because of the return of Russia's influence in the Balkans and the Middle East, which once collapsed as a result of downfall of the Soviet Union. This return of the geopolitics⁹ generated an urgent necessity for finding alternative routes to Russia. The Balkans is also one of the regions where geopolitics has returned in the light as economic and political influence of Russia, China, Turkey, Gulf countries and lately Japan gradually increase. Therefore, the combination of the concerns about the energy security and geopolitics made the TAP possible, that in turn renders Albania and the Western Balkans an important player in the future of geopolitics of energy.

8 "Transportation Capacity of Trans Adriatic Pipeline May Soar," *Report News Agency*, August, 11 2017, accessed June 14, 2018, <https://report.az/en/energy/transportation-capacity-of-trans-adriatic-pipeline-may-soar/>.

9 Walter Russell Mead, "The Return of Geopolitics," *Foreign Affairs* May/June 2014 Issue, accessed June 18, 2018, <https://www.foreignaffairs.com/articles/china/2014-04-17/return-geopolitics>.

Caucasus Gas vs. Russian Gas

Whether Azerbaijani gas can become an alternative for the Russian gas in the Western Balkans and Central Europe is the big question should be asked. I doubt it. Russia has the largest proven natural gas reserves in the world. Azerbaijan has a lot less; Azerbaijan is fourteenth in the World with respect to its proven gas reserves. So, Azerbaijan's potential to supply the European Union and the Western Balkans is much less than that of Russia.

Secondly, as I mentioned above, it's much easier to transport gas from Russia to the European Union than from Azerbaijan. TANAP-TAP is much longer and more costly. Even though TANAP-TAP starts to corrode Russia's energy dominance, this pipeline and the Caucasus gas in general cannot be a real alternative to Russian gas. For this reason, it seems that the security problem engendered by the Russian energy dominance in the Western Balkans and in most of European Union will continue to be a problem.

Despite that TANAP-TAP, for the moment and for the near future, will change Western Balkans' position concerning energy security of the European Union. Energy projects in the Western Balkans until some years ago have not been part of the objectives of the European Union. Since 2014 with the Berlin Process, the EU has been trying to anchor the region to it, especially through electricity corridors that will link the countries of the Western Balkans with the European Union. This anchoring of the region to the EU does not have much practical significance, but it has a geopolitical dimension.



EMERGING DYNAMICS OF ENERGY COOPERATION IN THE BLACK SEA REGION

Oktay F. TANRISEVER

This paper examines the emerging dynamics of energy cooperation in the Black Sea region by focusing on the potential of renewable energy and low carbon economy as new game changers in the regional energy cooperation. In the past, there was an intensive discussion on the Black Sea as a region, but for a couple of years, we have not really seen a similar interest in regional issues in the Black Sea region. The Black Sea region is one of the central regions of the old continents of Europe and Eurasia as it serves as a bridge between these two continents. So we should keep discussing the regional issues in the Black Sea region and develop new ideas to promote cooperation in this region.

In this context, energy tends to become one of the key issues which we should explore in order to analyze the emerging challenges to regional cooperation in the Black Sea region. In my presentation, I would like to discuss the challenges of the regional cooperation in the area of energy and energy security for the regional countries in the Black Sea region. This involves not only the analysis of the existing energy-related tensions and conflicts in the Black Sea region, but also the

discussion of the prospects for deepening cooperation among the regional countries in this region.

In order to explore the regional dynamics of cooperation and conflicts in the Black Sea region, it is important to identify the characteristics of Black Sea region in terms of energy security and cooperation in the area of energy. This region is unique for having the potential for regional cooperation, because we have all types of actors which should cooperate. Energy producers such as Russia and Azerbaijan, energy consumers in the large European market, as well as the transit countries such as Turkey and Ukraine shape the developments in the energy sphere in this region.

In other words, the characteristics of the regional actors in the Black Sea countries constitute an ideal model for regional cooperation because, without their participation in the regional cooperation frameworks, none of their individual energy needs could be met adequately. Therefore, we can speak about a potential for regional cooperation in the Black Sea region. Are these countries successful in promoting this cooperation? The answer to this question is yes, though only partially. They have not fully utilized their potential in realizing regional energy cooperation because of the ongoing geopolitical rivalries.

Another important reason that necessitates regional cooperation is the energy mix or composition of the regional countries. None of these countries are self-sufficient with the exception of Russia in all forms of energy. The Black Sea countries need each other in various forms of energy because their energy mix or composition is too diverse. This characteristics of the region also necessitates regional energy cooperation. Nevertheless, the real challenge for the regional energy security is the failure of most of these regional countries in realizing a successful transition from fossil fuel economy to low carbon economy as required by climate change policies.

It is also important to discuss the renewable energy potential and capacity of regional countries in having successful transition to low carbon economies. Unfortunately, this region, at least its eastern part, is quite rich in in terms of fossil fuel resources; such as oil and natural gas. Russia, being the main energy supplier not only for Europe but also for China and neighboring countries, has vast fossil fuel resources in different parts of the country. In addition to the existing reserves in Siberia and other parts of Russia, recently significant energy resources have been discovered in the Arctic region. Many experts suggest that the Arctic energy discoveries will be another game changer, which will strengthen Russia's role as a main provider of fossil fuels in both Asia and Eurasia.

However, the problem with Russia's energy policies according to some experts in

Europe is that Russia uses energy as a diplomatic card in its relations with its neighbors. Accordingly, energy resources are not considered solely as economic commodities, but also as instruments for regional dominance. This frightens most of the neighboring regional countries especially those states in Eastern Europe as well as the majority of the Black Sea countries, because of their overwhelming dependency on Russia's energy supplies.

In addition to the supply of the natural gas and to some extent oil resources, these countries have also lost control on their energy infrastructure and on the natural gas distribution networks in Eastern Europe. This tendency creates another problem for domestic political consolidation in some of the East European countries.

Consequently, although Russia is a rich provider of energy, it is not considered widely as a reliable energy partner. Therefore, most of the European countries and the majority of the Black Sea countries are looking for new alternatives to Russia. Yet, replacing Russia with another supplier is not practical; at least, at present. It could easily be observed that all of these countries have no alternative other than importing energy from Russia. However, they need alternatives just to fix problems when Russia utilizes these dependencies to its own advantage.

Azerbaijan and other Caspian Sea countries emerge as important alternatives to Russia's supply of natural gas. However, the problem with Azerbaijan seems to be its limited quantity of natural gas. There are problems with other countries such as Kazakhstan and Turkmenistan, as well. These Caspian Sea countries are not able to export their gas to Europe via Southern European corridor.

The Trans-Adriatic Pipeline (TAP) which is an extension of the TANAP is also very important part of the European Southern energy corridor. Turkey, Azerbaijan, Georgia as important countries in the southern part of Black Sea tend to cooperate with the Balkan countries for the realization of this corridor, which could give some breathing space to European countries. These countries could use this alternative in order to stabilize their energy markets in the Southeast Europe and the Black Sea region.

The most important game changer development which might contribute to the energy security of these countries seems to be the recent shale gas revolution, as some of the Black Sea countries are believed to have large shale gas reserves. However, despite some promising discoveries in the Black Sea region, in general, and Ukraine, in particular, no significant production has been made yet. There is an expectation that United States could export more shell gas to European countries including the Black Sea countries, and the declining cost of energy could also be used to counterbalance Russia's hegemonic role in natural gas sector.

Realistically speaking, these are quite important, but long-term solutions to the energy challenges of the Black Sea region. In the foreseeable future, regional countries are expected to remain dependent on Russia's gas supplies. Russia's pipeline projects, namely, the North Stream and Turk Stream, are also large enough projects which will ensure Russia's dominance in this market.

It is also important to note that European and the Black Sea countries are not likely to ensure their energy security as long as they remain dependent on natural gas. Therefore, they should move from fossil fuels to renewable energy. This is also in line with the tendency in international markets to follow the German model by increasing the share of renewable these countries can generate electricity from wind energy, photovoltaic solar energy. This could help these countries to increase their domestic energy production.

In this respect, Balkan countries, Turkey, Georgia and other Black Sea countries have rich potential in wind and photovoltaic forms of renewable energy. The challenge for these countries is that the technology is very expensive, despite the recent decline in the cost of technology thanks to China and South Korea. Nonetheless, it is still expensive and not competitive. These countries should intensify their regional energy cooperation to generate more wind and solar energy.

The Energy Community which includes various countries from the South-East Europe and the Black Sea regions is a very important institution. It plays an important regional role in addition to Black Sea Economic Cooperation Organization in promoting regional cooperation in the area of energy. They have greatly succeeded in harmonizing energy policies and increasing the share of renewable energy and modernizing the legislation on natural gas sector. Still, this progress is not sufficient enough to reduce their dependence on Russia in natural gas.

I think what is more important for Black Sea countries is to invest in these renewable energy, namely, wind energy, photovoltaic, geothermal energy. Nuclear energy is also another option, too, even though we are all concerned with the environmental impact of nuclear energy. Renewable energy needs some base energy. This is not provided by unstable forms of renewable energy. Therefore there is a need to use either coal energy or nuclear energy. So, it is important to have safety measures need to be taken carefully.

Recently, an important progress has been achieved in the Europeanization of Turkey's energy infrastructure. In fact, European electricity infrastructure has already achieved a deeper level of integration. Likewise, the electricity infrastructure of Turkey, which is an important producer and consumer of electricity, is also integrated into the electricity infrastructure of Europe. Turkey

used to import electricity from Bulgaria and Georgia, but now it could import from other countries in Europe, too. The development of interconnectedness between the Balkans and the Caucasus may buttress the energy security of these countries.

I would like to conclude by making few policy recommendations. These recommendations are all expensive, but these countries should invest in these areas if they really want to solve their problems with respect to energy security.

One of the most important solutions to energy in security is energy efficiency. Regional countries have problems in this area due to the poor state of their energy infrastructure. They have to modernize their infrastructure.

Another important area is the development of smart cities. The use of energy could be decreased if cities were rebuilt in accordance with the smart city concept. In smart cities, new technologies will help to reduce energy consumption considerably. Of course this is also an expensive alternative, but in the long run it could provide advantages.

Last but not least is the new technologies. In this respect, renewable energy technology is very important. Most of the Black Sea countries have rich potentials, but technology is very expensive. They need to cooperate among themselves to develop the necessary technologies of storing larger quantities of photovoltaic energy or generating wind energy more efficiently.

All countries have a lot to gain from regional cooperation. All countries could also benefit from transition from fossil fuel to low carbon economy. So, I think the future will be shaped by the abilities of countries to achieve a smooth transition to a low carbon economy. It could be noted that the ongoing rivalries over the control of fossil fuel resources and transit corridors is not sustainable in the long run. In the long run, regional countries should concentrate on harmonizing their policies on developing renewable energy, carbon mitigation policies and efficient use of electricity.



THE TURK STREAM AND REGIONAL ENERGY STRATEGY OF RUSSIA

Evgeniy BAHREVSKIY

For about ten years, we constantly hear that Russian energy industry, especially for Gazprom encounters difficulties because of different reasons such as Qatar liquefied natural gas, Nabucco, shale gas in Poland, and so on. However, in spite of the complicated political situation and appeals not to buy Russian natural gas exclusively pertinent to political reasons, since there is no economic reason, 2016 was the peak for Russian natural gas supply, and it has been expected that we will definitely break this record in 2017.¹ In 2017, Gazprom will break a record in its natural gas export in its whole history; the volume of the natural gas export will reach 192 billion cubic meters.

The market share of the Russian natural gas in the European Union is 34%. If any other natural gas, which would theoretically push the Russian natural gas out of the European market, existed, it would have been already brought to Europe. Russia offers natural gas that can be supplied with strong guarantees and suitable prices.

1 This presentation was delivered by Evgeniy Bahrevskiy on 4 December 2017 (Editor's note).

Some days ago John McCarrick, Deputy Assistant Secretary in State Department Bureau of State's Bureau of Energy Resources of the US declared that Washington opposes the construction of Turk Stream pipeline.² He also said that if the construction of the North Stream 2 begins, the US might consider sanctions against European companies, which participate in this project. According to McCarrick, the North Stream 2 is a "political project" of the Russian government, which aims to eliminate the Ukraine route and deprive this country from transit incomes. Of course, the American official immediately pointed out the alternative for the "dangerous Russian gas" is the American liquefied natural gas. McCarrick added that what Europe needs is just to construct the necessary infrastructure.

Before I address the Turk Stream, I should mention one indisputable fact: Energy consumption is constantly growing all over the world. Practical, not ideological, substitution of oil and natural gas with "green energy" is impossible for some decades to come. So we are still living in an oil and natural gas world.

The Turk Stream is a project that was extensively discussed, first and foremost, in Russia and in Turkey. Is it reasonable to construct the Turk Stream if Western Europe is so uncertain and even hostile towards the Russian natural gas?

In fact, this is not a new discussion. Twenty years ago when Russia agreed with Turkey on the construction the Blue Stream, the issue of direct delivery of natural gas to the Turkish market was also ambiguous and even unprecedented. That time, the Blue Stream was criticized even more than the Turk Stream is criticized today. It was deemed ineffective. We heard that Turkey did not need this natural gas and that Gazprom was just wasting money. Now we understand that the Blue Stream helped to the growth of the Turkish natural gas market. It provides about 30% of the annual consumption of Turkey. Since the last five-seven years, it has been a balancing factor for the Turkish energy market; whenever problems occur with the supplies from other sources, the Blue Stream provides stability on the market. In fact, Iran and Azerbaijan sometimes encounter problems with the supply at the most important time for the consumers, that is, in winter. In such cases, Gazprom, on demand of Turkey, increases its supply even in the excess of contract obligations.

The Turk Stream was launched at the moment of other projects' death. The South Stream died because of open political pressures on the Bulgarian government. The fate of this project can be the textbook example revealing that political objectives of some influential countries are more important than national economic and strategic interests of weak countries. The South Stream was developed as a direct

2 Turk Stream is also referred to as Turkish Stream (Editor's note).

route for the Russian natural gas to South-Western Europe bypassing Ukraine. Nowadays, majority of the natural gas transmitted via Ukraine goes to that part of the EU via the Austrian hub in Baumgarten. About 25% of this natural gas goes to Turkey. We had to minimize transit risks by means of optimal routes.

