

*Ersan Bocutođlu / Gökhan Koçer*

## Politico-Economic Conflicts in the Black Sea Region in the Post-Cold War Era

### *Introduction: Definitions and Objectives*

There are several definitions of the Black Sea region – broader and narrower in scope – and it is hard to find any degree of consensus. A narrow definition includes only the six littoral states of the basin (Bulgaria, Romania, Ukraine, Russia, Georgia, and Turkey), while the wider Black Sea region also encompasses Moldova, Armenia, and Azerbaijan. Furthermore, the region is part of the “wider Middle East” project and forms the Euro-Atlantic community’s “great Eastern frontier with the wider Middle East”.<sup>1</sup> In terms of practical cooperation, NATO still tends to treat the wider Black Sea area as part of a broader region that includes the Caspian Sea region and Central Asia. There are those who have advised NATO to separate the South Caucasus from Central Asia in order to create a specific Black Sea strategy. Some also consider that a broader definition of the region should include the eastern Balkans, the Black Sea littorals, the Caucasus, and the Caspian Sea region, due to the intricate network of military, commercial, and demographic interactions and numerous other interrelationships linking this entire region.<sup>2</sup> The Organization of the Black Sea Economic Cooperation (BSEC) also adheres to a broader definition of the Black Sea region, one that covers the twelve following states: Albania, Greece, Bulgaria, Romania, Serbia, Moldova, Ukraine, Russia, Georgia, Armenia, Azerbaijan, and Turkey. For the purpose of analysing politico-economic conflicts in the region, in this discussion we shall adopt a narrow definition of the region that excludes its connections with the Balkans, the South Caucasus, and Central Asia.

The geographical location that this contribution investigates was once the sphere of influence of the USSR. Economic issues in the region have therefore always been interwoven with political issues. Against this background, the CIS process developed by Russia may be considered an attempt to keep the ex-Soviet states together as much as possible. Russia has frequently used economic measures to achieve this, such as quotas imposed on export goods from ex-Soviet countries to Russia, the ban on Georgian wine, threatening to limit the number of workers from former Soviet republics in Russia, making it particularly difficult for citizens of ex-Soviet states to obtain visas, or limiting or cutting off gas supplies, as in the case of Ukraine.

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1 Ronald D. Asmus, *Developing a New Euro-Atlantic Strategy for the Black Sea Region*, Istanbul 2004, p. 2, at: [http://www.tesev.org.tr/etkinlik/ist\\_paper2.pdf](http://www.tesev.org.tr/etkinlik/ist_paper2.pdf).

2 Cf. Duygu Sezer, *The Black Sea Politics and Turkey*, in: Mustafa Aydın (ed.), *Turkey at the Threshold of the 21st Century*, Ankara 1998, p.70.

But the most effective measure Russia has used in the post-Cold War era is to block the transportation of hydrocarbon resources from landlocked Central Asian states to Western markets. If one thinks of the Caspian Sea region and Central Asia as a bottle, the neck of the bottle is quite clearly the South Caucasus – specifically the Azerbaijan-Georgian corridor – and this attracts the interest of major powers to the Black Sea region. As things currently stand, not only major international powers such as the EU, the USA, and NATO – in short, the Euro-Atlantic community – are involved in the game, but also regional powers such as Russia, Turkey, and Iran. The main objective of this contribution is to analyse the economic and political conflicts among the major powers over the South Caucasus.

