The Balkans and the Black Sea region: problems, potentials and policy options
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Iris Kempe, Kurt Klotzle

The Balkans and the Black Sea Region: Problems, Potentials, and Policy Options

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The Balkans and the Black Sea Region: Problems, Potentials, and Policy Options

Summary

In the decade and a half since Western leaders began to sketch out their vision of a Europe whole and free, the European Union and NATO have succeeded in extending a zone of security and stability across much of the continent. However, two key regions – the Balkans and the Black Sea – are not yet fully incorporated into this vision, and the lack of coherent strategies addressing these regions threatens to prevent Europe from achieving its full potential.

The Balkans and the Black Sea region are characterised by numerous common risks and challenges, including fragile statehood, a shared history of violent conflict, unconsolidated democratisation and economic underdevelopment. Given the crucial geopolitical position of both regions as (a) direct neighbours to the EU, NATO, and Russia, (b) a bridge to the Middle East and Central Asia, and (c) an increasingly important energy transport route, instability in either region can have significant ramifications for domestic, regional, and international security.

External actors have developed different policies for the two respective regions. The Western Balkans are on a path toward European integration, albeit with an unclear plan and timetable. The European Union has introduced the European Neighbourhood Policy as a means to prevent new dividing lines within Europe; this policy is directed toward all non-candidate countries in the Black Sea, although its scope is primarily bilateral rather than regional in nature. Russia, pursuing a strategy that combines personalised networks and economic pressure, has yet to develop an attractive policy to promote cooperation in its immediate neighbourhood.

Given the internal challenges and external linkages of the Balkans and Black Sea region, three strategic trajectories for addressing these regions present themselves. Given the diverse and often opposing interests of the various actors involved, business as usual may be the most likely policy outcome. This carries with it numerous risks, however. A more proactive policy that seeks to shape, rather than simply react to, events in both regions would involve intensified engagement, including (a) a clearly formulated plan and timetable for the accession of Western Balkan states into the EU and (b) a more comprehensive policy to address the security, economic, and political needs of the Black Sea region. While intensified engagement represents a desirable policy orientation toward the current challenges in the Balkans and the Black Sea, European leaders and their allies must continue to keep an eye on longer-term processes of Europe-wide integration by engaging in a pan-European debate on Europe’s future.
1. Introduction

In the decade and a half since Western leaders began to sketch out their vision of a Europe whole and free, as well as the means to achieve this vision, many pieces of the puzzle have been put into place. Euro-Atlantic structures, particularly NATO, and wholly European institutions, above all the European Union, have extended the zone of security and stability across much of the continent. Once confined to six countries between the Pyrenees and the River Elbe, the European Union now embraces 25 members from the Atlantic to the Aegean, and from the Arctic Circle to Africa’s shores. In 2004, the Union took in 10 new members in its most ambitious enlargement ever, and its members are working to ensure that its institutions will function even if a dozen or more additional states eventually join the existing members. Russia and the United States – powers that are of Europe but not completely in Europe – have both been constructively engaged in these processes. This engagement has helped ensure that, by and large, Russia and the United States view European integration not as a threat but rather as a necessary and desirable development in light of shifting global interests and strategic considerations.

However, this vision of Europe is not yet complete. Two regions are not sketched in as clearly as the rest, and the lack of a coherent strategic framework threatens to perpetuate instability in these regions, thereby preventing Europe from achieving its full potential. The Balkans and the Black Sea region represent the key strategic gaps in the vision of Europe. These regions are characterised by economic and political instability, shared experiences of violent conflict, and states that struggle to fulfil their core functions. At the same time, these regions have taken significant strides toward Europe, most dramatically in the recent “rainbow revolutions” in Georgia and Ukraine. But the benefits that Europe could reap from these positive developments remain unconsolidated; in the absence of sustained domestic reforms and external support, these bright elements of the picture could fade to grey.

In the Balkans, the broad contours of the picture are clear: the states in this region are on a path toward membership in the European Union. However, at a time when the EU’s internal struggles threaten to postpone future rounds of enlargement indefinitely, it is important to underscore the dynamic linkage between deepening and widening as complementary components of European integration. It is time to get down to the hard work of negotiating precisely how and when the Balkans will join the EU, what domestic reforms must be implemented to achieve membership, and what external actors can do to reinforce this process. Now is also the time to strengthen the political will among current member states to continue the enlargement process and to ensure that the Union’s institutions are capable of effectively absorbing the Balkan states once they fulfil the criteria for membership.

