

**Black Sea Economic Development and Security  
CSIS, CCIR, General Dynamics International Conference  
Washington, D.C.**

On October 31, 2006 the New European Democracies Project at the Center for Strategic and International Studies (CSIS) hosted an international conference in Washington, D.C. entitled *Economic Development and Security in the Black Sea Region*. The Romanian Chamber of Commerce and Industry (CCIR), General Dynamics, and the Foundation for Democracy, Culture, and Liberty sponsored the event, which assembled a prominent group of experts to examine economic and security issues affecting the Black Sea region. The event provided a forum for participants to assess how regional cooperation among the Black Sea states can be increased through political, economic, and security instruments in the years ahead. In addition, the conference examined U.S. and EU assistance in meeting the challenges the region now faces, simultaneously considering and proposing enhanced strategies aimed at addressing many of these issues. Implications of U.S. basing, energy security, the future of Europe's Neighborhood Policy (ENP), and relations with Russia received special attention. According to Janusz Bugajski, Director of the New European Democracies project at CSIS, "Our conference today helped to lay the foundations for a productive dialogue on the future of the Black Sea region. It is clear that Romania will play a key role in shaping both the NATO and EU approach to Europe's 'newest frontier.'"

In his opening remarks via videoconference, Romanian President Traian Basescu identified three threats facing the Black Sea region: unresolved frozen conflicts, drug, human and weapons trafficking, and the potential reemergence of authoritarian regimes. President Basescu emphasized that, as a NATO and future EU member state, Romania "is bound to participate in responding to these threats." He called on the United States and European Union to develop a joint strategy aimed at consolidating stability in the Black Sea region, adding that a preferential visa policy should be implemented toward the region's countries. According to Basescu, this transatlantic approach must promote the link between economic development and regional security, simultaneously addressing the Russian energy monopoly and its implications for regional stability. The Romanian president reaffirmed his support for Moldova's European prospective and declared that Bucharest will continue to "draw attention to the Black Sea region" following its accession into the EU on January 1, 2007.

The first session of the conference, titled Black Sea Economic Development, discussed recent economic progress and identified remaining challenges in the further development of the Black Sea region. According to Dr. Victor Babiuc of CCIR, more rapid economic development will necessitate larger investments in the modernization of infrastructure. Babiuc stated that large rural populations and economies dependent on agriculture pose challenges to the development of Romania and other Black Sea countries. Jonathan Kimball of the U.S. Department of Commerce praised the dynamic growth of the region in recent years, identifying Romania, Bulgaria, and Turkey as examples of countries that have engaged in intense structural reforms. Privatization and foreign direct investment

(FDI) have been two key contributors to regional growth. Nevertheless, despite evident progress, the countries of the Black Sea region continue to suffer from widespread corruption, energy dependency, and mounting current account deficits. Kimball believes that Turkey's uncertain EU future threatens to obstruct the further implementation of reforms in that country. Julia Nanay of PFC Energy concluded the first session by emphasizing the importance of energy issues for regional stability in the Black Sea region.

During the second session of the conference, participants analyzed the current security challenges facing the Black Sea region. Jeffrey Simon of National Defense University classified regional security as "building barriers and bridges." According to Simon, barriers should be built against the trafficking of drugs, arms, and humans, while bridges should be constructed through the expansion of regional cooperation on issues affecting energy and commerce. Romanian Chamber of Commerce member Vladimir Pasti stated his belief that the overall development of the Black Sea region is contingent on its access to development resources, relations with Russia, commitment to reforms, and relations between respective countries. Some panelists identified the role of Russian capital as one that does not necessarily foster economic development, but rather dependency. Vlad Spanu of the Moldova Foundation echoed such sentiments in discussing the destabilizing role of Russian troops in Moldova's Transnistria region. Burak Akcapar of the Turkish Embassy in Washington reiterated his country's continued commitment to EU membership, despite the evident presence of enlargement fatigue within the EU.

During his keynote address to the conference, Mark Pekala, Deputy Assistant Secretary of State for European and Eurasian Affairs, declared that the U.S. "wants to help countries fulfill Euro-Atlantic aspirations" by aiding them in their efforts to adopt and implement the many reforms necessitated by NATO and EU membership. He added that the U.S. will take a non-exclusive approach to promoting regional cooperation and will not require unanimous participation in regional initiatives. Several participants raised the concern that Kosovo's final resolution could set a precedent for the frozen conflicts in the Black Sea region. Deputy Assistant Secretary Pekala stated that the U.S. does not accept the proposal that Kosovo is a precedent for anything due to the fact that its history and context differs sharply from other frozen conflicts.

Regarding the role of the EU and the U.S. in the region, participants disagreed whether Brussels and Washington have done enough or too little. All participants agreed that a joint coherent security strategy needs to be devised. Jonathan Davidson of the European Commission Delegation in Washington stated that EU policies pursued in the Black Sea region are both in the framework of a broader European Neighborhood Policy (ENP) and in the context of the EU's relationship with Russia. He added that the EU will continue to work within the existing institutions, however, its pace will be determined by the willingness of the countries in this region to move ahead and implement reforms. The EU door remains open contingent upon the progress achieved by aspiring states.

Janusz Bugajski closed the conference calling for continued work on the key issue of economic development in the Black Sea region. Co-chair Dragos Seuleanu of the

Romanian Foundation for Democracy, Culture, and Liberty emphasized this priority by warning that economic underdevelopment could affect trust in democracy. Both also emphasized the need for open dialogue on both cooperative, as well as conflictive, national interests among the states of the Black Sea region. CSIS and CCIR are planning to organize a conference next year focused specifically on business investment and economic development in the Black Sea region.

*A full summary of the conference proceedings will be available on the CSIS website.*