Since the actions of the great powers in relation to oil in the Caucasus have been carefully investigated elsewhere, they are intentionally kept out of the scope of this contribution.<sup>3</sup>

### *The Early Euro-Atlantic Approach to the Black Sea Region*

In the years immediately following the collapse of the USSR, the USA was reluctant to play a role along Russia's southern periphery. This contrasts with the speed at which America sought a role in Ukraine and the Baltic states. The southern periphery, including the Central Asian republics and the South Caucasus, did not seem to fall within the confines of American interests, objectives, and expectations. In recent years, however, there have been signs of increasing American interest in the region, and the South Caucasus is now claimed to fall within the area of US national interests. There is, of course, a very direct link between this emerging vocal articulation of American interests in the South Caucasus and Central Asia and increasing awareness of the reserves of fossil fuels in the Caspian Sea region. The pronouncements of strong political and commercial interests made by the US, partly impressed on the US administration by the oil industry, have generated a negative response from Moscow, which argues that American interests in the South Caucasus would adversely affect Russian interests in the region.<sup>4</sup>

According to Ronald Asmus, four main factors can explain the past lack of Western interest:

First, in many ways the Black Sea region has been the Bermuda Triangle of Western strategic studies in recent decades. Lying at the cross-

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3 See, for example, Uwe Halbach, Oil and the Great Game in the Caucasus, in: Institute for Peace Research and Security Policy at the University of Hamburg/IFSH (ed.), *OSCE Yearbook 2004*, Baden-Baden 2005, pp. 275-285; Charles F. Doran, *Oil Politics is World Politics*, SAIS, John Hopkins University, at: <http://www.sais-jhu.edu/pubaffairs/publications/saisphere/winter05/doran.html>; S. Frederick Starr/Svante E. Cornell, *The Politics of Pipelines: Bringing Caspian Energy to Markets*, SAIS, John Hopkins University, at: <http://www.sais-jhu.edu/pubaffairs/publications/saisphere/winter05/starr-cornell.html>.

4 Cf. Sezer, cited above (Note 2).

roads of European, Eurasian, and Middle Eastern security spaces, it has been largely ignored by mainstream experts in each of these faculties. Geographically located at the edge of each region, the Black Sea has not been at the center of attention of any of them. When it came to Europe, our priority was with the arc of countries extending from the Baltic to the Balkan states. When it came to the former Soviet Union, we were focused on building a new cooperative relationship with Moscow. And apart from the Israeli-Arab conflict, the attention of western Middle Eastern policy usually ceased at Turkey's southern border.

Second, given the crowded agenda of the Euro-Atlantic community since the collapse of communism 15 years ago, there was little time or political energy left to address the Black Sea region. The task of anchoring and integrating Central and Eastern Europe, stopping the Balkan wars, and putting those countries back on a path towards European integration – and, finally, trying to establish a new and cooperative post-Cold War relationship with Moscow – were full-time preoccupations. If one looked at the list of priorities of an American Secretary of State or a European foreign minister in the 1990's, rightly or wrongly, the Black Sea rarely broke through into the top tier of concerns. The exception was, of course, Turkey, which fought a lonely political battle to get the West to pay more attention to the region. Almost by default, our considerable interest in the safe and stable flow of energy through the region ended up driving our policy – as opposed to some overarching vision of the place of these countries in the Euro-Atlantic community.

Third, at that time there was also little push from the region for a closer relationship with the West. No Lech Walesa or Vaclav Havel emerged in the 1990s to capture our attention or pound at our door. The countries of the region, different and with widely varying aspirations were preoccupied with their own problems and at times engaged in civil war and their own-armed conflicts. Any thought of joining the West in the foreseeable future seemed unrealistic or even utopian – in their eyes as well as ours. In the West, there is always a tendency to ignore or neglect problems for which one has no immediate answer or prospect for success [...]

Fourth, the Black Sea has been a kind of civilization black hole in the Western historical consciousness. We suffer not only from a lack of familiarity with the region, its people, its problems, its rich culture, and its contribution to the spread of Western civilization, but also from a kind of historical amnesia. For some, "Europe" meant Western Europe; for others, it extended to the Baltic Sea and the Black Sea – but in the case of the latter, only to its western and southern edges. For many in the West, Ukraine and the South Caucasus still seem far-away lands of which we knew little and, rightly or wrongly, care less. Others are still too afraid to even think about venturing into what Moscow today claims

to be its “near abroad” and natural sphere of influence if not domination – not realizing or recognizing the many of the deepest roots of what is now considered Western and European civilization can be traced back to the cultures and countries that lived on the Black Sea throughout history.