The European Union preventing the realization of the South Stream wanted to force Russia to preserve the transit route via Ukraine, despite all the risks existing in this country. I have to remind that it was 2007, when the first memorandum on the South Stream was signed in Rome by Gazprom and the Italian Eni. This is seven years before the beginning of the civil war in Ukraine. I do not speak about bilateral relations between Russia and Ukraine or the general state of the Ukrainian economy. To my mind, the strategic purpose of eliminating the South Stream served to maintain the conflict between Russia and Europe.

As I mentioned above, 25% of the natural gas going via Ukraine and the Balkans arrives at the Turkish market. It is not only the second biggest market in the region after Italy, but also a quickly developing and growing market. During the last ten years, Turkish market tripled. The role of gasification in this process is very important. According to the prognoses, demand for natural gas in Turkey will grow in perspective. That is why the strategic decision to bring the natural gas to Turkey and then to Greece bypassing the unstable Ukrainian route was taken.

The first line of Turk Stream is designed to carry natural gas to the Turkish market, and maybe to Bulgaria and Greece, as well. The main aim of the second line is Italy. Part of the natural gas to be carried by the second line is expected to be delivered to Balkan countries and Austria. For this second line, a 50-50% joint venture transmission company is planned to be formed between Gazprom and Turkey's Botaş. The latter will own and operate the part of the pipeline on the Turkish territory.

The transit contract between Russia and Ukraine expires on 31 December 2019. I think that this contract cannot be extended for a new term on any reasonable condition. It is not because Russia does not want to extend it. However, we understand that it is impossible to do so, which became obvious long time ago. South Stream was initiated before the conclusion of the transit contract in 2009, when natural gas supply via Ukrainian territory was stopped for three weeks.

What is the principal difference between the South Stream and the Turk Stream? The South Stream was a vertically integrated project. The natural gas was to be delivered to consumers under existing contracts to the existing points of delivery. All the necessary intergovernmental agreements were signed. All construction contracts were ready. In the majority of partner countries design and survey works were completed. All investment decisions were taken. Financing schemes were

ready. Gazprom was ready to bear all organizational and partly financial risks. It was a headliner and the guarantor of the project.

However, The EU accepted the so called Third Energy Package, which entered into force in 2009, after the formulation of most of the legal base of the South Stream. The law should not have retroactive effect, but for the EU sometimes, especially when dealing with the Russian gas, it becomes possible. The Third Energy Package prohibited participation of natural gas suppliers to new transportation projects. Exception from this rule is possible, but not guaranteed. We have now some political problems with the North Stream, too, which is, however, a successfully working project.

The Turk Stream will reach to the Turkish-Greek border. From this point, where the Third Energy Package is effective, European natural gas transportation operators may build natural pipelines themselves. The final point of the Turk Stream is the Turkish-Greek border, where the Russian natural gas could be connected to the TAP. Later, after the completion of Greece-Bulgaria Interconnector, a link to Bulgaria may also be constructed.

The Turkish-Greek border is also an intersection point of different international projects including the Turk Stream, TANAP and other new ones that could theoretically provide natural gas supply from Iraqi, Iranian or Mediterranean sources in the future.

Market demand for this natural gas surely exists. Some quantities of natural gas are contracted by the European consumers at least until 2030-2035 from the Baumgarten handover point. They know that starting from 1 January 2020, they can purchase gas from the point on the Turkish-Greek border. The Third Energy Package definitely allows that; if there is market demand, operator, not only can, but has to do it.

Europe is the second after the USA natural gas market in the world. Europe is not just a big market; it is also depended on imports. Nearly two thirds of the natural gas comes to the EU from outer sources (including Norway that is not a member of EU). Yet, the only reliable outer source is Russia. The output of Europe is decreasing and will continue to decrease. Now, Europe's own sources meet 30%-35% of the demand, but this will decrease to 15-20% maximum. From where will the EU get rest 80%?

The second supplier, namely, Norway has reserve approximately amounting to 1,7 billion cubic meters of natural gas. Norwegian resources will finally drain away in fifteen years. There are some hopes of new discoveries in Barents Sea, but there is no necessary infrastructure, yet. Constructing this infrastructure will be for sure very expensive.

Liquefied natural gas is also problematic. Europe during these ten years built additional terminals for regasification with the capacity of 100 million tons. But the level of import is less than that of 2003. The new infrastructure is not working. Maybe this natural gas will come later but it depends on the Asian demand for the natural gas. Therefore, the EU has to understand that Russia is the only real partner. Russian cooperation with Europe has been fruitful for forty years starting from the times of ideological confrontation. We hope that we can return to a normal dialog with Europe.

But even if the second line of the Turk Stream will not be used by Europe, Turkey gains from this project by obtaining an important infrastructure for the industrial development in its Western part.

There is one more top priority issue for Turkey, namely, decreasing the dependency on Russian natural gas given that Russian natural gas currently meets near a half of Turkey's total demand. For Turkey, decreasing dependency on the Russian natural gas significantly is not possible for now. But, Turkey can remove itself from the position of an "end user" and focus much more on becoming an "intermediate user," if Russia can export via Turkey. The Turk Stream provides Turkey with this strategic leverage in its relations with the EU. Geopolitically, this project is beneficial for Turkey, as well as for Russia.

2nd Session

**Hard Security Issues in the
Wider Black Sea Region**



BLACK SEA REGION: HOW DO WE AVOID THUCYDIDES TRAP?

Dan A. PETRE

Tirst of all, I would like to highlight that all the things that I am going to say are my own personal views; they do not necessarily reflect the views of the Romanian Diplomatic Institute or the Ministry of the Foreign Affairs of Romania.

Why do I refer to Thucydides' trap? It is not because it was popularized by the Chinese President Xi Jinping two years ago. It is also not because of the Harvard professor Graham Allison's book titled "Destined for War: Can America and China Escape Thucydides' Trap?" that is very well-known in the West, on the inevitability of a clash between China and United States in the Pacific. I refer to Thucydides' trap because we are witnessing a dramatic and highly risky change in the status-quo of the Black Sea region.

The problem we are facing is the ongoing cold war more or less for the last thirty five years in the Black Sea region. Even though the Organization of Black Sea Economic Cooperation organization (BSEC) stands for enhancing cooperation in

the region for the last twenty five years, tensions still prevail in Black Sea region. I think there will be other distinguished speakers that would refer to what we call frozen conflicts in the Black Sea region, such as Nagorno-Karabakh, Transnistria, South Ossetia, as well as not so frozen conflicts in Donetsk-Luhansk nowadays. In addition to these, we should also not forget the illegal annexation of Crimea by the Russian Federation, which also dramatically altered the security environment in the region.

From time to time, I have been telling that the illegal annexation of Crimea and the new strategic environment in the eastern parts of Europe is a loss-loss situation, in the sense that any conflict is a loss-loss situation, and I do not think that there can be a winner in any conflict. What we can talk about with respect to any conflict is not who wins, but who loses less. The fact is that because of the conflicts in the region, Russia lost more than it could have gained.

First of all, Russia gives NATO another reason to get closer to Russian borders. Recently, NATO regained its Cold War mission considering that it had involved to long-lasting soul searching period after the collapse of Soviet Union.

I would say that the things started with Georgia in 2008. I refer to Ronald Asmus' latest book titled "A Little War That Shook the World: Georgia, Russia, and the Future of the West." In 2000s, we still had different options on the developments and prospects regarding the region. The Georgian-Russian war in 2008 gave a new boost to the discussions on common defense and security policy, a topic which was more or less left aside in the EU. By the UK's departure from the EU on 29 March 2019 according to the Brexit, there will be an in depth discussion on the ways in which the EU will develop a security concept.

We have to remember one thing; the Black Sea region had been one of the most historically and normatively institutionalized and regulated areas in terms of hard security. This started with the end of the Crimean War (1853-1856). If you look back, it is a region that has understood one thing with respect to geopolitics; if you look at the North-South direction, Black Sea is a conduit. Therefore, if you deploy military assets into the Black Sea, what you will have is a strategic overheating. It is a problem of numbers and services. The Congress of Paris Convention, Berlin 1878, the Montréal Convention, the League of Nations, all of them aimed to secure an environment that can become extremely thick and thickened by military activities.

The second thing is that the annexation of Crimea brings a lot of uncertainty with respect to institutional arrangements. We tend to forget about the Budapest Memorandum in 1994, which guaranteed the security of Ukraine as a compensation for its denuclearization. We can argue that if the memorandum is a

pack where we can layer up to whole thing. Most well-known recent example is Iran, though there are some other examples, too. Prof. Jacques Hyman's works are important and are applicable in the case for Ukrainian nuclear deterrent, although he frequently misses his predictions, but in the case of Ukraine his ideas were was valid.

Russia has a military build-up in the Crimean Peninsula. This causes the growth of the threat perceptions in NATO's eastern flank. We speak about large sums of money to fund military expenditures of the Black Sea countries, which amount to around fifty and sixty billion Euros. Black Sea countries are modernizing their militaries rapidly, which probably has not been the case since the nineteenth century.

I believe, to end this situation, restoration of the legal framework in the Black Sea region is a must. Black Sea countries cannot leave this necessity to the pleasure of the other countries and the institutions such as the EU. We have a reality. Abkhazia, South Ossetia, Donbas Crimea, Transnistria, and Karabakh are supposedly parts of sovereign territories of Ukraine, Georgia, Republic of Moldova, and Azerbaijan. On the other hand, we have a political reality.

We should also re-vitalize the Conventional of Force of Europe Treaty and others that foresee the reduction of arms. If we do not do that, increasing militarization may result in the collapse of the national economies in the eastern part of Europe.

Thirdly, we have to look at the bigger picture, comprising the Middle East. Eastern Europe is not the most fortunate part of the World, but at least part of Europe. You understand that this is much better when you see the human tragedy that we witness nowadays in the Middle East. It is appealing to the reason, is not appealing to sentiments: How much do we accept a loss-loss game? How much are we ready to lose in the face of crisis?

To conclude, to go back to Thucydides, in one of the most studied parts of history of the Peloponnesian war, i.e. the famous Melian dialogue that seems like one Vladimir Vladimirovich is involved: "We have the power, we can do it." Then, Melian replies "But there is law, there is reason." What we do not read and always teach is the end of the passage that reads as "and then Melos was conquered. All the men killed, and the women and children sold in slavery." We should not go into this. It is the Thucydides Trap. If you stand for your principles, your only alternative is to become a victim.



EASTERN PARTNERSHIP AS A LITMUS PAPER FOR GROWING REGIONAL INSECURITIES IN EUROPE

Igor MUNTEANU

Changes and Vulnerabilities

One of the most successful European Policies influencing the Black Sea region is Eastern Partnership Policy (EaP), which nevertheless stands at a crucial crossroads. Following annexation of Crimea and the growing assertiveness of the Russian military fleet in the region, the Black Sea Region is turning back to a policy of military containment and ‚securitization’ of the main pillars of regional security - similar to the Cold War ‚pattern’, with the exception of a higher degree of uncertainty about border lines and the higher geopolitical volatility of the competing regional actors. Nevertheless, latest attempts to impose border changes by force has completely changed security landscape of the region and, in fact, has rewritten all positive predications about the commonalities open to cooperation and mutual interests.

It seems that instead of influencing its close neighborhood, European Union continues its impact within its borders and spaces. Let me therefore outline some of the visible changes of the EaP. Designed to build up a ring of friends around EU, Eastern Partnership may recall today a mixed baggage of outcomes – on the one hand it has been launched as one of the most articulated policy of the EU, investing geostrategic attention to its neighbors in the East, sharing benefits of trade, visa-free regime, but on the other hand – it proved that no one can build up prosperity without appropriate conditions on the societal and security domains. Russia sees EU as a serious geopolitical rival in its backyard and has stood firm against any sort of closer integration with the EU and the West for the states that emerged after Soviet dissolution. For years, EU has tried to make sure that its policies are not taken as ‘anti-Russian’, expecting that Moscow will accept to cooperate peacefully in the so-called ‘common neighborhood’ by ‘win-win’ stories, based on the shared values of democracy, peace and welfare, but precisely this sort of references has only exacerbated fears of Moscow triggering its militaristic response as a consequence.

In 2014, Russia attacked Ukraine and annexed Crimea in spite of the signed 1994 Budapest Memorandum, which provided written guarantees to respect territorial sovereignty and independence of Ukraine in response of the nuclear arsenal that Kiev accepted to renounce. Also, Russia was behind staggering separatist militia, fully armored and very well coordinated to hijack the public order and administration in Donbas, resorting to extreme violence in order to dismantle constitutional authorities. Its proxies did what they knew very well from other war theaters, Georgian territories of Abkhazia and South Ossetia, as well as the strip of land known as Transnistria, resulting from the 1992 war in Moldova. The essence of the Russian plan is often described as a ‘controlled chaos’ strategy.

Russia employed the annexation of Crimea as a way to show it has enough capabilities to turn its words into deadly military operations, creating thus outstanding costs to those who would oppose its plans. Ukraine has suffered enormous casualties (over 10,000) in Donbas because of direct aggression, paying excessive economic tolls and being forced to redirect valuable resources to keep up with the arms-confrontation with Russia. Second, human rights violations and international legal order is being tested, because Russia is in breach of international law and even its own security guarantees provided to Ukraine in 1994. Third, war in Ukraine sends a wave of insecurity and risks, because of the trigger-free trend, mercenaries attracted to get easy money from generous oligarchs. Russian officials regularly asked the West to accept it has some sort of “*legitimate historic rights*” and even some “*spheres of vital interest*”. Usually these claims were seen as a sort of ‘domestic rhetoric to stand up from the knees’ promoted by President Putin, based on a solid involvement of the Russian

Orthodox Christian Church, glorification of the past and strong emphasis on the brutal military power to dominate neighbors.

