



ORGANIZATION OF THE BLACK SEA ECONOMIC COOPERATION

Permanent International Secretariat

Sakıp Sabancı Cad., Müşir Fuad Paşa Yahısı, Eski Tersane, 34467 Emirgan – Istanbul/Turkey

Tel: ++90 212 2296330-35 Fax: ++90 212 2296336

E-mail: info@bsec-organization.org www.bsec-organization.org

STATEMENT BY
H.E. AMBASSADOR AHMET KAMIL EROZAN
FIRST DEPUTY SECRETARY GENERAL OF
THE ORGANIZATION OF THE BLACK SEA ECONOMIC
COOPERATION PERMANENT INTERNATIONAL
SECRETARIAT
ON THE OCCASION OF THE
21st OSCE MINISTERIAL COUNCIL

(Basel, 4-5 December 2014)

**Mr. Chairman,
Ministers,
Excellencies,
Ladies and Gentlemen,**

On behalf of the Black Sea Economic Cooperation Organization Permanent International Secretariat (BSEC PERMIS), I want to **thank the OSCE Chairmanship-in-Office** for the invitation extended to us and for the opportunity given to deliver this statement at this Council meeting.

The Black Sea Economic Cooperation Organization (BSEC) is **the oldest, most representative regional economic intergovernmental organization** in the wider Black Sea region. The region is spreading on two continents and covers a geography encompassing the territories of the Black Sea littoral States, the Balkans and the Caucasus.

BSEC extend over an area of approximately 20 million square kilometres, extending from the Adriatic Sea to the Pacific Ocean, with a population of 330 million people and brings together 12 States of the region, namely Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, the Russian Federation, Serbia, Turkey and Ukraine, which are all also members of the OSCE.

The Black Sea Economic Cooperation Organization (BSEC) is a regional undertaking with specific features. It belongs to the generation of regional organizations that have appeared shortly after the end of the Cold War, when the countries having gotten rid of the communist system were trying to find their own way to build a foreign policy capable of helping the internal processes of reforming the political institutions and centralized economies and of transition to a new society, based on freedom, democracy and rule of law.

BSEC was **launched in 1992** as a regionally owned initiative on the idea that stronger economic cooperation among the Black Sea countries would **enhance peace, stability and prosperity in the region**. The main pillars of initiative have been **inclusiveness, transparency and regional ownership**. In the 22 years since it was launched, BSEC has built an extensive institutional framework of cooperation and has become the most comprehensive organization in the wider Black Sea area.

On **1 May 1999**, with the entry into force of the **BSEC Charter** adopted in Yalta in 1998, BSEC acquired international legal identity and was officially transformed from an initiative into a regional cooperation organization, becoming the Organization of the Black Sea Economic Cooperation.

In addition to its **Permanent International Secretariat (PERMIS)** based in Istanbul, BSEC also has **four Related Bodies** – namely the **Parliamentary Assembly of BSEC (PABSEC)**, the **BSEC Business Council (BSEC BC)**, the **Black Sea Trade and Development Bank (BSTDB)** and the **International Centre for Black Sea Studies (ICBSS)**. These Related Bodies deal with the parliamentary, business, financial and academic dimensions of cooperation. The Parliamentary Assembly and the BSEC Business Council are based in Istanbul, while the Bank has its headquarters in Thessaloniki and the International Centre for Black Sea Studies is located in Athens.

Given the comprehensive membership and the relatively high degree of institutionalization, the BSEC Organization shaped itself as an important framework for multilateral cooperation, becoming an anchor of cooperation in the Black Sea area today. We provide a structure for **interaction and cooperation** to our Member States. Our aim is to collaborate in specific economic areas to create mutually beneficial projects and address key issues.

A lot has been done and is currently underway in spheres such as agriculture and agro-industry, banking and finance, combating organized crime, customs matters, education, emergency assistance, energy, environmental protection, healthcare and pharmaceuticals, information and communication technologies, institutional renewal and good governance, science and technology, SMEs, tourism, culture, trade and economic development and transport. This fosters the spirit of cooperation in our region.

The BSEC **Working Groups** (more than 20) cover an extensive area of sectoral priorities. They bring together experts from the relevant Ministries of the BSEC Member States and define Action Plans in the relevant areas of cooperation. The activity of the BSEC Working Groups is regularly monitored by the **Committee of Senior Officials** and their priorities periodically redefined by sectoral Ministerial Meetings, **while** the **Council of Ministers of Foreign Affairs** is the principal regular decision making organ.

In line with the principles and objectives defined by its Charter and with the aim of utilizing more effectively their human, natural and other resources, BSEC **has defined the common general approaches** of its Member States in **Summit and Ministerial Declarations**, intergovernmental agreements, plans of action and strategy documents and has launched projects and initiatives which are of interest to them.