After largely ignoring the region for the past decade, however, the West is now starting to wake up to the growing importance of the wider Black Sea region and the need for a modern and updated strategy. Several factors are propelling both the United States and Europe to focus their attention on this region and to develop a new and more coherent strategic framework.<sup>5</sup>

As a consequence, an area that has heretofore been neglected by the Euro-Atlantic community is now starting to move from the periphery to the centre of Western attention.

### *The BSEC Experience*

In 1992, thanks to the power vacuum left by the collapse of the USSR and the lack of interest in the Black Sea region on the part of the Euro-Atlantic community, Turkey launched a regional co-operation initiative under the name of BSEC, which brought together the twelve countries of the wider Black Sea region.

Examining data provided by the World Bank reveals that the BSEC represents a surface area of 19 million square kilometres, a market of 336 million people and has a GDP of 1.3 trillion US dollars.<sup>6</sup> Of course, there are considerable differences among member states in terms of geographical location, surface area, population, GDP, growth rate, rate of inflation, GDP by sector, foreign trade, debts, and foreign direct investment.

At first, the BSEC attracted much interest on the part of both its member states and the international community. But the second half of the 1990s witnessed a loss of momentum. The factors that have been limiting the institutional effectiveness of the BSEC for a decade deserve careful investigation. These factors are as follows:<sup>7</sup>

Shortly after the collapse of the USSR, the countries in the Black Sea basin came together to develop a legal platform and regulatory instruments for regional co-operation and to focus on the implementation of regional

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5 Asmus, cited above (Note 1), p. 1.

6 Cf. World Bank, World Development Indicators Database, 2006, at: <http://devdata.worldbank.org>.

7 Cf. Ersan Bucutoğlu, BSEC's Caucasian Dimension: EU and UN Efforts for Peace and Stability in the Southern Caucasus, *The Second International Silk Road Symposium on Black Sea Economic Cooperation – past, present, future*, organized by the Georgian Ministry of Economy, the Georgian Academy of Sciences, and the International Black Sea University, Tbilisi, 6-7 May 2005.

projects. But the strategic importance of the region immediately attracted the attention of international players to the Black Sea basin. As can easily be confirmed, the route connecting the EU to Central Asia via the Black Sea, the South Caucasus, and the Caspian Sea (the east-west corridor), and the route connecting the Russian Federation to the Mediterranean, the Middle East, and the southern hemisphere via the Black Sea, Anatolia, the Turkish Straits, and the Suez Canal (the north-south corridor) intersect at the Black Sea basin. Unacknowledged conflicts among international players over the region are factors that prevent the BSEC from having a sound institutional structure and the capacity to act and to realize its objectives.

Since the collapse of the USSR, the former COMECON countries of Eastern Europe and the former Soviet republics have experienced a radical transformation process as they have ceased to be centrally planned economies and have implemented free market reforms.

To the transition economies, Greece – which was already a member of the EU – and Turkey appeared to be good examples to follow in the adoption of free market principles at the start of the transformation process. As the process continues, three different geographical concentrations have emerged: the countries in the “EU space”, such as Greece, Bulgaria, Romania, Albania, Serbia, and Montenegro; the countries in the middle, such as Turkey, Moldova, Ukraine, and the Russian Federation; and the countries in the South Caucasus (Georgia, Armenia, and Azerbaijan). The first group see their strategic future in an enlarged EU; Greece is already a member, Bulgaria and Romania will become members this decade, and Albania, Serbia, and Montenegro will almost certainly be integrated into the EU at some point, along with the rest of the Balkans. The second group of countries is at a crossroads. Turkey’s membership process has been ongoing since 1963, and it appears that it may run on for several decades more. Ukraine and Moldova are Westward-looking countries with a view to EU membership. The Russian Federation is careful to develop good relations with the EU, but its integration into the EU has not been on the agenda thus far. The position of the third group of countries is unique in the sense that the interests of international players mentioned earlier naturally intersect in this specific geographical location because of its strategic position. As far as any economic co-operation process around the Black Sea basin is concerned, the third group of countries is therefore the keystone of the BSEC and deserves careful analysis. If security and economy are closely related issues, and a process of economic co-operation and development can only develop successfully in a secure and stable environment, peace and stability in the South Caucasus are the *sine qua non* not only for the economic prosperity and development of the region itself, but also for the success of the BSEC initiative.