Since Russia cannot compete directly with welfare standards of the West, it opts for instruments and issues that create outstanding tactical leverages of influence and control. The slippery slope of the Russian Foreign Policy is to replicate what has created advantages in the past. Russia's assertiveness employs the greed of the regional networks of oligarchs and other 'vested interests' in their respective countries to counter Western influence, fearing from the demands of the West clearly endangering the existence of this privileged group of mighty proprietaries. In fact, some of the ruling groups in Eastern Europe do not see EU as a reward large enough to pay off the costs of getting rid of their benefits. Membership to the oligarchic congregations prevents elites from perceiving the adaptation of their markets and political institutions to the EU standards as a benefit.

Deep security threats bordering Europe now, both from the South, as well as the East, demand exceptional leadership and new sort of responses. Two years ago, after the EU Summit in Vilnius, it may have seemed to many of us, in the West, that the annexation of Crimea is but a misunderstanding, perhaps a regional strenuous issue, revolving around the internal political development of one Eastern European state and its international affiliation. In the meantime, it is now clear that this crisis is a tragic symptom of a broader confrontation waged by Russia against the West, and that both EU and USA shall stay united, firm on the values, principles and institutions that have proved their consistence for decades.

Adoption of the EU Global Security Strategy (EU GSS) may suggest that European Union realize the threats coming from Russia, but has not yet mobilized itself to prevent or cure the hybrid threats, moreover, address in a comprehensive way the annexation of Crimea and the war in Eastern Ukraine, continuing "borderization" in Georgia or the banking illicit engineering in Moldova. Conditionality reveals that the EU has grown up from its initial romantic stage and knows with whom it has to deal. Countless 'shades of grey' connect self-serving elites with affluent oligarchs. Corruption thwarts infrastructure projects and governmental services, while public distrust hit the bottom-line in confidence scores for the ruling parties. Therefore, EU needs to have strategic patience, without losing the sense, urgency or temper. In fact, the EaP is a more delicate vase and shall be carefully protected against those who would like to grab it, while a stable and viable Eastern Europe is, by all historic accounts, a safe investment in the future of the EU, and a safe belt for the European project, at large. The EU policies need to target effective reforms, without being captured by 'Siren-songs' of incumbent leaders.

Fact-checking the EaP Files

In 2018, both, Moldova and Ukraine will round up a decade from the official inauguration of the EU-EaP. The results make up a mixed balance sheet. Visa liberalization was by far one of the most acclaimed accomplished results in terms of people's mobility, followed by important trade benefits provided by the EU with the conclusion of the trade deal (DCFTA) – one of the most ambitious agreements ever signed by the EU with non-EU countries. The EU granted its support to a blueprint of radical changes in each of the partner states of the Eastern Partnership demanding instead gradual adaptation of the states to crucial benchmarks in terms of economic competition, clear rules of regulatory environment, but also on professional management of the border security and data protection. However, precisely these fields met the most of the political and administrative resistance, proving there is an obvious clash of interests between what the incumbent political groups maintain and what the EU expects them to achieve.

People say that “happiness is not about money,” and this is true also when one shall find out a rational explanation about the reasons why the EU applies a sort of “tough love” towards the EaP. The EU Commission reveals in a Joint Working Document of April 3rd that EU's support to Moldova is based on strict conditionality, linked to satisfactory progress in reforms. It reiterates that EU Council Recommendations of February 15th, 2006 were not met, and that the EU Council aims to assist Moldova to achieve tangible benefits to regular citizens, build up decentralization incentives for the central governments, but also unlock the creativity of private entrepreneurs. Here is where EU calls to dry out the swamps are often resisted by the real crocodiles of transition, which, as rational actors, will be tempted to talk rather than make the walk in curbing corruption, make procurements safe from the vested interests, or secure integrity for the highest echelons of power.

Ambiguities and economic decline make affluent elites to hijack the state core institutions, thus, divisions grow even stronger and accountability fall, accelerating massive migration, especially among most talented citizens. Another illusion is related to the frequent claims of the EaP states that receiving a membership perspective with EU would end existing ambiguities. People leave their homes not because of lack of formal agreement of the EU to move on political talks on enlargement, but on mundane needs, which cannot be accomplished at home – low wages, injustice, unstable business environment, political clientele, and corruption, in other words, everything that deals with an incomplete puzzle of domestic transition. The main obstacles for the EU are the ‘veto power’ players, reluctant to engage in long-standing reforms and feeding corruption. This is

confirmed by the TI Perceptions Index (2017)¹ that underlines the capture of political decision-making as one of the most pervasive and widespread forms of political corruption.

The EU is now the largest trade partner for Moldova, creating a rather interesting domestic dynamic. Over 64% exports go from Moldova to the EU, which means these goods are in full compliance with EU safeguards. If in 2004, more than 50% exports went to Russia and CIS, in 2017, 63% of exports went to EU (1,3 billion Euros). Largely this results from the embargo of 2014 (wine, fruits, meat, other food products, traditional in Russian-Moldovan trade), in response to the trade deal with EU. Overall, Moldova exports only 230 million Dollars to Russia, although still keeps high with the costs of the gas supplies. The EU market is not yet entirely open to Moldovan goods; quotas for some exports and technical requirements limit domestic capabilities of the Moldovan exporters, attempting to compensate what they have lost in Russia. Nevertheless, Moldova is gradually finding out its place in Europe.

Boosting trade and foreign investments is changing the entire EaP region. EU is the largest market for Ukraine, Moldova and Georgia with 40%, 63%, 32,6%. According to the EaP Index, Georgia, Moldova and Ukraine are leading in formal approximation, while the rest keep a limited interaction with EU. DCFTA shows outstanding relevance to the country's transitional economy. For instance, Moldova is trying to employ EU's trade to capture attention of the stakeholders of the breakaway region and reintegrate the region. Over 80% of the exported goods go to the EU market and the rest of Moldova, but compliance with EU technical conditions lags behind and, sadly, one can see little change in the official positions pursued by the separatist leaders so far. Needless to say that hardliners are backed by a large web of military and intelligence networks, residing in Transnistria, which make the ideas about political reintegration of the region pretty naïve if not perilous.

There is no clear prospects of joining EU however, not in 2015 (Riga) nor in 2017 (Brussels). Lack of unanimity in EU on the enlargement, fears not irritate Russia and many other global challenges where she is expected to respond, have derailed attention and funds of the EU, which will continue to deplete the EaP from the attention it would deserve. Although financial support to the EaP grown to 1,9 billion Euros (2010-2013), it is still low, considering risks and sacrifices that our states have to make. Russian narrative says that EU is disinterested in accepting ex-Soviet satellites, which is false, the Baltics illustrate a counter-example in this regard, but it is obvious that they have made their way back home to Europe

1 Cony Abel, Svetlana Savitskaya, and Valentina Rigamonti, "Europe and Central Asia: An Overall Stagnation," *Transparency International - The Global Anti-Corruption Coalition*, January 25, 2017, accessed June 19, 2018, http://www.transparency.org/news/feature/europe_and_central_asia_an_overall_stagnation.

through hard work, cohesive societies and resilient governance. On the other hand, there is a certain strategic disconnect between EU and associated states.

The EU monitors them as of being almost “accession countries,” without providing access to EU structural funds² or other development funds that would greatly influence their economic resilience. EU is blamed for not dealing with major insecurities of the Eastern Neighbors (1), it lacks most powerful incentive (EU membership), an (3) allocated funds are insufficient to generate significant changes and approximation with EU space. With minor exceptions (Poland, Sweden, Romania, Baltics), EU has so many controversies to deal with that it simply does not have enough political capital to invest into a policy not able to pay back in terms of quick returns. Thus considering the so-called “fatigue” of the EU, obviously it also fears antagonizing Russia. Indeed, EU is a strategic priority for Moldova, as it is for Ukraine, but decision-makers are opportunistic, multi-layered, obsessed by short-term election results and, always, resistant to change if this may hurt their organic interests, they are much keen to guard the status quo than promote reforms.

They think greater transparency and accountability may undermine opportunities for rent seeking and threaten their power and wealth, and see electoral defeat as having lethal consequences for their business interests and survival. Douglas North sees the power of personal networks uniting business and political leaders as the main ingredient for state capture throughout the region. Important dims of political and economic elites do not see closer relations with EU as a reward sufficiently large to pay off the costs of introducing changes in return. This means distraction or, to phrase it softly, proclivity to achieve only short-term returns, instead of taking the big picture, which is a receipt for a failure. Ambiguities make affluent elites to seek full control and hijack the state core institutions, thus, political divisions grow even stronger and attempts to make accountability on the governance fall.

Douglas North sees the power of personal networks uniting business and political leaders as the main ingredient for state capture in this region. Results are sheer and citizens are distrustful on the benefits of the first 3 years of implementation. The dilemma of the EU is that it has to deal with the current governments of the EaP, and not with licensed archangels and the incumbent actors seems unfit for the job or unable to break out with their non-democratic models. Every EaP country has its own vulnerability in this regard and, perhaps, skeletons in the wardrobe. In 2015, Moldova changed 4 PM in line, people rallied on the streets

2 Oksana Khomei, Alena Permakova, Dmytro Sydorenko and Balazs Jarabik, “A Bittersweet Victory: Ukraine’s Association Agreement with the EU,” *New Eastern Europe*, July 10, 2017, accessed June 19, 2018, <http://neweasterneurope.eu/2017/07/10/a-bittersweet-victory-ukraine-s-association-agreement-with-the-eu/>.

to demand investigation of the banking frauds, and financial support of the EU got suspended in July 2015. In February 15, 2016, European Council adopted a set of Recommendations with the aim to accelerate implementation of the Association Agreement, moving towards stronger conditionality measures on further aid. In 2017, Parliament of Moldova changed electoral system, against the clear recommendations from the EU technical bodies (VC, OSCE-ODIHR) not to change it. Thus, the storyline behind Association Agreement with EU is much more complicated.

Energy continues to be a major obstacle for the EU reforms in Moldova. The energy sector is a fertile ground for corruption, shadow deals and subversive actions, often conducted from abroad. EU has secured Moldova through its membership into the EU Energy Community (3rd energy package), while building a gas interconnector will finalize its full detachment from the Russian energy sphere of control. Thus, the EU law, was supposed to deprive Gazprom from the monopolist statute by the use of unbundling requirement. However, in 2012, ex-PM Filat demanded the 3rd Package implementation be delayed until 2025, giving necessary comfort and relaxation to the incumbent monopolist, which created by stagnation in the alternative networks development. We shall admit that EU can be rather disappointed sometimes with its Eastern European partners, which often under-deliver and over-promise, consuming too many efforts for electoral politics, and less for effective policies. But, long before accepting the shame-and-blame games, one shall look into the roots of the obvious difficulties.

Refreshing the Portfolio Ideas

For Eastern partners, signing the Association Agreement with the EU had a strategic value. They already paid a very high toll for it – a toll that was imposed by Russia to counter the growing feeling that it continues to lose its geopolitical assets located in the ex-Soviet space. Now, they shall withstand and build resilient economic, social and political capabilities for their own societies and states. This capability to withstand needs to be clearly communicated to their population, and employ tools that would match the challenge: from political to economic to military and culture. It demands therefore strategic leaders, resolve to keep social cohesion high, and build up resilient governance, based on what is accessible from the EU – technical, political and financial support that can boost economy, create a new generation of civil servants, make the governance accountable to its citizens, without forgetting to make the state democratic and strong. This coincides in full with the vision of the EU for its borderlands – we shall deliver more if we want to receive more, and therefore, accept to amplify the return by finding out new complementarities with the EU - customs, education, energy, innovation.

The EU should go beyond general statements on reforms and step-up to assist in developing and implementing measures associated with expected deliverables by the population, which are closely watching and comparing what they receive from what politicians enunciate. Unfortunately, EU financing to the EaP is insufficient and this creates obstacles in running a smooth modernization that is not entirely blocked by weak or volatile governments.³ On the other hand, poor practical implementation of reforms that would benefit the citizens directly remains to be the main challenge for the majority of the EaP countries, if not all. In 2017, Moldova got only 4,9% of the grants expected from EU (138 million Lei out of 3 billion Lei projected) Instead, Moldova was able to receive loans from BERD and Romania, but not aid from the EU scheduled tranches of aid for the AA. Out of 26 conditions of the European Council, Moldova was unable to fulfill in full most of them in 2016; as well, European Council approved in September 2017 to give 100 million Euros, but political conditionality attached to this support makes the task of the Moldovan authorities rather unrealistic. Some of the vital national programs funded by the EU, ENPARD, were slowed down or frozen, affecting the reforms in the areas of competitiveness and agri-food industries, rural areas development.

Calling for global resilience, we shall expect from the EU to see decisive steps in prosecuting fraudsters in side of the EU and its associated partners, showing zero tolerance to corrupt international gangs and affiliates, shall restore confidence in the common goals. Praising initial results from the DCFTA implementation, we shall see further steps in unlocking new instruments of creating economic incentives for global trade, innovation, adaptation of the EaP small economies to the technical standards and sophistication of the richest market on earth. So far, large shares of the economy have remained dangerously isolated from the EU, such as banks, insurance, corporate management of the state and private business, feeding rent-seeking groups, corruption and delinquent politicians.

As long as these key-institutions of the market economy will remain poorly managed and almost unprotected, they will continue to poison domestic politics and business environment. Both, Ukraine and Moldova serve as warning examples of someone who can destroy its best chances of EU integration, failing to prevent big-scale corruption scandals, or allowing unscrupulous people to deal with public sector reforms. Thus, resilience means statecraft for these states, even at the expense of slowing transfer of competencies to the regional authorities. State consolidation and integrity of the civil service shall go hand in hand with expanded portfolios for business development and creation of an entrepreneurship milieu. This demands an urgent fortification of the corporate governance, de-

3 Oksana Khomei, Alena Permakova, Dmytro Sydorenko and Balazs Jarabik, “A Bittersweet Victory...”

offshorization of the banks and lustration of the political class, financed from the dilapidated banks or foreign jurisdictions.

The EU shall not be seen as ‘elitist’, keeping the EaP states afar for indefinite prospects of time. The EU must show respect to its founding principles of keeping the door open to future members, based on conditional accession, but also make sure that it can refrain a populist politician to refuse to the eastern neighbors, or issue ambiguous statements that undercut hopes, confidence, as a sort of self-fulfilling prophecies of the Kremlin networks. The EU shall reaffirm its strategic initiative on the future aims of the union. Thus, the EaP states shall learn how to deal with their complex surroundings or, in other words, learn to live in the grey zone, but in effective partnership with EU.