In 2012, the Heads of States and Governments of the BSEC Member States at the 20th Anniversary Summit of BSEC endorsed the ***BSEC Economic Agenda Towards an Enhanced BSEC Partnership (BSEC Economic Agenda 2012)***, a strategic document for guiding the functioning of our Organization in the years to come, by setting concrete sectoral priorities.

This document **provides a practical road-map** for the future activity of BSEC and we think that its effective implementation, through the work of the Secretariat and with the support of the Member States is of paramount importance for BSEC and for the wider Black Sea region as a whole. In a separate chapter, devoted to the priority areas of action, the Economic Agenda sets **17 goals**, indicating for each of them a number of themes for action.

Additionally, the ***BSEC Economic Agenda 2012*** has provided a concrete basis for enhancing our cooperation with our **international partners**, including our 17 Observers and 15 Sectoral Dialogue Partners. These include many countries and international organizations from Europe, Asia, Africa and North America, which are able, through their participation in BSEC activities, to follow and contribute to the evolving efforts for regional cooperation.

Since 1st July 2014 and till the end of this year, the rotating BSEC Chairmanship-in-Office is assured by the Hellenic Republic, which has proposed an ambitious set of

priorities, streamlining the activity of the Organization and putting particular emphasis on the implementation of the BSEC Economic Agenda. **From 1 January 2015** and for a period of six months **Moldova will take over the Chairmanship-in-Office** and is in the process of defining its priorities and the calendar of events.

In BSEC, we also particularly value our cooperation with other **international and regional organizations** in the wider Black Sea area. BSEC, which has Observer status in the UN General Assembly, has very close and fruitful working relations with the UN system and its specialized agencies like **Food and Agriculture Organization (FAO), United Nations Economic Commission for Europe (UNECE), United Nations Development Programme (UNDP), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), World Tourism Organization (UNWTO), United Nations Environment Programme (UNEP) and UN Alliance of Civilizations (UNAOC).**

The BSEC Permanent International Secretariat maintains a close relationship also with the Office of Economic and Environmental Activities of the **Organization for Security and Co-operation in Europe (OSCE)** through exchange of information on activities, as well as participation in its events. And, last but not least, the **European Commission** also holds the status of Observer in our Organization since 2007.

BSEC and other regional and international organisations have a great potential in order to meet the cooperation needs of their Member States in these areas, both individually and jointly. These **international links** allow us to profit from the expertise of our partners and increase the effect of our efforts in the pursuit of common objectives. This potential has only to be used, with the political will of the States concerned and based on an effort to identify their real needs and interests.

To this effect, three basic principles need to be observed:

- coordinating activities;
- avoiding duplications, to the extent possible;
- looking constantly to the general picture of the requirements of the sustainable economic growth.

With such an understanding, upon invitation of the Secretary General of the BSEC International Permanent Secretariat, the **Eleventh Coordination Meeting of Regional Organizations was held, on 20-21 March 2014, at the BSEC Headquarters.** The Meeting was attended by the **Adriatic and Ionian Initiative (AII), the Central European Initiative (CEI), the Council of Baltic Sea States (CBSS), the Danube Commission, the Regional Cooperation Council (RCC) and the Union for the Mediterranean Secretariat (UfM Secretariat),** as well as by the **Black Sea Economic Cooperation Organization (BSEC).**

**Mr. Chairman,
Ministers,
Excellencies,
Ladies and Gentlemen,**

Despite a challenging and unpredictable global background, the Black Sea region displayed a healthy economic growth. Recovery continued and many of the countries exceeded pre-crisis levels of economic activity. Post-crisis growth rates were generally lower. However, still, it was more than the double of the average rates in the Eurozone, being in a range which is likely to prove more sustainable than the impressive rates achieved in the previous decades.

The success of BSEC depends on the concrete and effective implementation of common projects. There are two BSEC infrastructure projects of major significance. These are the **Black Sea Ring Highway project** and the project on the development **the Motorways of the Sea** in the BSEC region. They are related to the development of transport links in the region. These projects are expected to do much to foster intra-BSEC trade, as well as tourism, infrastructure transport investments and economic prosperity among the countries of the Black Sea as it will link the European Road Network to that of Asia.

The **Black Sea Ring Highway** project envisages a four lane ring highway system, approximately 7700 km long, to connect the BSEC Member States with each other. The project on the development of the **Motorways of the Sea** in the BSEC region, on the other hand, is about strengthening the maritime links among the ports of the BSEC Member States.