The BSEC area still suffers from several unresolved sub-regional conflicts – both “hot” and “frozen”. These concern the territorial integrity of four BSEC member states: the Russian Federation, Moldova, Georgia, and Azer-

baijan. The fact that the conflict parties are BSEC member states is the number one threat to a smoothly functioning BSEC.<sup>8</sup>

Most BSEC member states have economies in transition. During the transition process, however, the rule of law has not been successfully established. Underground economies, administrative corruption, state capture, and hidden influence are still the main characteristics of such economies.<sup>9</sup>

It seems safe to conclude that, although it was a very good idea ten years ago to set up a co-operation initiative to improve peace, stability, and economic prosperity in the Black Sea basin, as things stand, the BSEC can hardly be considered a success story. The international conditions that led to the creation of the BSEC have changed since 1992. Unless threats to the territorial integrity of some member states are removed, and the problems of transition economies, as outlined above, are solved, the BSEC will remain merely a dream of economic co-operation in the Black Sea basin.<sup>10</sup>

### *Politico-Economic Questions in the Black Sea Region*<sup>11</sup>

Following the end of the Cold War, one of the regions that emerged as a particular focus in terms of security was the Black Sea region. After functioning as a buffer between the Western and Soviet block for almost a century, it now faced a new set of multi-dimensional security questions. And since the start of the 21st century, in particular, security questions around the Black Sea have been placed on the international policy agenda.

There are several reasons for this:

The first concerns the hydrocarbon resources of the Caspian Sea and their transportation to the West. For entities such as the USA and the EU, which are highly dependent on the hydrocarbon resources of the Middle East, energy became a key security issue following the 11 September 2001 terrorist attacks on the USA. In this context, two points should be underlined: It is in the Euro-Atlantic community's interest to develop sound relations with the Caspian Sea countries – which are rich in hydrocarbon resources and offer a

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8 Cf. Joel S. Hellman/Geraint Jones/Daniel Kaufmann/Mark Schankermann, *Measuring Governance, Corruption, and State Capture: How Firms and Bureaucrats Shape the Business Environment in Transition Economies*, World Bank Policy Research Working Paper No. 2312, Washington, D.C., 2000.

9 Cf. Joel S. Hellman/Geraint Jones/Daniel Kaufmann/Mark Schankermann, *Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition*, World Bank Policy Research Working Paper No. 2444, Washington, D.C., 2000.

10 Cf. Ersan Bocutoğlu, *The Lessons from Black Sea Economic Cooperation (BSEC) Experience and the Need for a New Approach to Security and Cooperation in the Black Sea Region*, *Conference on the Black Sea Region: Setting a Safe Course on Democracy and Development*, organized by the South Caucasus Institute of Regional Security, Der Standard, and Haus Wittgenstein Bulgarisches Kulturinstitut, Vienna, 27 November-1 December 2005.

11 Cf. Ersan Bocutoğlu/Gökhan Koçer, *The Black Sea Security: Is There a Role for BSEC?*, in: *Romanian Journal of International Studies*, Bucharest 2006.

partial alternative to the Middle East – and to contribute to their economic and political stability. In addition, since some of Russia's and Kazakhstan's oil will be transported via the Black Sea to the West alongside oil from the Caspian basin, the Black Sea is becoming more and more important as an energy corridor. It is thus important for the West to establish security in the Black Sea region to safeguard fuel transport routes and thereby stabilize petroleum prices.