Praising initial results from the DCFTA implementation, we shall see further steps in unlocking new instruments of creating economic incentives for global trade, innovation, adaptation of the EaP small economies to the technical standards and sophistication of the richest market on the earth. So far, large shares of the economy have remained dangerously isolated from the EU, such as banks, insurance, corporate management of the state and private business, feeding rent-seeking groups, corruption and delinquent politicians. As long as these key-institutions of the market economy will remain poorly managed and almost unprotected, they will continue to poison domestic politics and business environment.

State consolidation and asset recovery efforts in both Moldova and Ukraine shall demand an urgent fortification of the key-economic authorities, coupled with the de-offshorization of economy and lustration of the political class. The EU should consider more specific and game-changing measures and indicators related to fighting political and high-level corruption. Thus, closer EU oversight in this area is required. The same refers to the deliverable on implementing reforms in the judiciary sector. EU should keep the enlargement-like toolbox open and draw inspiration from successful examples that managed to secure systemic reforms in the EU accession process or within EU member states. An example of this is the Cooperation and Verification Mechanism for Romania and Bulgaria.

An open-door policy shall be preserved. Hence, the membership perspective needs to be alive as a political principle if one desires to see the EaP to succeed. EU shall reaffirm that under Article 49 any European state can apply to become part of the EU, building up democratic constituencies, capable to influence political discourse in respective states. But, the EU should not be a goal in itself, but rather a vehicle to secure the sustainability of transformation. The EaP shall really become heralds of prosperity and democratization, which shall remain a key precondition for a deeper engagement with Partners. Beyond political rhetoric and

stated devotion to democracy, states of the EaP shall also be able to contribute to the democracy-promotion and international aid, thus creating incentives for responsible behavior and roles for political commitment.

The EU shall pay more attention to address security challenges not only by “soft power” mechanisms, but also expand their reach and role in the settlement of the Russian sponsored conflicts in the EaP states. It should both help consolidate the capacities of the interested EaP countries to resist, but also to build-up more trust and confidence within the EaP in the first place. Thus, the upgraded EaP should give more attention to measures that would support external resilience of the EaP countries to ‘hybrid threats.’ Making decisions in trilateral formats with Russia should not be accepted.

The EU needs to have a more serious approach in supporting the democratization and institutional resilience of the EaP partners (fight against corruption, developing institutional capacities and concrete capabilities) and clearly link this paradigm to overall security of these states. It is the democratic vacuum and the under-reformed and incapable institutions of the EaP countries that make them vulnerable to the external security threats. The EaP states necessitate self-reflection and reality check to come to terms with this.



DEALING WITH CONFLICTS IN THE SOUTH CAUCASUS WITHIN THEIR DIFFERENCES AND IMBALANCES

Zaur SHIRIYEV

Introduction

In the Wider Black Sea Region, ethnic conflicts never really leave the agenda. The differences between the three ethnic conflicts - namely Nagorno-Karabakh, South Ossetia and Abkhazia - and perspectives on their resolution are covered elsewhere, as are the factors affecting the balances in these conflict zones: such as the how status-quo has changed or can be challenged. This paper will first address the developments that have created differences and imbalances in Russia-West relations, and then turn to the Nagorno-Karabakh conflict as a specific example of this.

The Time of Change

The catalysing factor in divergent resolution perspectives across the three conflicts in the region was the Russian-Georgian war in 2008, when Russia used force for the first time in the aftermath of the collapse of the Soviet Union. The war changed the dynamics in two key ways.

First, Russia's recognition of South Ossetia and Abkhazia introduced a new dynamic; this remains the main impediment to conflict resolution, as there is no going back on this decision. Although only a few states have recognized the independence of the two breakaway Georgian regions, symbolically it marked the end of the Russian dilemma when dealing with Georgia. This dilemma lay in the fact that in Moscow's view, in order to resolve the conflicts, Georgia needed to abandon its pro-Western stance - more specifically, NATO integration, which Moscow sees as a danger to its borders. Otherwise, Russia would de-jure recognize the independence of the breakaway regions.

The second issue is the impact of Russian-Georgian war in 2008 to the Western-Russian relations. Until the war these two conflicts were perceived as Tbilisi's problems vis-à-vis Sukhumi and Tskhinvali. However, after 2008, they were subsumed under the banner of Georgia-Russia conflicts, since the Moscow recognized the independence of these two breakaway regions. The positive side of this change in perception for Tbilisi was the increased Western support in terms of security. However, the Nagorno-Karabakh conflict was excluded from this shift; it has never been seen through the lens of Western-Russian relations. Despite worsening Russian-West relations since 2014 (following the annexation of Crimea and the conflict in eastern Ukraine), the OSCE Minsk Group has been seen as a platform for constructive cooperation. In that group, the West, is represented by the US and France, and Russia is another Co-Chair. But despite Russia's extensive military and diplomatic support since the beginning of the conflict, Western countries avoid labelling the role of Russia as destructive.

The dynamics that we have seen in the Georgian conflicts – South Ossetia and Abkhazia - differ from Nagorno-Karabakh conflict. However, the Georgian experience and how the conflicts were perceived in terms of Russian-Western relations were a “lesson-learned” for Azerbaijan vis-à-vis dealing with Russia on the conflict resolution process.

On the first issue, Russia's recognition of South Ossetia and Abkhazia showed Azerbaijan that if Moscow were to take a similar approach to Nagorno-Karabakh, the results could be devastating for Baku. At present, Russia is neither constructively engaged in conflict resolution, nor attempted to prevent military escalation. This creates a fragile balance which is unacceptable for Baku; on the

other hand, it is better than recognition, which could fundamentally transform the political dynamics on Nagorno-Karabakh conflict resolution process. This is because in comparison with the Georgian case, Azerbaijan's possible gains from the Western support are limited. The more worrisome possibility is the recognition of *de facto* Nagorno-Karabakh; the implications of this are much more dangerous than in the Georgian case.

The second lesson learned was that in the event of military resolution of the conflict, Azerbaijan needs greater cooperation with the Russian military elite in two interlinked directions. First, Baku needs more support in order to balance the foreign policy elite/establishment in Russia, as the latter has a different perspective on conflict resolution. They do not believe that the resolution of the Nagorno-Karabakh conflict will benefit Russian national interest, given its current function as a tool to put pressure on both Baku and Yerevan. For a long time, Russia presented the Nagorno-Karabakh conflict to Yerevan as a means to security and protection, positioning itself to Baku as an arms exporter and political balancer. As a result, Baku perceived Moscow as possessing the capacity to solve the conflict, including having political influence to force Yerevan to engage on a conflict settlement. The second dimension is the attempt to balance Russia via arms purchases; as such Baku's increased spending on Russian weapons since 2008 is not surprising. By buying weapons from Russia, Azerbaijan also intends to create more room for manoeuvre in political terms – selling weapons, Baku hopes, entails a tacit approval of their use in Nagorno-Karabakh. Further, Baku has tried to suggest to the Russian leadership that its future military purchases depend on that tolerance and non-intervention, despite being Armenian's strategic ally.

Imbalance Created by Differences?

In general, the differences of the post-2008 era have also brought changes. In the case of South Ossetia and Abkhazia, the resolution process is not balanced; counter moves of the West supporting Georgia vis-à-vis Russia's instrumentalization of the *de-facto* regimes cannot balance the situation in favour of Tbilisi. However, in the case of the Nagorno-Karabakh conflict, in 2008-2011, the fall-out of the August War combined with Russian President Medvedev's image building policy led Russia to take a more constructive role in Nagorno-Karabakh conflict resolution. The balancing of Russian domination in conflict resolution process is possible through increased involvement of the Western Minsk Group co-chairs, i.e., the US and France. Since 2011, the group has permitted Moscow's domination of the process. This was the consequence of Moscow's constructive approach in the negotiation process, and wasn't in and of itself a negative development. However, the combination of this limited

engagement between 2008 and 2011 and its support for case of Turkish-Armenian normalization created a destructive dynamic, because Baku perceived that the Western co-chairs had different agenda and were not prioritising Nagorno-Karabakh. At the 2011 trilateral meeting among Azerbaijan, Armenia and Russia in Kazan, the anticipated signature of basic principles for a peace agreement failed to materialise. From there on engagement began to decline. Azerbaijan wants these three countries to bring the conflict onto the international agenda and to chair regular, scheduled negotiations at the presidential level.

In fact, today Russia is less involved than it was previously. In the absence of proactive steps, action is taken only to prevent tensions from escalating into a war. The most obvious example of this is the meeting in Moscow when the tension between Azerbaijan and Armenia was high and border skirmishes flared up in August 2014. For Russia, the ultimate goal is to be regularly involved at the foreign minister level and if needed to bring the conflicting parties together and advance peace negotiations, unlike during the pre-2012 period, where the ultimate goal was to bring the leaders of the conflict parties together for substantial talks.

Post-2014: Nagorno-Karabakh, the Russian Role, and the Changing Balance

In the post-2014 period, Azerbaijan began using limited military action in order to bring Armenia to the negotiation table. An irreversible shift in the security environment in the Armenia-Azerbaijan politico-military standoff began with the developments in 2014 and these motivated the Azerbaijani leadership to seek tactical advantages by relying more on force. The 2016 April War is a manifestation of this policy; however the diplomatic gains from this policy remained minimal for several reasons, because of incorrect assumptions about Russian and Western positions on the conflict.

1. The assumption that either Russia or the West - by pushing the sides to restart negotiations – can achieve conflict resolution - the expectations from the mediators are similar to those of an arbiter; it is expected that Russia or the West can solve the conflict. It is true that Russia has much more influence, especially over Armenia, but there's no guarantee that Russia can push Yerevan to its own solution.
2. This misunderstanding spawned the second incorrect assumption, namely that Russia wants to be heavily involved in the resolution of conflict, and that convincing Russia that Baku is reliable ally of Moscow and will not pursue a pro-Western policy would be enough to push Yerevan to reach a settlement. But there are two incontrovertible facts

that stand in the way of this. The first is the nature of the Russia-Armenia relationship, The Russian-Armenian relationship is much more security oriented. For Yerevan, Moscow serves a powerful ally which protects the national interests of Armenia, including its interests in Nagorno-Karabakh. Although it was an economic project, the Yerevan leadership made a U-turn in 2013, abandoning the EU's Association Agreement and joining Moscow's Eurasian Economic Union. Armenia sees this as a sacrifice, to defend its interests in Nagorno-Karabakh. The Armenian leadership and the public believe that this sacrifice limits Russia's room to pressure Armenia to make concessions on Nagorno-Karabakh conflict resolution, as this would damage public perceptions on Moscow in Armenia. This dynamic has been particularly visible in the post-2013 period, during which the Armenian government manipulated public opinion to persuade its citizens that joining the Customs Union / Eurasian Economic Union was because of security related issues, and thus Yerevan was sacrificing the EU agenda in order to secure Armenian interests in Nagorno-Karabakh. The alternative would be to disappoint its most powerful ally, which could ultimately result in the loss of Nagorno-Karabakh. This is now one of the cornerstones of Russian-Armenian relations. Second, despite the fact that Yerevan is heavily dependent on Russia, it does not automatically buy into Moscow's directives regarding the Nagorno-Karabakh conflict. This is because the dynamic in Armenia on the Nagorno-Karabakh issue includes other actors, such as Nagorno-Karabakh Armenians. It should be noted that Nagorno-Karabakh Armenians already have the capacity to exercise veto power, as demonstrated by their role in rejecting Levon Ter Petrosyan's 1997 peace proposal. Ignoring this factor has led Baku to an erroneous conclusion.

3. The third incorrect assumption is that Russia would push forward Nagorno-Karabakh conflict resolution if Azerbaijan were to join the Moscow-led security and integration projects (i.e. the CSTO and Eurasian Economic Union). It is true that Russia would act slightly differently if it was certain that Azerbaijan was in its orbit and willing to join its security and integration projects. However, CSTO and EEU membership alone would not satisfy Russia, given Baku's economic independence pursuant to its ongoing energy projects with the West. A similar approach was taken back in the 1990s, when Azerbaijan joined the CIS in 1993 following two years of resistance. In return it received neither the Russian support, nor an end to the occupation of the Azerbaijani territories.

To sum up, over the last decade, the respective roles of the West and Russia in the case of the South Caucasus' three conflicts - Nagorno-Karabakh, Abkhazia

and South Ossetia - have changed significantly. Resolution, or indeed any kind of change to the status quo, has become solely dependent on Russia. The absence of Western interventions in these conflicts means that the conflict parties are beholden to Russian goodwill. Azerbaijan needs Moscow's help to resolve the conflict, while for Armenia, Moscow's security guarantees and support can maintain the status quo. In the case of South Ossetia and Abkhazia, Georgia's intentions to improve relations with Russia since 2012 have yielded no results. Tbilisi's requirement that Moscow rescind its recognition of South Ossetia and Abkhazia is unrealistic. Moscow is even encouraging its smaller allies to recognize the territories' independence. Moscow sees this as a way to impede Tbilisi's integration with NATO and the EU. Euro-Atlantic integration is slow, and Russia's bad behaviour creates reluctance among Western leaders to push integration with Georgia too hard. In this way Russia's strategy yields easy results.



RUSSIAN SECURITY FRAMEWORK FOR THE BLACK SEA REGION

Leonid SAVIN

Understanding states' strategic cultures¹ and their decision-making mechanisms is important both for evaluating their intentions and for avoiding prejudices and wrong actions that can lead to false strategies and unpredicted results.

As a rule, in the West, all actions of Russia are viewed through western-centric lenses, accusing the Russian leadership of “authoritarianism,” “absence of democratic traditions,” and “persistence of the Soviet approach.” Notwithstanding that, Western scholars, on the other hand, consider their own historical continuity as an important component of contemporary politics. However, in an era of emerging multipolarity, the West's monopoly on scientific paradigms associated with realpolitik and strategic decisions is declining. Consequently, a necessity of

1 Alastair Iain Johnston, “Thinking about Strategic Culture,” *International Security* 19, no. 4 (1995): 32-64.

an expanded polylogue and comprehension of the intentions of the other party emerges.