Besides transport, one of the areas where the potential of Black Sea economic cooperation is most visible is in the area of **trade**. Currently, intra-BSEC trade and investment are not at the desired level. But the states in the region have significant economic and human resources, which enabled them to have remarkable economic growth and development over the past few years, despite the global economic crisis, parallel to a steady increase of their share in the world economy (actually at around 8% of the world economy, with a total GDP of 3,4 trillion US Dollars). **The real GDP of our Member States grew by an average of 4.7% annually during the last decade.** As a result, living standards improved, poverty rates dropped, trade and investment rose, and societies were transformed into dynamic places of increasing sophistication and integration into the broader European and global economic markets.

Therefore, various initiatives have been launched within BSEC to contribute to the improvement of the trade situation. For example, BSEC has been cooperating with the United Nations Development Programme (UNDP) on this matter. Within this framework, the **Black Sea Trade and Investment Promotion Programme (BSTIP)** – the first joint project between the two organizations – was implemented during the 2007-2014 period. The project, which was co-financed by Greece, Turkey, the UNDP and BSEC, aimed to develop trade and investment linkages among the BSEC Member States, with the direct participation of the business communities.

The BSEC cooperation on projects under the **Memorandum of Understanding on the Facilitation of Road Transport of Goods in the BSEC Region** (signed in 2002 and

went into force in 2006) is another concrete step taken by the BSEC countries to facilitate regional trade.

The **BSEC Agreements on Simplification of Visa Procedures for the Businesspeople and for the Professional Lorry Drivers Nationals of the BSEC Member States**, signed in 2009 in Tirana, will also surely contribute to the trade cooperation among the Member States.

The Black Sea area is an **important region** at the heart of three major continents. It is on **strategic transport and trade routes and energy corridors in Eurasia**. The quest for the **diversification of energy sources** is another dimension of the growing profile of the Black Sea region. The region has vast oil and gas resources. The region has also been steadily gaining importance as a **key energy supply route** for Europe and the rest of the world. Just a quick glance over a map of existing and planned oil and gas pipeline projects is enough to reflect the significance of the Black Sea region as a prime energy supply route.

In **energy cooperation**, green energy and supporting projects that promote sustainable energy development are priorities for BSEC. We are elaborating a Green Energy Strategy Paper and have initiated a process of establishing a BSEC Network for exchanging information and sharing experience and know-how among national administrative bodies and/or centres and organizations mandated to promote energy sources and energy efficiency measures.

Major issues that are being discussed in this framework are also:

- development of electrical interconnections among our member States;
- cooperation in exploration and extraction of hydrocarbon resources of the Black Sea;
- further opening of cross-border trade of natural gas in the region;
- strengthening the cooperation between BSEC and other international organizations and agencies in the field of energy.

Another area where BSEC is active is **environmental protection**. The gradual degradation of the environment in the Black Sea region in the last decade is a source of grave concern.

Priority areas on which BSEC focus its works in this field are:

- supporting the development plans for mitigation and adaption measures to address the impact of climate change,
- developing approximating legislation on environmental protection in the Member States,
- incorporating the ecosystem-based approach in the economic and social development programmes of the Member States,
- ensure a sustainable development in the Black Sea Region.

Currently, BSEC Members are discussing the modalities of **establishing an information exchange mechanism for environmental protection**. There is also an ongoing study on the possibilities of strengthening cooperation with other organizations, institutions and partners on issues related to the protection and rehabilitation of the Black Sea marine environment.

Learning to live with climate change is an absolute priority for humanity, the BSEC Council of Ministers of Foreign Affairs, in its meeting in Thessaloniki in November 2010, adopted a **Joint Declaration on Combating Climate Change in the wider Black Sea Area**. This was the contribution of BSEC to the Cancun Conference in December 2010.

Furthermore, a draft of “**Climate change Adaptation strategy in the Black region**” was completed, **jointly with the UNDP**. After the adoption, the Member States could start developing projects with the assistance of the existing global funds in the Climate Change domain.

BSEC is also **cooperating with Commission on the Protection on the Black Sea Against Pollution**, in order to avoid duplication of activities, as well as with the programs and initiatives for Mediterranean, Caspian, and the Danube basins, with the view to develop region oriented project of mutual interests.

BSEC has agreements among its Member States **on cooperation in combating organized crime**. BSEC, IOM, UNODC and many other relevant bodies in the region are cooperating to fight human trafficking which is one of the most prevalent forms of organized crime in the Black Sea area. BSEC, together with the UNODC, launched a **regional project on strengthening the criminal justice response to human trafficking in the Black Sea region**.

Fighting corruption is another goal for BSEC. In this context, the Ministers of Interior of the BSEC Member States met on 14 April 2011 in Bucharest and adopted a **Joint Declaration on Regional Efforts on Preventing and Combating Corruption**. This document aims to deepen dialogue on preventing and combating corruption, which is a serious threat, closely linked to issues in the fight against organized crime.