The second reason why the Black Sea is on the international policy agenda is because of its geo-strategic importance as a crossroads of the trade and transport routes stretching from north to south and from east to west.

The third reason is the power vacuum that emerged in the Black Sea area and the South Caucasus, particularly after the end of the Cold War and the collapse of the Soviet Union. While the power vacuum created opportunities in the region for third parties, it also raised new security questions. Russia has tried to keep the countries of the region – over which it has not managed to maintain sovereignty – under control by manipulating events to create frozen conflicts and by becoming involved in their management. The conflicts in and around Nagorno-Karabakh, Abkhazia, South Ossetia, and Transnistria are good examples. Instability in the region has created security problems for the EU and NATO, which will become even more significant with the accession of Bulgaria and Romania to the former. The EU and the USA consider terrorist activities and trafficking in human beings, drugs, and weapons, which stem from instability in the region, to be threats to their national interests.

The fourth reason concerns EU enlargement. For the EU, the enlargement process means not only the accession of new members and geographical expansion, but also new borders, new neighbours, and new problems. With the accession of Bulgaria and Romania in 2007 and the potential for Turkish membership, the EU will become a Black Sea power. The EU has set up a European Neighbourhood Policy to help deal with the problems created by the enlargement process and to establish a common policy on its new neighbours – states such as Ukraine, Moldova, Azerbaijan, Armenia, and Georgia – which are becoming increasingly important.

There are many other problems that the EU will be unable to ignore when its borders increasingly lie on the Black Sea. They include securing energy routes, coastal protection, water resources management, radioactive waste management, applying EU standards to the security of oil transport vessels in the Black Sea, guarding the EU's borders, and tackling the massive migration pressures on the EU that may stem from instability and economic problems in Eastern Europe and the South Caucasus.

The EU wants to take part directly in projects it has funded in the Black Sea region to legitimize its demands. It therefore uses the arguments that some of the countries in the Black sea region are members of the EU, some are about to become full members, and others, such as those in the South

Caucasus, share Western values and are inclined to agree with the EU's view, even though they are not members of the Union. The EU also thinks that it may play a much more positive role – compared to the role of NATO – in the Black Sea region, which is a geographical part of Europe and shares European values. By the same token, the EU has criticized the techniques used by NATO in intervening in the region's problems, and has preferred to spread and strengthen democratic values as a means of contributing to the enhancement of security and stability.

The USA has declared that its interest in the Black Sea region is a part of its overall strategy to combat terrorism. It argues that terrorist activities and all kinds of trafficking originate from instability in that region, which thus poses a threat to the international community. More comprehensive measures and projects are therefore needed, because existing bilateral agreements and co-operation projects are rarely effective.

Although Turkey, Greece, Bulgaria, and Romania are members of NATO, Russia and Ukraine are strategic partners of the USA, and Azerbaijan, Armenia, Georgia, and Moldova are members of NATO's Partnership for Peace programme, the USA claims it has no initiative that focuses directly and exclusively on the Black Sea region. NATO should take steps to eliminate this lack.

In 1996, the Black Sea Naval Cooperation Task Group (BLACKSEAFOR) was set up on the initiative of Turkey to enhance security in the Black Sea. With the participation of the navies of Turkey, Bulgaria, Romania, Ukraine, Russia, and Georgia, BLACKSEAFOR, an unarmed military organization for search and rescue operations, has contributed to the security of Black Sea region. Nevertheless, the USA would like to see further-reaching measures, and therefore demands amendments to the Montreux Convention that would see it gain privileges in certain areas and which would ease the approval of free movement of the US Navy through the Turkish Straits. The US is looking to perform anti-terrorist operations in the Black Sea analogous to Operation Active Endeavor, NATO's effort to counter the terrorist threat in the Mediterranean following the terrorist attacks of 11 September 2001. BLACKSEAFOR could be integrated into these operations.<sup>12</sup>