The Russian view on the security in the Black Sea region is connected to several factors as follows:

- historical geopolitical continuity;
- intentions and actions of key opponents and other actors in the region;
- terrorist and cross-border criminal activity;
- emergent threats ranging from *coup d'états*, referred to as “color revolutions”
- manipulated migration flows.

These factors are interconnected. Geopolitical continuity is expressed in Russia's clear position on the NATO and the US clients, and the precedents of the Cold War in the region such as the placement of American nuclear missiles in Turkey, which provoked the Cuban Missile Crisis; provocations at the borders of the Soviet Union; and the understanding of this space as a high-risk zone due to its geopolitical characteristics. Historically, Black Sea was mostly surrounded by Warsaw Pact countries, except the southern part that was under Turkish control.

But, from a larger geopolitical perspective, this region is a *Rimland* (zone closed to coastline) in direct contact with the heartland of Eurasia, a point which Zbigniew Brzezinski² included in the arc of instability.

The Black Sea basin alone has limited possibilities. From the standpoint of military strategy, this is a closed space easily controlled by modern means of detection and elimination. From the standpoint of geo-economics, the Black Sea region's efficacy is also not high. As a result, this region is usually considered within broader frameworks, for example, as the Azov-Black Sea region, which is a framework characteristic for Russia's domestic policy, or the broader concept of a triangle of three seas, namely, Black Sea, Caspian Sea, and Mediterranean Sea. Another framework can be presented as a two-sea project encompassing a corridor between the Black and Baltic seas, which coincides with the Eastern Partnership project and which Russia associates with a potential new cordon sanitaire.

2 Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (New York: Basic Books, 1997).

Therefore, any strategy and action of any power in the region, especially external ones, force Moscow to reconsider its approach, when it comes to political projects or launching different preemptive strategies to current conditions, when a threat to Russia's national interests arises. Following the agreement with Syria on a Russian military presence, these national interests came to automatically include the Black Sea basin as a critically important zone.

It should be noted that, in this context, it is important to understand the intentions of all sides. But the West deliberately distorts perceptions of the situation in order to portray events within a framework that meets its conventional position and interests. It is well known that an erroneous understanding of an opponent's strategy leads to unpleasant surprises and unexpected developments.³

An example of for that is Russia's actions and the Eurasian Economic Union project. Moscow has tried to create a security belt around itself in a broad sense, by economically subsidizing states in the post-Soviet space at its borders, and by proposing the establishment of clear mechanisms for economic cooperation. But these efforts have been incorrectly interpreted and then represented to the Western public opinion. The creation of a security belt implicitly entails strengthening the stability of neighboring countries both in political and economic terms.

For this reason, Russia supported Ukraine during Viktor Yanukovich's presidency. Nevertheless, the wrong interpretations by the West, particularly by the United States, led to destabilization and a *coup d'état* in February 2014.

The next was a chain reaction. In order to prevent mass killings like those in Kiev in February 2014 or in Odessa in May 2014, as well as later in the south-east Ukraine, Russia supported and recognized the referendum in Crimea, which was followed by Crimea's unification with the Russian Federation.

NATO's Operation Atlantic Resolve has been officially declared as a counteraction against Russia. This has compelled Moscow to adopt its own measures leading to a change in the military balance. Meanwhile, military exercises of the Union State of Russia and Belarus, as well as maneuvers of the CSTO countries show that Moscow's approach is synchronized with the interests of other countries belonging to these organizations.

Paradoxically, Russia's actions in the Crimea fit into the logic of the two main schools of international relations that are hegemonic in the West, namely, realism and liberalism. Realism sustains that states acts in a rational way just like individuals, and have certain motivations that are usually defined as national

3 Thucydides, *The Peloponnesian War* (Indianapolis: Hackett, 1998); Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Boston: Houghton Mifflin Harcourt, 2017).

interests. Liberalism is historically linked to Immanuel Kant's concept of "perpetual peace," which dictates that wars are needed to ensure that wars no longer exist. The concept of responsibility to protect emerged precisely on the basis of the teachings of the liberal school.

Russia has used its capabilities on the Crimean Peninsula to protect its national interests, and to prevent the emergence of a civil conflict that was provoked and supported in Ukraine by external forces, mostly the USA, but also with diplomatic efforts of some European countries.

In addition, Russia is interested in enhancing the strategic capacity of organizations such as the Shanghai Cooperation Organization and Conference on Interaction and Confidence-Building Measures in Asia to form new security architecture for the Greater Eurasia. This approach is directly linked to the realization of the Russian initiative of "integrating integrations," which takes into account all actors and all possible changes in the balance of forces in the region, including changes in leaderships. Thus, Russia is closely monitoring and analyzing the actions and methods of all states and alliances.

NATO's model of attack on centers of gravity,⁴ including non-kinetic methods of influence and strategic communications; the EU Black Sea Synergy Program, which is an element of Euro-Atlantic integration; and decisions within the Organization of the Black Sea Economic Cooperation that can be seen as a Trojan horse against the national interests of participating countries. All of these call for adjusting the existing script for scenarios ensuring regional security.

If we talk about military might, then thanks to the state program for 2011-2020, Russia has overcome the "technological and organizational gap," and the "Syrian experience" has contributed to the testing of new possibilities, including military-political decisions.

As said earlier, the West deliberately distorts real facts and does not understand Russia's methods of planning and practice with respect to the issues related to hard power. For example, for the past couple of years, Global Firepower Index has designated Russia as a military hegemon in Black Sea region, followed by Turkey. However, proposed Global Firepower⁵ balance of armed forces in Russia, including the Central, Eastern, and Western Military Districts, then this is not entirely applicable for Black Sea region.

4 Milan Vego, "Center of Gravity," *Military Review* 80, no. 2, (2000): 23.

5 "2018 Military Strength Ranking", accessed February 10, 2018, <https://www.globalfirepower.com/countries-listing.asp>.

The concept of hegemony⁶ is associated with drawing other actors into one's orbit, while some neighboring countries of Russia freely choose and designate who their partners are. A confirmation of this is the regional policies of Ukraine and Azerbaijan. Therefore, we cannot talk about a hegemonic role for Russia.

It would be more correct to say that Russia is a supplier of security, while the majority of countries of the Black Sea region, including some NATO countries, are consumers of security. By the way, there are confirmed proofs that the NATO is not able to manage current threats and challenges in the Black Sea region, as well in Mediterranean region and Western Europe.

As for the third and fourth factors, methods of direct pressure by military means are only partially applied. Overall, the current concept of the use of armed forces, famous in the West as the Gerasimov doctrine,⁷ involves the use of military force in response to challenges and threats only by one to fourth ratio. Other components include information warfare, geo-economics, diplomacy, and humanitarian operations, which the West usually treats as soft power.

Currently, in Russia think tanks are consolidating their studies on certain issues related to security and defense. These issues are not only tackled by special security structures or defense corporations, but also independent political science associations, scholarly and educational centers, and special expert circles. Methods of coordination and multileveled data analysis are used to forecast possible scenarios to formulate preventative measures. The latter is particularly important and has shown its effectiveness in cooperation between law enforcement agencies and nonprofit organizations in preventing the spread of extremism and terrorist ideology.

However, when it comes to all-around work in the Black Sea region, we see a lack of trust between different participants involved in regional geopolitics due to their biased historical memories, individual political ambitions, as well as a struggle over resources. Together with this, over a long historical period, strong influence on decision making and agenda formulation has been exerted through often hidden political techniques by actors who are not directly related to the region; earlier this was Great Britain, and now the United States.

Economic aid programs, and military and technological cooperation are often used as tools for realizing the US' strategic interests. This leads the client states to become severely dependent on their patrons and to partially losing their

6 "Hegemony," Merriam-Webster Online. Merriam-Webster, Inc. 2014, accessed Oct. 15, 2017, <https://www.merriam-webster.com/dictionary/hegemony>.

7 Valery Gerasimov, "The Value of Science Is in the Foresight," *Military Review* (2016): 23-29, accessed February 10, 2018, <https://www.hsdl.org/?abstract&did=792284>.

sovereignty. The case of Ukraine is an emblematic example; new treaties and agreements that do not serve to the interests of the Ukrainians were imposed upon Ukraine.

We can also see that Washington is applying double standards against Turkey and use its agents to carry out various operations of influence, including those against its neighbor states. This infiltration allows the US to provoke artificial conflicts and political tensions, which create geopolitical fragility in the region, and allows for continued transformation in line with the interests of real Western global hegemony.

In this context, cooperation between Russia, Turkey, and Iran on the Syrian crisis might be a good experience in solving regional problems, as well as to reach a new level of cooperation. If we want to create an effective security architecture operating on the principle of autarchy, then there is no need to use the old clichés and broken mechanisms of the NATO; here we can mention this organization's complete inefficiency in preventing terrorism on its own member states.

There is no need to follow the US interests. A flexible approach, respect for the sovereignty and interests of all actors, an understanding with respect to the common destiny of the Eurasian space, and establishing clear criteria for threats are the imperatives for Russia with respect to regional cooperation.

Moscow's intentions and actions can be clearly comprehended if foreign policy and international relations are not viewed through old clichés and stereotypes. Russian leadership expressed its approach and perspective clearly many times at international meetings and conferences.



RUSSIA'S GRAND STRATEGY AND ITS IMPLEMENTATION FOR THE BLACK SEA REGION

Alexander KHARA

I will have to squeeze all my thoughts into a fifteen minutes presentation, which is quite a challenge, because if we are talking about Black Sea Security, we should not just focus on this area. We need to widen our angle to see the causes of the troubles we are encountering in the region. I would like to begin with Russia for it has been and is an immanent factor in conflicts across the region.

The “Putin System” is not sustainable and it is the problem *per se*. It also has adverse effects on the region as the whole. What lie at the heart of the system is political and economic unfreedom, as well as unimaginable scale of corruption. According to the Economist Intelligence Unit, Russia ranks 134th in the Democracy Index. The Heritage Foundation ranks Russia 114th in its Freedom Index; The Transparent International ranks Russia 131st with respect to corruption. The demographic picture is also grim for Russia; Russian population will decrease 11 million people by 2050. Russian economy is heavily (up to 85%) dependent on commodities’ export, namely, oil, gas, raw materials, chemicals etc.

Even before its illegal annexation of Crimea and war in Donbass, Russia was in crisis. The sanctions have just amplified all the problems inherited in the system. From 2014 to the August 2017, 334 billion Dollars of the FDI outflowed from Russia. Russia is losing its position in Research and Development (Russia now occupies the 10th place in the world in terms of the expenditure on R&D). Russia is heavily (up to 70%) dependent on Western technologies, expertise and equipment in its strategic energy sector. That is why restrictive measures of the West are so painful for they slowed down some projects and made impossible other on exploration of oil and gas on the Arctic shell and in Western Siberia.

We have to keep in mind that there is no economic freedom without political freedoms, and without economic freedom, there is no prospect of prosperity. However, democracy is not something that we can find in Russia. Thus, the only way to stay in power under such circumstances is to rely on autocratic measures. One of the biggest advantages of an autocratic rule is the concentration of resources and the ability to employ them for achieving strategic goals. The dark side of an autocratic system of governance is the high price of miscalculations. In Putin's case, these miscalculations are the illegal annexation of Crimea; downing of the civilian aircraft MH17; meddling in the US elections, and elsewhere in Europe.

Throughout the history, Russia has developed two modes of authoritarianism. It either suppressed its own citizens (examples ranging from ceasing political freedoms to waging brutal wars like those in Chechnya) or expanded its borders over other countries (examples ranging from the case of Transnistria to the recognition of its puppet-states Abkhazia and South Ossetia or to Russia's illegal annexations of the territories of other states like in case of Crimea).

Putin's obsessive idea of regaining its status as a geopolitical power requires something that, in fact, Russia lacks. Russia has military power, but does not possess soft power, that is, attraction, viable economy, and other things that the other countries in the West have. That is why the only option for Russia to change the *status quo* is to undermine European and Transatlantic unity. That is why Russia is trying to fuel feuds in the EU and the US.

Putin's triad consists of military power, energy leverage, and propaganda. By masterfully combining them, he is trying to compensate the gaps in economy, science, technology and soft power. It was just last week (the 13th of November 2017) that Russia Today channel was forced by the US Justice Department to be registered as a foreign agent, which is a very symbolic development, since a similar legislation was introduced in the United States only during the Second World War to fight Nazi propaganda.

One of the favourite tactics of the Kremlin is to create a problem, and then try to sell its less destructive perspective as a solution.

Let's have a look at Crimea which is dear to me, and Donbass, which is even dearer, because I was born in Donetsk, now occupied by the Russians, where they are still killing our citizens each and every day. In 2014, Crimea was occupied and illegally annexed by the same scenario employed by the Soviet Union with the Baltic states in 1940. That time, under naval and air blockade, the Estonian government was pushed to sign with the USSR the Mutual Assistance Agreement that, among other things, envisaged stationing of the Red Army in the country (similar to the agreement with Ukraine on the Russian Black Sea Fleet stationed in Crimea). Secondly, the day the Red Army entered Tallinn, it has overthrown the democratically elected government, and began repressing political figures that might launch an opposition to the unfolding occupation. Thirdly, the Soviets carried out rigged elections to put the imported communists from Moscow into power. And finally, encircled by the Red Army, the fake-parliament voted to create Estonian Soviet Social Republic, and to join the Soviet Union. The parallels between the Estonian case in 1940 and Crimea in 2014 are obvious. The only difference is that in 2014 it took just thirty days for the Russians to occupy and annex Crimea, while the Soviets spent ten more days in 1940.

Russia considers its history very seriously. I just would like to remind you that in 1768 Catherine II, the Empress of the Russian Empire tried to carry out the so-called Greek project. She launched a war with the Ottoman Empire to conquer Constantinople and re-establish the Byzantine Empire as a junior empire. She had two grandchildren; first was Alexander that became the Tsar of Russia, and the other was Konstantin, who was to become the Byzantine Emperor in Constantinople. However, Russia lost the war. As the Russian troops were retreating, on the way back, they decided to annex Crimea, which was at that time under the protectorate of Ottoman Empire. So, it was the first time Crimea was annexed by Russia.