The Declaration envisages the **establishment of a Task Force** within the BSEC Working Group on Combating Crime. The aim is to **elaborate a BSEC Action Plan to prevent and combat corruption**. The Action Plan will establish a regional mechanism for sharing information and best practices among governments and between them and non-governmental organizations.

In the area of **SMEs**, BSEC is currently focusing on **high technology, innovation, technology parks and incubators** with the objective to encourage innovative ideas, products, services and procedures. Our Organization is also focusing on bringing together and linking businesses, academics, business incubators and financial and state institutions from the BSEC Member States with the purpose of developing a culture of cooperation through networking. BSEC is also supporting the collaboration of SME's and large companies, promoting measures to improve production efficiency.

While we are working to promote the BSEC Region as one of the leading **tourism** destinations of the world, our attention is also focused on the **cultural heritage**, protection of cultural monuments and archaeological sites, including cooperation to combat illicit trafficking of stolen cultural property.

In the field of **education and science and technology**, the priority is given to the questions of the academic mobility and developing a registry of national innovation related structures.

**Mr. Chairman,
Ministers,
Excellencies,
Ladies and Gentlemen,**

We do believe that **projects** are essential to increase BSEC's impact in the region and are expected to become more significant for the Organisation in the coming years. BSEC is currently involved in the drafting, approval, implementation and monitoring of projects through diverse mechanisms and procedures. The major obstacles have been defined as lack of funds and a lack of capacity in the project generation process. After a careful study of all evidence it was decided to create a new unit structure, the **BSEC Project Management Unit (PMU)**, which will strengthen the internal capacities to develop, plan and implement projects and assume the leading role in BSEC's fundraising efforts.

The establishment as of 1st July 2014 of the Project Management Unit (PMU) was considered to be an important step to support BSEC's endeavor to improve its project output and to promote good practices in project management. Its instauration was evaluated as a **necessary step to close the gap between the organization's focus on projects and the limited internal project management capacities**. The PMU was also defined as an important tool to improve the organization's position in the competition for funding and **to attract donor and partner organizations for joint project activities**.

BSEC has passed the long way of 22 years in **hard and intense activity**. Currently our Organization enters into new political era with new realities. Aims set forth at the beginning of 90s today are being subsequently transformed into more impressive regional political challenges. In such situation the structure and the working approach of the Organization also are considered subject to **modernization**.

BSEC needs to be responsive to the challenges of the evolving international environment of today's globalized world. Threats and challenges differ from those of the past. In the past, the concept of security meant the prevention of conflict and war between states. Today, the international community is faced with new security threats and challenges which not only threaten the security of states, but also human security, therefore requiring urgent action. These include financial and economic crisis, lack of food and energy security, environmental degradation, climate change, terrorism, transnational organized crime, human trafficking, corruption, poverty and contagious diseases. The work and mechanisms of BSEC are aiming to address many of the new threats and challenges to security.

There is no point in denying the **frozen conflicts** – that OSCE is closely familiar with – exist also in the region. We believe that increased cooperation in the Black Sea region through BSEC mechanisms not only generates economic benefits, but also **contributes to confidence building**. In this context, BSEC also serves as a useful and valuable forum for political dialogue among its Member States. Contacts on the sidelines of biannual meetings of the Council of Ministers of Foreign Affairs and sectoral Ministerial meetings, as well as Summit meetings, provide opportunities for continuous dialogue among policy makers of the highest level, setting aside bilateral political problems.

Nevertheless, BSEC does serve as a useful forum where even the representatives of the Member States that do not have diplomatic relations or have serious bilateral political or other problems, meet together.

There is one more thing to be noted, BSEC cooperation in the fields of culture, tourism, transport infrastructure projects, border controls, custom procedures, combating organized crime all **contribute**, whether directly or indirectly, to the **strengthening of security and stability** in the region.

The Black Sea region is really going through **not an easy period** in its development. However, we do hope that accumulated **potential** of constructive interaction will once again **help us overcome all the challenges** and keep the cooperation within our Organization **productive and free from political hurdles**.

And we believe that the activities of the BSEC countries on **promoting practical non-political interaction** is in the interests of all Member States, aiming for concrete results in the implementation of projects that will contribute to development and enhanced competitiveness of countries of the Organization.

BSEC is determined to continue promoting the common goal of a prosperous, peaceful and stable BSEC Region to the interest of all Member States, in a spirit of partnership.

**Mr. Chairman,
Ministers,
Excellencies,
Ladies and Gentlemen,**

Let me, before ending my statement, once more **thank the Chairmanship-in-Office** for the given opportunity to attend the Council meeting and for the hospitality and wish you all success in your deliberation with concrete and promising results.

Thank you for your attention.