The US points out that the EU is trying to gain support in the Black Sea region merely by declaring its intentions for the region without becoming actively involved. The US wants to take the initiative from the EU by emphasizing that NATO is more capable of actively engaging with the region's problems. The US has signalled that there is a conflict of interests and a rivalry between it and the EU by stressing that the EU member states have decreased the share of military expenditure in their budgets and have shown unwillingness to take part in US-led military operations. The USA also ar-

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12 According to reports of 9 May 2006, the US has stepped back concerning its insistence on extending Operation Active Endeavor to the Black Sea, as the necessary amendments to the Montreux Convention have the potential to strain relations among states in the region.



gues that the inclusion of Syria and Libya in the greater Europe project shows that the EU's enlargement vision is different from that of NATO and that the EU is taking a different route to enlargement from the Atlantic Alliance.

Arguing that the traditional strategy is ineffective, the US has placed considerable emphasis on the need for a more comprehensive, effective, and well-coordinated strategy for the Black Sea region. If it is to be able to support the reforms in the region, such a strategy should be formulated and put into effect by NATO, as only NATO is capable of intervening in global problems whenever necessary without regard for time and distance.

Nevertheless, NATO's interests overlap with those of the EU in the Black Sea region. If they act together, they should, in theory, realize their goals more easily. The new regimes in the region, however, are in a difficult position when it comes choosing between the EU and NATO, as they see the Euro-Atlantic community as a guarantor of their freedom.

There are two scenarios concerning the position and policies of Russia on the Black Sea region: one weak and the other strong. The weak scenario is predicated upon the EU and the US giving clear consent to the legitimate political, economic, and security interests of Russia in the Black Sea region. As a consequence, they would recognize that it is not wise to leave Russia out of the regional projects they have developed. In this scenario, they would be open to any kind of co-operation with Russia that may improve conditions in the region. Since terrorism and trafficking in human beings, drugs, and weapons also pose threats to Russia, co-operation between the EU, the USA, and Russia on counter-terrorism and anti-trafficking activities is likely to be particularly effective. Even more optimistically, one could envisage that the zero-sum game played by the USA and the USSR during the Cold War era may be replaced by a regime of close co-operation in the Black Sea region – a win-win situation.

From the point of view of the strong scenario, however, the weak scenario has many omissions. For Russia, the Black Sea is a gateway to the oceans and a natural shield against external threats. However, one reason why the US wants to increase its influence in the region is to control the transport and prices of the hydrocarbon resources that are Russia's main export items. Another is to support the democratization process in countries of the region and to help them free themselves from Russian hegemony. From this point of view, there is still a zero-sum game between the Euro-Atlantic community and Russia and US influence in the region appears to go against Russian interests. Thus while Colonel General Alexander Skvorzov of Russia has declared that Russia supports the struggle against terrorism, organized crime, and trafficking in human beings, drugs, and weapons in the Black Sea region, he has also thanked Turkey for its pre-eminent contribution to regional security and stability by defending the interests of the countries in the region according to the Montreux Convention. In addition, he has expressed his appreciation for BLACKSEAFOR as the second most important instrument in

Black Sea security, and has stated that Russia is opposed to any attempt to change the structure of Montreux and BLACKSEAFOR.

Ukraine, Romania, and Bulgaria are trying to take an active role in the Black Sea region. In the international system, these countries find themselves located between East and West, but they have stated their preference for the Western side. After gaining independence, Ukraine rose to become a powerful actor in the region thanks to the ex-Soviet military ports and fleet that it retained. It feels squeezed between the Euro-Atlantic community, in which it wants to participate, and Russia, on which it is dependent for energy. Romania is also entering into bilateral agreements with the aim of increasing its role in the region. The proposed Constanta-Trieste pipeline, in particular, appears to be a good opportunity to transport Caspian hydrocarbon resources to Western outlets. Although Bulgaria also supports the Euro-Atlantic community's position on the Black Sea region, it appears more hesitant than Romania. Greece, the only EU member state with a Black Sea coastline, is happy to have been the voice of the Union in the region.