Russia occupied Donetsk and Luhansk by employing the same scenario that it employed in Moldavia's Transnistria region. The Russian propaganda portrayed Moldavians as Nazis trying to undermine Russian language, culture and so on. The so-called green men appeared for the first time, indeed, in Transnistria. In fact, these "green men" were the troops composed of Russia's Special Forces and the soldiers of the 14th Army. The Russian Armed Forces still occupy the Moldavian territory in violation of Russia's own commitment to withdraw that was stated in the Istanbul OSCE Document of 1999.

Consequently, we are talking about so-called hybrid war. I do not like this term, because it is misleading for it is a very real war, not a virtual one, being waged by

Russia in Ukraine and Syria. It is rather a “total war” being fought on different fronts (Europe, the US, the Middle East), in different domains (on the battlefield, in cyberspace, in mass and social media etc.), and with employment of various tools. Russia is a unique case for it is the special (intelligence) services that have their own state not *vice versa* like in the rest of world. Thus, all the specific instruments of the intelligence services substituted traditional statecraft and diplomacy toolbox.

We need to touch upon two ideological aspects. The first is the so-called “Russian world” that aims at serving as the soft power tool tying up the former Soviet space to Russia on the ground of common ethnic roots (three so-called brother-nations: Russians, Ukrainians and Belarusians), history (Russian Empire and the USSR), Russian language, Orthodox religion, and culture. In fact, this is just a surrogate of incompatible ideas. One cannot marry communist (atheist) ideology with the “third Rome” concept (Moscow as the only centre of Orthodox world), or the left communist idea of a state for working class with the right concept of restoring the Russian Empire. Though it is ridiculous, but you may find icons of Mr. Joseph Stalin who killed thousands Christian priests. The “Russian world” ideology has been used in both Crimea and Donbass cases to legitimise annexation and the war.

The second aspect is Putin’s ‘conservative’ agenda. Being unable to compete in a liberal way Putin has chosen to exploit conservative agenda. The only way he can stay in power is to deny his fellow citizens’s political and other freedoms. He exploits the liberal democracy crisis with the aim to disrupt the EU integrity. Like in the first half of Twentieth century the Soviet intelligence services were using global communist network (Communist International) to undermine the capitalist’s world, the contemporary Russia’s intelligence services are making use of both left-wing and right-wing groups. It is through archaization or turning ‘the time fly backwards’ that Russia can achieve its goals - changing the post 1991 *status quo* and demolish the current security architecture in Europe and beyond.

How should we cope with all those conflicts in the region? First and foremost, we should address the root of the evil. This root is not religious differences or ethnicity or language of the warring parties of the so-called frozen conflicts. The main cause of the trouble is the Russian aggressive policy. It uses these frozen conflicts just to undermine the sovereignty of other states and to stop them getting closer to the centre of the gravity, i.e. NATO and the EU.

In fact, before the Russian aggression, majority of the Ukrainians did not want to become a member of the NATO, because of some Soviet clichés about the “dangerous NATO” and the “aggressive nature of this alliance.” However, after the occupation and illegal annexation of Crimea, and after tens of thousands were murdered in the Russia-led war in Donbass, majority of the Ukrainians now want

Ukraine to become a NATO country, even more than becoming a member of the EU.

We need to understand that each and every state and society has vulnerabilities. Ukraine is a case on its own, where Russia applied certain techniques and approaches to undermine our sovereignty, national unity, ability to withstand the various forms of aggression (energy dependence and blackmail, trade wars, hijacking governmental bodies etc.), which, however, cannot be applied, for example, to Turkey or to other countries. One of the areas that Ukraine is most vulnerable is energy, and Russia exploits this vulnerability masterfully. No doubt that the Russian energy projects are not only economic, but also political in their nature; they are a major foreign policy instrument in Russian hands.

It is important to keep in mind that energy business generates vast amount of income that is being used by Russia to corrupt elites in other countries. The Kremlin literally buys off those elites by allowing them to gain illegitimate and illegal profits. These corrupt elites, then, acquire political power by using their economic power that they accumulate through these illegitimate and illegal ways. So, corruption is an essential foreign policy tool for Russia. Therefore, if we are talking about South Stream or Turkish Stream, we need to understand that we need to have strict procedures to prevent Russia's attempts to corrupt officials by using these projects for its own benefit.

We need to boost our resilience towards these threats. The most important way to do that is to involve societies in monitoring governmental decision-making processes and so on and increase societal awareness on these matters. It is not just the task of the government to deal with security threats. Take a look at Ukraine; Ukrainians stood up against Russian aggression at a time, when the government was not doing enough. The first battalions that began to defend Ukraine in the East were not the regular troops of the Ukrainian army, but volunteer battalions. Now, the former volunteer battalions are integrated into the regular army, the police and the security service's structures, which is absolutely the right thing. Should Ukrainian state had been prepared, there would be no seizure of Crimea and no big casualties in Donbass.

With due respect, I want to contradict my colleague Mr. Petre about the Thucydides dilemma,

and the idea that sometimes values cease to be important in order to survive. I believe in the opposite; it is our values that keep us together and make us strong. It is our values through which we should judge our friends. Only on this basis, we can forge strategic partnerships with others.

To say just a couple of words on Crimea, certainly it is a long-term strategic problem for Ukraine. Up to the 40,000 strong troops including a large number of FSB personnel (Russia's Federal Security Service) and the police force work to push Ukrainians of different ethnic origins, including Crimean Tatars, out of Crimea to protect the Russian military base in Crimea. But, these people do not comply with the illegal Russian presence in the Peninsula. This is the reason why Russia attempts to change Crimea's demography. Up to 15% of the population of Sevastopol city has been changed by pushing Ukrainian citizens out and relocating Russians from the mainland to the city.

Russian military capabilities in Crimea are the threat to whole Ukraine, as well as our neighbours. Without Crimea, there would be no role for Russia to play in the bloody Syrian conflict, since the Peninsula is the bridgehead for the Russian advancement there. Now, Russians are able to project their power not just on the Black Sea Region, but also on the Middle East and the Mediterranean, which is a point of concern not for Ukraine only, but also for Turkey. Russian military base in Syria and its missile defence system components (A2/AD) that covers one third of the Turkish territory and the Straits pose a real threat to Turkey. I do not think that procurement of S400 air defence systems from Russia will serve to the best interests of Turkey to solve its security problems in this region.

In conclusion, I would like to thank the Turkish government for its support of Ukraine.

Firstly, Turkey has not recognized the illegal annexation of Crimea. May I remind you that just eleven countries including Russia, Northern Korea, Iran, and Armenia recognized Crimea as a part of Russia? Secondly, we are grateful to Prime Minister Recep Tayyip Erdogan for his personal intervention that led to the release of two Crimean Tatars' leaders, Mr. Ilmi Umerov and Mr. Akhtem Chiyyoz, who were illegally detained and falsely convicted by Russia

But, there are some concerns, as well. Some Turkish vessels violate the sanctions regime against Russia. We understand that Turkey is not a part of the EU (thus has not applied restrictive measures on Russia), but it is important not to allow Turkish business to help the Kremlin to re-colonize Crimea. Since the illegal annexation of Crimea, the share of the Russian vessels among the violators of the sanctions regime has risen from 40% to 80%. Yet, Turkish vessels could be found among the remaining 20%.

It is critically important to make Russia pay the highest price possible for all its wrongdoings. I believe that it is in our common interest to punish the aggressor by using every means available, and not to undermine this obligation for short-term benefits that in the long run will cause greater harms to us all.

3rd Session

**Wider Black Sea Region and
Regional Cooperation and Integration:
Opportunities and Challenges**



SILK ROAD INITIATIVE AND THE BLACK SEA ECONOMIC CO-OPERATION

Koray TARGAY

In my presentation, I would like to share with you my views on the “Belt and Road Initiative” (BRI), particularly on issues related to the economic aspects of this project, which are less diverging areas of interest.

The concept of modern Silk Road has been elaborated since the disintegration of the Soviet Union. Leaders of the various countries have shown interest on the revitalization of the ancient trade routes in Asia. The aim was to facilitate trade between Europe and the newly independent Asian countries, as well as China.

The fact that should be underlined at the outset is that the twenty-first century is the Asian Century. However, political conceptions could not be transformed into economic practices. Despite heavy emphasis on the political basis, little support was provided to the new Silk Road concept and few ventures were put into practice on the financial basis. Two decades have passed with deliberations, yet without tangible results. Only at the end of 2013, China announced its comprehensive plan

with a view to modernize Asian logistics infrastructure to catch European standards by 2045.

The fundamental difference between the Chinese initiative and all the previous projects lies in the fact that the former is empowered with concrete infrastructure networks and substantial financial backing. According to estimates, including those of the World Bank, the overall financial portrait of the Belt and Road Initiative will amount to 24 to 28 billion US Dollars.

In parallel to the announcement of the Initiative, the Chinese government established the “Silk Road Fund” amounting to 40 billion US Dollars. In addition, China initiated the establishment of the Asian Infrastructure Investment Bank (AIIB) with a capital of 100 billion US Dollars, with a view to support the financial requirements of the BRI projects. Further, the Chinese government has recently declared that ca. one trillion US Dollars, which is about one fourth of the countries’ reserves, would be also allocated to the Belt and Road Initiative. Significantly, although not within the BRI concept, Japan, too, has announced the allocation of 110 billion US Dollars for logistics infrastructure projects in Asia, to be utilized within five years.

The Belt and Road Initiative has two main legs, namely, rail and road network and maritime network to better connect Asia with Europe. The concept is bolstered up with energy corridors. The BRI’s investment requirements are huge; approximately 800 billion US Dollars per year.

The Belt and Road Initiative is the biggest combined international infrastructure project in the world history. Where does the BSEC stand for this initiative? The main target of the Belt and Road Initiative is to upgrade transit corridors between Asia and Europe to facilitate the trade flow. The geographic location of the Black Sea Economic Cooperation region lies well in the center of the Eurasian connectivity.

Today, trade volume between European Union and China is 1.4 billion Euros per day. It is estimated that this volume will be doubled within the next ten years. How to exchange this amount of commercial goods between Asia and Europe at the lowest costs within the fastest time limits is the core question.

Three arteries are on the table: Northern Corridor, which goes from China to Kazakhstan then over Russia to the West; Trans-Caspian Middle Corridor, which goes again from China to Kazakhstan, and then crossing the Caspian, to Azerbaijan, Georgia, then Turkey and further to Europe; and the Southern Corridor, which goes from China to Kazakhstan, over Turkmenistan to Iran, and then again combines with the Turkish network.

The transport sector is an important factor for the cost of trade. In the Black Sea Economic Cooperation region, logistics network is supplemented with energy corridors, stretching from Russia, Caucasus, Iran and Middle East to Europe. These corridors, including the natural gas transport from Iraq, Iran, and from Israel to Europe, as a prospect, will render Turkey an epicenter of energy. Possibilities in this field of logistics networks are numerous.

The fast developing technologies in the transport and logistics sector and their disposition into practice must be considered within this framework. Even the short piece of road between Lars and Kazbeki in Georgia has to cross harsh mountainous areas. This is only one example among numerous others. Such bottlenecks do increase the cost of transport enormously.

Another example is the question of the North-South corridor in the Caucasus; how can the North-South corridor from Iran to Russia be possibly rendered? There is no rail link between Iran and Armenia. There is not even any ordinary, comfortable highway between the two countries. Transportation is possible between Armenia and Georgia, but it is frequently blocked between Georgia and Russia, due to political reasons.

The construction of the railroad between Rasht in Iran and Astara in Azerbaijan, when completed possibly in 2021-2022, will link Iranian rail network with the Trans-Caspian Middle Corridor.

In short, there are serious difficulties of various kinds on the Eurasian trade transport corridors. They must be solved for the sake of safe, facilitated, continuous, fast and low-cost trade flow between Asia and Europe; and it is the duty of diplomats, in co-operation with the logistics sector, to solve them.

The BRI is a huge project which would benefit millions of people along the corridors. Trade brings wealth, and wealth brings welfare. Hence, we should strive to take part in that initiative for the welfare of our nations.

As far as Turkey is concerned, Turkish road/highway network is good enough in European standards, and we can fulfill the requirements of the BRI. Our rail network, however, needs large-scale improvements and new constructions. Turkish government is certainly aware of the requirements of the rail network, and necessary works are being carried on. Logistics infrastructure projects in Turkey amount to approximately 300 billion US Dollars up to 2030. Air transportation is also booming in Turkey. With the opening of the third airport in Istanbul at the end of October 2018, Turkey's air transport capacity will rank among the top centers in the world.

Logistics sector is of tremendous importance for the Turkish economy. In 2016, Turkey's national income from the logistics sector was 15 billion US Dollars. Logistics is the second biggest sector after tourism and makes up about %11 to %12 of the whole Turkish economy. The Turkish land transport fleet is the biggest in Europe. Approximately 600 billion US Dollars worth of transit trade flows over Turkey per year.

The Black Sea economic area provides perfect opportunities for cooperation in the form of trade transit from Europe through Ukraine, over the Black Sea to the Turkish and Georgian ports; from Europe through Bulgaria, Romania and Greece over Turkey to Georgia - all of them connecting to the Middle Corridor; from Europe through Russia to the south, with connection to the Middle Corridor and also to the Iranian ports.

All these three arteries should not be considered to be in competition; they complement each other. After ten or fifteen years, these three arteries will probably be not sufficient to meet the increasing demand. This means that there is a huge possibility for cooperation.

Before ending my remarks, I would like to make one last comment considering a Chinese project with regard to the construction of a high-speed railroad from ports of Piraeus and Thessaloniki up to Budapest. In this connection, I want to draw the attention to the scope and stretch of the BRI and to the benefits of trade routes to our peoples.



BRINGING THE GREATER BLACK SEA AND THE GREATER CASPIAN SEA REGIONS CLOSER TOGETHER: A VIEW FROM THE SOUTH CAUCASUS

Giorgi BADRIDZE

It is a great pleasure to be back in Ankara and to have an opportunity to speak before you today.

I would like to express my particular pleasure for seeing His Excellency Mr. Yaşar Yakış,¹ because the topic that I am going to discuss starts with a personal story of his Excellency, who was one of the architects of not just the organization known as BSEC (Black Sea Economic Cooperation), but the political and economic cooperation in our region.

The reason why I mentioned His Excellency is that, we need to start our story from the place where he comes from. This is the place that symbolizes the

¹ Yaşar Yakış served as the Minister of Foreign Affairs of the Republic of Turkey in 2002-2003. In 2003-2011, he acted as the Head of the Committee on EU Harmonization of the Grand National Assembly of Turkey and the Co-chairman of EU-Turkey Joint Parliamentary Committee (Editor's note).

transformation of our region from a previously disconnected area to a new bridge of cooperation. Mr. Yakış was born in a tiny village in the North-East Turkey, which was for many decades divided by the Iron Curtain. The Soviet Georgian part of that village was called Sarpi, and the Turkish part was called Sarp. In order to communicate with their relatives at the other side of the border, residents of the village had to go through extraordinary difficulties. What was even more difficult for the residents of the region that remained on the opposite sides of the border was to visit each other. A resident of Sarpi, for example, first had to get a permit to leave the Soviet Union, then to go to Moscow to get Turkish visa, and then to travel back the Turkish side of the Sarp Village via Istanbul, thus making a journey of thousands of kilometers to cover the distance of just 1,8 kilometer separating the two parts of the village.

With the fall of the Iron Curtain and the establishment of strong bonds of cooperation and friendship between Turkey and the newly independent of Georgia, all of this changed in the most dramatic way. Today, people from this divided village, as well as the citizens of both countries from the rest of Georgia and Turkey do not even need to carry their passports in their pocket to travel across the border.

Building this excellent partnership and cooperation that exists between Georgia and Turkey today took the vision and determination of people like Mr. Yakış. While building these bridges we also had to overcome some serious difficulties of the 1990s. When I worked at the Georgian embassy in Ankara, for example, terrible infrastructure in the Georgian territory and the shameful corruption of the Georgian traffic police were major problems for the Turkish lorry drivers.

Today, the situation is dramatically different than that in the 1990s in so many different ways. Today, Turkey is the top trading partner of Georgia. Together with Azerbaijan, Turkey is also the top investor. The cooperation among Azerbaijan, Georgia and Turkey has acquired strategic importance.

But the world is changing and we, particularly the small countries like Georgia and Azerbaijan, should adapt to the demands and the needs of international cooperation to stay relevant. I think we should take a look at our region on a slightly larger scale, and go beyond the issue of energy transportation. The historic Silk Road, of which our counties have been a part, has never been a single channel for regional trade. The South Caucasus should try to reinstate and expand the function that it once played by offering the countries on the eastern side of the Caspian region, an alternative gateway toward Western markets. This means to diversify, rather than replace, the existing transport and energy arteries these countries currently use. While Russia has no right to claim a monopoly over the transportation of Caspian oil and gas to Western markets,

a cooperative Russia should not be excluded from the benefits that such cooperation could generate.

In order to fully utilize their existing potential, the countries of the region must cooperate more closely. At this stage, only Azerbaijan and Georgia (in conjunction with Turkey) can be described as strategic partners in the region. The other countries around the Caspian Sea have closer ties with Russia than with one another. If unaddressed, this lack of cooperation will prevent the development of the infrastructure that is required for the region in order to maximize its geostrategic potential, located as it is between the world's economic giants, Europe and China. It will also forgo maximizing the value of its hydrocarbon resources through proper access to European and global markets. The same problem will mean that all regional countries remain vulnerable to security threats.

By joining the Russia-led Customs Union and putting up artificial barriers for trade with more developed partners, these countries have made a step toward self-isolation and a step backwards in their potential economic and social development.

The Caspian region is strategically positioned to play an increasingly significant role in the globalizing world through its natural resources and potentially through future transportation infrastructure. But in order to turn this potential into reality, something must change.

There are two fundamental realities that will determine the role and future prospects of the Caspian region: first, effectively harnessing its enormous energy resources and, second, its location half-way between two major drivers of the world economy – Europe and China. Energy demand will continue to grow both the east and the west of the Caspian. Thus, if the necessary infrastructure is developed, the region could attract a considerable share of the enormous volume of cargo transit generated by the trade between the Caspian region's eastern and western neighbors.

Azerbaijan must be commended for a number of initiatives which are designed to increase its strategic role. The Trans-Anatolian Pipeline (TANAP) designed to deliver Azerbaijani natural gas to the countries of southern Europe is one such project. Currently, TANAP has relatively modest ambitions of supplying only 10 bcm of gas to Italy via the Trans-Adriatic Pipeline (TAP).

According to some experts, the selection of TAP as a partner project for TANAP has sounded the death knell for the long-discussed Nabucco project, which never materialized due to dithering on the part of the European partners. But a larger natural gas project may not be totally impossible. Once the infrastructure is ready to carry large volumes of Caspian gas directly to the European market, the eastern

Bringing the Greater Black Sea and the Greater Caspian Sea Regions Closer Together: A View from the South Caucasus

Caspian states and, particularly, Turkmenistan will have to give much more serious consideration to the proposed Trans-Caspian Gas Pipeline (TCP) project which has fallen off the negotiation table. Turkmen gas has been supplying the European market for years via Russian pipelines, and on Russian terms. With TANAP, the prospect of Turkmen participation in the TCP project becomes more plausible.

While political obstacles that have prevented an agreement on the TCP are obvious, which are not limited by the objections of Russia and Iran, Turkmen gas supplies via TANAP could make this pipeline much more viable and even bring Nabucco back to life as the second phase of the project. Of course, if Europe remains passive, Turkmenistan will direct the larger share of its 17.7 trillion cubic meters of proven gas reserves towards China or reach a new deal with Russia.

Kazakhstan has been the most cautious of all of the Central Asian countries in order not to irritate Russia through involvement in energy projects, which do not have Moscow's approval. However, there is a precedent for the transport of Kazakh oil via the Southern Energy Corridor. Since the 1990s, Chevron has sent modest amounts of oil from Kazakhstan over the Caspian Sea and then to the Georgian Black Sea coast by railway. Given the right political climate, there is a solid commercial rationale for Kazakh participation in the future trans-Caspian energy supplies. The same can be said about the "sleeping energy giant," that is, Uzbekistan, although this is probably a more remote prospect.

As mentioned above, it is difficult to imagine a world that will not require a more advanced transport infrastructure. The Caspian region, particularly Kazakhstan, is already playing an increasing role in the transportation of goods between China and Europe via Russia.

In the last decade, Turkey has notably developed its transport infrastructure and created new opportunities for the closer integration of the South Caucasus and Caspian regions into European road and railway networks. The Baku-Tbilisi-Kars railway project has finally been completed. The project will potentially enable rail transportation of goods between Western Europe and China via an additional route. Again, this project does not have global ambitions and is not in any way an alternative to the Russian route. What it could do, however, apart from giving Azerbaijan much needed rail access to Turkey and vice versa, is to provide a new capacity for additional volumes of cargo and thus quite literally pave the way for economic growth within both the Caspian and the Black Sea regions.

In brief, the past twenty-five years have been a period of truly historic challenges, achievements and opportunities for both the Black Sea and the Caspian Sea regions, and particularly for Georgia and Azerbaijan, which physically link the two seas. After seventy years of Soviet rule, we were both given an opportunity

to rebuild our independent states. At the same time, Georgia faced tremendous opposition in the face of the hostility from the former imperial ruler. Once again, we both had to cope with separatist conflicts which continue to present the greatest security, political and economic challenge in the form of continued occupation of large parts of our countries and hundreds of thousands of refugees.

Still, our countries managed to overcome the chaos of the early 1990s, and as a result of close cooperation with each other, our joint strategic ally, namely, Turkey and other Western partners, Georgia and Azerbaijan have achieved considerable success in building viable states and becoming respected members of the international community.

The leaders of the two countries wisely used their strategic geographic location and mineral wealth to forge a strong alliance and gave the South Caucasus an important international geo-economic function.

This partnership has so far helped to consolidate the real independence of both Georgia and Azerbaijan. However, in order to sustain this, the two countries must look for an even greater international geo-economic role. While the world around us is undergoing dynamic changes, the existing partnership must try to reach out to the neighbors on the eastern side of the Caspian Sea in order to encourage them to give the South Caucasus transport corridor a greater priority. At the top of the existing function of supply/transportation of mainly Azerbaijani energy to Western markets, Azerbaijan and Georgia must reinvent themselves as a real bridge between the greater Caspian and greater Black Sea regions.

This is not an easy task as even the Central Asian countries are also vulnerable to Russian pressure. So far, they have not managed to build proper economic or political cooperation even among themselves, remaining closer connected to Russia than with one another.

Jointly, Georgia and Azerbaijan with their developing transport infrastructure could provide Central Asian nations with the shortest and the most reliable access to the West, with markets in Turkey, Greater Black Sea region and Europe.

Europe's need to cut its dependence upon Russia and diversify its energy supplies creates a historic opportunity for the countries of the entire Caspian region and this opportunity must be grasped with both hands because this window of opportunity will not be there forever. The competition is great and if the Central Asian nations do not act now, they will not only miss a chance to get a share in the world's most prized European energy market but a prospect of insuring their real independence.

Bringing the Greater Black Sea and the Greater Caspian Sea Regions Closer Together: A View from the South Caucasus

Obviously, Georgia and Azerbaijan alone would not be able to persuade their eastern neighbors to engage in an energy and transportation cooperation which could ultimately irritate Russia. In current realities, when Turkey is undergoing historic changes, the European Union is coping with Brexit and the United States is unsure of its role on the world stage, Georgia and Azerbaijan should promote the idea of greater regional cooperation with both their Western and Central Asian partners.

At this stage of their development, having already established the South Caucasus as an important energy and transport corridor, Georgia and Azerbaijan should prepare the ground for their greater role as a gateway between the greater Caspian and greater Black Sea regions. As ambitious as it sounds, such a goal is not unrealistic if the leaders of our countries make it their strategic priority.



BSEC AS A PLURILATERAL FORUM IN THE REGION OF EFFECTIVE MINILATERAL COOPERATION

Mukhtar HAJIZADA

Black Sea Economic Cooperation Organization is a plurilateral forum in the region where minilateral cooperation is more effective. BSEC is a full-fledged regional organization bringing all of the countries in the region together under the umbrella to engage in bilateral, minilateral and plurilateral dialogue. The establishment of such an organization to facilitate cooperation had not been seen before the end of the Cold War. Starting with the 1992 Istanbul Declaration in the region, BSEC has moved from being a forum to a structured organization that facilitates intensified and regular cooperation in the region. The creation of the consequential BSEC-related organizations represents a trend towards regionalization, raising the prospect that these processes may ultimately lead to regionalism, depending on the willingness of the core actors.

Presently, regional cooperation in the wider Black Sea region includes a plurilateral organization like BSEC representing the most inclusive arrangement

as well as minilateral cooperative mechanisms of intergovernmental nature such as GUAM, Black Sea Forum, BLACKSEAFOR in addition to transnational business projects. The existence of the prominent intergovernmental minilateral and plurilateral organizations and the international regional cooperation(s) seem to promise an increasing cross-border interaction region-wide.

What could be the role of BSEC? As rightly mentioned by Dr. Tuncel, the moderator of this panel, the important question here is how effective BSEC has been, and what role it was ascribed by its founding member countries, if any role was ascribed at all. This form of weak plurilateral cooperation, in its current manifestation, appears to be a scenario for the (re)assertion of states' own interests. The underlying factor explaining the post-Cold War pattern of economic cooperation around the Black Sea is the security imperative. In fact, most of the existing cooperation around the region is rather bilateral than plurilateral.

It is necessary to observe how the current plurilateral and minilateral relations among the states shape and are shaped by regionalization in the BSEC area. Regionalization started to gain ground and many regional organizations have given it a considerable amount of weight, although there are no regular consultations between and among the existing plurilateral and minilateral organizations coexisting in the Wider Black Sea Region. The existing divergent and even conflicting positions at a bilateral level not only undermine the credibility of their participation in plurilateral cooperation for the common good, but also pose a threat to peace and undermine the stability required for wider and deeper regionalization. The regionalization around the Black Sea is currently undergoing a multifaceted challenge. However, regional peace would require common commitment, political will, relinquishment of territorial claims, and cooperation or at least competition rather than rivalry – all of which are absent presently.

Exactly ten days ago, on the 24th of November 2017, I was in Brussels on the occasion of the Eastern Partnership Summit (EaP) to feel the air, observe the events, and to have a better chance to find answers to some of my questions. I wondered how effective has the EaP been able to deliver on a promise? Is there a substantial progress since the beginning of the Prague Summit in 2009? Significant progress has been made regarding the Facilitation agreements, DCFTAs, Association Agreements, Visa Liberalisation for Ukraine, Moldova and Georgia. Moreover, the progress is observed in the negotiations, which is organized in three chapters, for the New Agreement for Azerbaijan. Another progress for the EaP is the Comprehensive and Enhanced Partnership Agreement for Armenia was signed last month which probably will also be ratified. Another improvement is the opening in the process with Belarus. In the light of such important progress for the EaP we still hear a lot of criticisms and doubts as to the success of the initiative.

When we look at BSEC, or the Wider Black Sea Region as a whole, a list of legitimate questions comes to mind. Has BSEC been able to deliver anything tangible? Is the situation better than it was in 1992, the year when the Istanbul Declaration was adopted in 1998, the year when BSEC process transformed into a full-fledged international organization. Has there been tangible progress in the relations between the member countries with the establishment of BSEC? Has the security in the Wider Black Sea Region been improved?

First, the procrastinated conflicts still exist (the situation might even be considered worse for some of them). Second, Russia is reluctant to be fully engaged in the regionalization process on the basis of a win-win formula. Third, EU does not show ambition to regard the Wider Black Sea Region as a European sub-region.