In this context, it is worth mentioning the situation in the South Caucasus. The removal of Soviet hegemony over the South Caucasus created an opportunity for the South Caucasus countries to express themselves as independent entities. They are trying to strengthen their independence from Russia by improving their relations with the EU and the USA. It can be argued that the Euro-Atlantic community manages to keep them on their side by holding out the possibility of future EU and NATO membership, which is seen as a carrot-and-stick strategy in certain circles.

After the demise of the USSR, Turkey assumed important responsibilities for security in the Black Sea region, making use of its control of the Turkish Straits and its powerful navy, among other things. Nevertheless, Turkey's stance is not considered in this discussion of Black Sea security, for Turkey, as a member of NATO and an EU candidate country, is expected to support the Euro-Atlantic community's approach to regional issues.

### *Conclusions and Proposals*

Without a consensus on the definition of the Black Sea region, it seems convenient to adopt a wider definition of the Black Sea for the purpose of analysing the economic conflicts in the region. Otherwise, it is hard to understand why the economic and political situation in the region is about to escalate into a second Cold War.

For various reasons, the Euro-Atlantic community did not pay much attention to the Black Sea region for at least a decade after the fall of the Soviet Union. The power vacuum thereby created and the lack of attention paid to the region by the Western world during this period enabled Turkey to start the BSEC initiative for regional co-operation. The increasing international

interest in the region because of its strategic importance in hydrocarbon transportation, the choices being made by regional states concerning their political future, “hot” and “frozen” conflicts in the region, and the long-term transition process: All have prevented the BSEC from functioning smoothly. Although the BSEC has a role to play in regional security, it has failed to establish momentum for economic co-operation in the Black Sea basin.

The Black Sea region’s increasing importance as an east-west hydrocarbon transport corridor, and its new position in the Greater Middle East project mean that the USA and NATO have recently started to pay more attention. After nearly a decade of displaying virtually no interest, the EU and the USA now consider terrorist activities and trafficking in human beings, drugs, and weapons – which stem from instability in the region – as threats to their national interests. Mistrust and rivalry that have been developing between the Euro-Atlantic community and Russia over the future of the region may have the potential to escalate into a second Cold War.

There are considerable differences between EU and US approaches to the region. NATO and the USA are becoming increasingly involved in the Caucasus. Consequently, Americans see the EU as “the great absentee”.<sup>13</sup> The EU had produced no binding strategy document on the region until recently. At present, it is searching for opportunities to be more active. In any case, it has become clear that the need for a sound and consistent Euro-Atlantic strategy for the Black Sea region, prepared collectively by the USA, EU, and NATO, is beyond question.

The politico-economic conflicts in the Black Sea region in the post-Cold War era have mainly centred around the transportation of Caspian hydrocarbon resources to Western markets on a route without direct Russian control. If this is achieved, Central Asia will be connected via the South Caucasus – i.e. through Azerbaijan and Georgia – with the Euro-Atlantic world. Since the economic conflicts in the Black Sea region between Russia and the Euro-Atlantic community have political consequences, economics and international politics have here become inseparable. The fundamental question is whether or not an opportunity can be created to balance the interests of the conflicting sides in the foreseeable future.

It is obvious that it will take time to reconcile the conflicting interests of major international and regional powers in the region; and that more sweat and ink – but hopefully no blood – will be poured out for this purpose.

In the short term, there are roles for civil initiatives to play in each Black Sea country in strengthening democratic and economic institution-building processes. The institution-building process is a task that cannot be achieved by the state alone. Since the *nomenklatura* itself needs to undergo a mental transformation for this purpose, civil initiatives should take on a role here.

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13 Vladimir Socor, *Nato Prospects in the South Caucasus*, IASPS Policy Briefings: Geostrategic Perspectives on Eurasia 61/2004, cited in: Halbach, cited above (Note 3), p. 283.