One of the previous fellow panelists mentioned that the situation in the Wider Black Sea Region got worse following the Russo-Georgian war in August 2008. I recall that I was paying a courtesy visit to the senior official in BSEC, when I was visiting Istanbul. As we were having a conversation about the future of BSEC, breaking news were broadcasted live as the Russian combat troops were entering South Ossetia through the Roki tunnel. Can you imagine the feelings of a poor senior BSEC official who is expected to deliver more than s/he is capable of doing? The Organization cannot indeed deliver more than it is supposed to. BSEC states chose not to delegate any powers to BSEC, when they created it in 1998. BSEC represents a typical example of an organization for intergovernmental cooperation. Moreover, it is definitely not a supranational institution; it does not resemble the High Authority of the European Coal and Steel Community presided by Jean Monnet as the first president. Honorable Yasar Yakış pointed out earlier that BSEC could have been transformed into something important, but this did not happen. Even the businesses were not interested. A possibility of defense cooperation was pronounced, apparently by Eduard Shevarnadze, but the next step has never been taken. On the one hand, countries including Turkey and Russia wished to have a regional dimension in their bilateral relations, on the other hand there were no foreign policy orientations and aspirations that were shared by all founding members.

All these coupled with unfolding of the events and the longstanding challenges pose a fundamental problem for BSEC to thrive. Such a multilateral format appears to be not working presently. Alternatively, we observe a chance of cooperation based on a minilateral format. Russia and Armenia are getting even more integrated with Armenia even making a U-turn in its relations with the EU. Azerbaijan, Georgia and Turkey have started to refer to their minilateral relations as an alliance. GUAM countries have a lot in common in addition to their common historical similarities.

Following the crisis because of the downing of the Russian fighter jet by Turkey in 2015, followed by a series of sanctions including the cancellation of the visa-free regime and holiday packages, we observed a big gap in the bilateral relations. Both leaders have now shown seriousness in their dedication to meddle the bilateral affairs. We observed six meetings in the current calendar year between the presidents of Turkey and Russia. The EU prefers to deal with the region at a minilateral level of cooperation in the example of the EaP over the *Black Sea Synergy*.

In conclusion, the BSEC is of great importance for regional peace and security. The 1992 Istanbul Declaration mentioned the rationale behind this cooperation: “let’s cooperate rather than confront.” Indeed, BSEC is a cooperation initiated in the region by the regional countries. It is a local arrangement bringing all the countries in this part of the world together. The questions to be answered include: What has BSEC achieved? The name suggests that it is a body bringing together its participating countries for economic cooperation. We are aware of the stages of integration. The very first stage is to have at least a Preferential Trade Agreement or Free Trade Agreement. Where are we now with respect to BSEC? It does not even have the most basic requirement for economic cooperation. What lies at the bottom of the very problems preventing BSEC from making a progress? Has it been a useful model bringing together the conflicting parties in the wider Black Sea region? Indeed, all conflicting countries remain members of BSEC, and they meet regularly at the same table to discuss the matters of common interest. No country has ever threatened to withdraw from BSEC.

Has it been successful in meddling with the affairs of the conflicting sides? The academic literature suggests that international organizations are created to socialize the political elite and transform their perception of each other which would instill a sense of community. The matter is that BSEC was not even empowered to deliver in the first place. The expectation is higher than the bar set for BSEC by the member states. Moreover, it appears that the EU’s performance that is preferring minilateralism to plurilateralism is well-judged. The consensus-based decision-making procedure of BSEC has proved to be unfit. Any BSEC country, especially the biggest one, can always invoke the consensus-based decision-making procedure requirement as stipulated in the BSEC Charter to prevent the adoption of decisions acceptable for the rest of the countries.



WESTERN BALKANS TO BLACK SEA: ACTORS AND DRIVERS OF CHANGE AND VOLATILITY

Marko SAVKOVIC

When we talk in geographical terms, there is just one Balkans that is the Balkan Peninsula. However, when we talk in political terms, there is at least one more Balkans, which is the Western Balkans. Western Balkans is a region in no other sense than political, since it is impossible to imagine the Balkans without Bulgaria, Turkey, Romania or Greece. Western Balkans a political construct of the European Union. So, when we speak of the “Western Balkans” today, we are actually referring to the “Western Balkans Six,” i.e., countries (or societies, due to differences over Kosovo status) established following the dissolution of Yugoslavia “minus Slovenia, plus Albania,” to recall the conceptualization of the late Professor Predrag Simić. Both the European Union and its members within the all-encompassing context of the European integration process use this term, which is the one and only process of reference common to the entire region. Over the years, unavoidably, minds of members of research community have been framed in this way.

Now we, as Belgrade Fund for Political Excellence and Belgrade Security Forum, have tried to introduce, once again, the term “South East Europe” into mainstream discussions. However, our success was limited. Historians understand us. Those focusing on geopolitics understand, as well. But, policy planners and decision makers, less so. Policy planning, budgeting, implementation, monitoring and reporting is to such an extent tied to and dependent on European - EU and European Economic Area (Norway for instance is one of key bilateral donors although not a EU member) - funding. Thus a different approach, although justified, would be seen as impractical.

To put things into one definite perspective, let us look at Montenegro and Serbia, two countries currently going through accession negotiations with the EU. In these two countries, there is not a single policy, sectoral or cross-sectoral, implemented today outside of the framework of European integration (policy). Goals, benchmarks, indicators, are set, or agreed on with “the Europeans.” When there is a problem not covered by the EU – for instance, countering violent extremism – there is at least one country from the West willing to work with countries in the region in order to establish a coherent policy.

Nevertheless, it is intriguing to think in the context of one, wider Balkans-Black Sea region. Although the two – let’s call them sub regions - experience dynamics of their own, there are potential common issues or areas of cooperation. Such are, for instance, transfer of know-how from the EU member countries to the non-member countries; projects aiming at infrastructural improvement; facilitating trade by removing access barriers; safeguarding joint cultural heritage; investor meetings, and so on. First precondition for this is the leadership of forward thinking and proactive national elites and second, a sense of belonging to a specific region: which again is gained if there is a positive track record.

However, since the Russian military intervention (or aggression, again due to differences in opinion and interpretation) in Ukraine in 2014, the Western Balkans has, together with the rest of Europe, been experiencing what many have dubbed “the grand return of geopolitics” (Walter Russell Mead’s essay in May/June 2014 Foreign Affairs issue is one notable example) taking place amidst the fallout following “the end of liberal order” (to recall Fareed Zakaria and Niall Ferguson’s book published in 2017 book and countless other articles and conferences). The so-called “revisionist powers” (the term United States officially use) among whom different authors include Russia, China and – sometimes, with little or no evidence and a lot of speculation – Turkey, have been reasserting themselves in the region of Western Balkans through a combination of economic and political initiatives; some very well thought and prepared, such as China-led Belt and Road Initiative and the 16+1 format facilitating cooperation between China and countries of Central and Eastern Europe, and some less so. What makes these countries “revision-

ist,” the reasoning goes, is either their open rejection of the international order established following the end of the Cold War, as in the case of Russia, or their general readiness to offer new formats to the Western Balkans. Taken together, their initiatives have come close to rivaling those of the EU in size and ambition.

Now let us look more closely at three actors competing for influence who fall outside of the “West”. First, in our interpretation, comes China; the only political actor “playing the long game” and arguably in possession of a “truly global strategy” of the three. What China has done, in Bruno Macaes’ words for the portal “The China World”, is that it “discover [ed.] something (...) we thought was specific to Western civilization – the control and mastery of technology and of modern society.” Here is a very specific end that China meets in the Western Balkans, that is, connectivity, the importance of which the EU has finally grasped on in its latest strategic documents. As Branko Milanović wrote recently on his blog “Global Inequality”, geography, particularly the difficult terrain, is rarely seen as one of the impediments to Western Balkans’ development. Yet, it is there, with Dinaric Mountain massif stretching for hundreds of kilometers from Slovenia to Albania and Greece. With companies skilled in construction and favorable loans, China has been filling the gap left after the EU decided on its principal corridors, omitting several others that individual countries saw as equally important. One such example is so-called Corridor 11, a highway connecting Romania, Serbia and Montenegro, which have yet to draw interest from EU’s financial institutions. Serbia alone, for instance, by now has a portfolio of cooperation with China that exceeds 5 billion Euros. Here, geography works in favor of Western Balkans, as the all-important corridors from Mediterranean ports under Chinese control (e.g., Piraeus) go through at least one of the countries. The problems with the Chinese investments will be similar to those “the West” faces and has difficulties in adapting to. Facts are that these are state-owned companies we are talking about, not private enterprises; that there is less, or no interest for transparency in Western terms; and no talk of reciprocity with regard to market access.

With increasing awareness in Germany and other EU members of this dynamics, it is safe to presume that some kind of accommodation and adjustments will take place. What is worrying, on the other hand, is region’s policy community lack of capacity to analyze and understand China’s policies. There are few experts, who, for example, master the Chinese language or specialized on the history, politics or economy of this country, despite a general increase in trade and mutual visits. Belgrade Faculty of Political Science has recently set out to establish a center on China. Hopefully others will follow the suit.

Next comes Russia. Now the question being asked so often is “what Russia wants” in the Balkans (and other places). In the Balkans, in order for Russia to keep exploiting the differences among countries, it looks for volatility, prolonged conflicts.

Russia, in general, discourages attempts that seek to resolve long-standing disputes. In 2018 alone, Moscow will face two important developments. First is the much-anticipated agreement between Skopje and Athens over the “name issue” that has been left unresolved for 27 years. The other issue is the so-called “all-encompassing normalization” of relations between Belgrade and Pristina, which would open the door for Kosovo’s membership in the United Nations, while enabling Serbia to get onto the “fast track” of enlargement with the perspective of becoming an EU member by 2025. If both of these issues are successfully resolved, space for Russia’s influence will diminish, leaving Bosnia and Herzegovina as one country where outside forces can build on differences between internal actors.

Numbers come into mind, as well. For Serbia, exports to and imports from Russia account 5% of its overall trade. However, out of this 5 percent, close to 90 is energy (natural gas and oil), and it is where Russia’s influence is the strongest, possessing the ability to disrupt energy supply on a whim. And lastly, Russia has become a capable “spoiler” or “disruptor” of the existing orders, one that has learned its lessons, and is today using variety of platforms to exert influence. When doing so, it acts in a sense no different to Western countries, just that its goal and agenda is different. Hopefully official Moscow will recognize, at one point, that more can be achieved through expanding actual cooperation and engagement, rather than playing the card of identity politics.

There is another factor contributing to Western Balkans’ (eventual) membership in the European Union. Serbia, Bosnia and Macedonia have gradually become workshops for German, Italian and Austrian companies. Reasons are easy to explain; low labor cost; heavy subsidies from local governments; access to markets of Russia and Turkey, through free trade agreements (in the case of Serbia), and favorable geographical position. In effect, in the words of Dušan Reljić, chief of Brussels office of the German think-tank SWP, “these countries are today part of the same production cycle which may start in the Balkans but goes ending up in Germany, Austria or Italy.”

This brings us to third external actor in our analysis, which is Turkey. I would argue that Turkey is today capable of projecting soft power, particularly in the Western Balkans in a way that has not been seen in decades. Let us take universities as one example. Young, most likely Bosniak or Albanian student by ethnicity, see programs being offered as a good opportunity, far superior to the ones at home. It has become ordinary to hear partners and acquaintances in Skopje, Tirana or Sarajevo commenting how they got their degree from Koç, Sabancı or Bilkent universities. Then, there are medical services. Patients from Serbia, since several years, have the opportunity to receive treatment in one of Turkey’s leading hospitals, i.e. Acibadem. They return to Serbia being impressed by the health care serv-

ices in Turkey. Turkish companies look to capitalize on major construction projects by competing for corridors planned throughout Western Balkans. And, there is the question of shared history and cultural heritage. There is interest for reconstruction of not only places of worship, but old urban settlements and historical monuments with Turkish agency TIKA taking the lead.

Fourth issue that needs to be discussed is that we, as Western Balkans societies, are now exporting brains and skills to richer countries, not only EU member countries. If one adds negative demographics, the overall picture becomes really alarming: Serbia alone seems to be losing between 30 and 40 thousand people per year due to permanent or temporal emigration. Actual population figures of Macedonia and Albania are speculated to be one third of the official figures. People, not only the youngsters, are leaving for a variety of reasons, with wages being just one of them. They also leave because of nationalism, xenophobia, narrow-mindedness, cronyism and clientelism of every sort.

Western Balkans is still pretty much European Unions' game. However, in the view of many researchers, including myself, the EU needs to revisit and amend its functionalist, technocratic approach. It should start thinking of itself and the Western Balkans as a single security space, something that research community active around the Belgrade Security Forum initiative has been advocating for a long time. To take back the initiative from competing powers, again as suggested by Dusan Reljić, the European Union should enable access for the Western Balkan countries to European Structural Funds before, not after they become members. We must not forget that most of what comes from the EU through its financial instruments (EIB, EBRD, WBIF) are loans.

There are, however, two issues with respect to the above mentioned approach. First, it is wrong to group Russia, China and Turkey together. Not only that these three countries are major regional or global powers, but they also come with diverging interests and approaches. For instance, Turkey is a NATO member, and despite its ongoing disagreements with the West, it has been repeatedly calling for several Western Balkans countries to join the Alliance, thus playing a constructive, stabilizing role.

What the above-mentioned initiatives do not do, however, is to provide a framework for societal change that are desperately needed in a region left impoverished and underdeveloped. A really exciting development would be one of the three powers' decisions to offer some format of association similar to European integration and support that decision with proper funding and programs and - why not - with legislation, similar to what the EU has been doing with its *acquis*. For the time being, such a possibility seems remote and depends on when and whether will "introspective period" the EU has been going through end.

Western Balkans to Black Sea: Actors and Drivers of Change and Volatility

However this “window” is narrowing down every year, as countries are drawn even closer in the process of European integration. As Serbia continues its path to the European Union, in 35 negotiating chapters such human and material capital has been invested, that it has become very difficult to envisage another scenario or “plan B” despite the ongoing issues. Rather, risk persists as long as the process continues to be extended, postponed; with an obvious example being Turkey’s protracted membership bid. Funnily enough, the same European Union that keeps Western Balkans at bay with an increasing list of demands, remains its best option for societal transformation and development.

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