The situation is different in the Black Sea region. While several Black Sea states are also on the path toward EU membership, a relatively weak sense of regional identity and a multiplicity of external policies directed toward the region have led to less certainty regarding the international institutional frameworks in which the Black Sea will ultimately be anchored. Several Black Sea states struggle with problems of separatism and potential state failure. Local leaders with weak democratic credentials frequently depict democracy, market economies, and human rights as foreign intrusions, and the notion that the region’s future lies in Europe is more contested than in the Balkans. Nevertheless, the recent wave of democratisation,
Key geopolitical position and common risks

State fragility
together with recent efforts to forge stronger regional linkages, have given momentum to domestic supporters of integration within Euro-Atlantic structures, and the failure to engage constructively with these new aspirants could have unforeseen consequences for Europe. Furthermore, the Black Sea region plays an increasingly critical role in Europe’s energy security. As a result, European self-interest demands a clearer delineation of the region’s position in Europe.

This paper takes a closer look at the institutional and strategic dynamics affecting the Balkans and the Black Sea. First, it examines the main risks confronting regional and international actors and provides detailed portraits of a few exemplary challenges. Second, it explores the roles and policies of key external actors in both regions. Finally, it outlines various strategic options and suggests how these regions can be incorporated into the vision of a Europe whole and free.

2. Risks and Challenges beyond the Borders of the Euro-Atlantic Community

The Balkans and the Black Sea region occupy a geographic area that is not only the immediate neighbourhood of the European Union, NATO, and Russia, but also embodies a bridge to the critical regions of Central Asia and the Middle East. As a result, the geopolitical significance of the Balkans and the Black Sea region can hardly be overestimated. In an age when economies, security risks, and ideological and political movements are increasingly transnational in nature, achieving stability in these regions is essential for the maintenance of international security. While both regions have made important progress in recent years, they still confront a number of common risks and challenges, including state reconstruction and/or consolidation, conflict resolution, democratization, economic underdevelopment, and energy security. Each of these challenges not only affects domestic and regional stability but also has important international ramifications.

Fragile States Struggling toward Democratisation and Western Institutions

In recent years, the issue of state failure has gained increasing prominence on the international security agenda, as fragile states are considered a breeding ground for security risks such as terrorism, the proliferation of weapons of mass destruction, organised crime, violent conflict, and pandemic diseases. The core functions of states encompass the provision of external and internal security, effective governance, and basic standards of social and economic welfare. Fragile states are those that are unable or unwilling to exercise control over their territories, guarantee the security of their citizens, establish effective institutions for political participation and the rule of law, and provide essential public goods such as education, health care, and the structural foundations for economic growth. In light of this description, it is clear that nearly all states in the Balkans and Black Sea region can be characterised as fragile to a greater or lesser degree.

The problem of fragile statehood is most acute in parts of the Black Sea region, particularly in Moldova and the states of the South Caucasus, where weak and/or autocratic governance and rampant poverty are accompanied by festering conflicts and threats to territorial integrity. Even in those Black Sea states where direct threats to territorial integrity are absent, such as Ukraine, unconsolidated democratic structures and economic underdevelopment present an ongoing threat to social and political stability. In the Western Balkans, the prospect of European inte-
progressive integration has served to significantly diminish security risks, yet these states continue to suffer from weak indigenous institutions that lack the capacity to fulfil essential political, economic, and social functions, while potentially destabilising domestic and regional ethnic tensions simmer just below the surface. Throughout both regions, inadequate rule of law mechanisms allow corruption and organised crime to flourish. In short, all states in the Balkans and Black Sea region are transitional states where political and economic transformations – and in some cases fundamental questions of national security – remain unresolved and incomplete.

Seen from another perspective, however, the glass may be nearer to half full. Both the Balkans and the Black Sea region have made progress toward the establishment of democratic and market-oriented institutions, and their prospects for inclusion in Euro-Atlantic institutions have grown. With their eyes set on joining the EU in 2007, Romania and Bulgaria have made significant advances in implementing political and economic reform programs. Similarly, Turkey has engaged in sustained reforms that encompass democratisation, improved civil-military relations, economic stabilisation, and improved relations between the Kurdish population and the central government. In short, all states in the Balkans and Black Sea region are transitional states where political and economic transformations – and in some cases fundamental questions of national security – remain unresolved and incomplete.

While they have moved forward toward democracy and market economies, the states in the Balkans and the Black Sea region do not yet meet the benchmarks of regional identity and cooperation that are essential for promoting security and stability. Regional cooperation faces obstacles because the necessary precondition – such as settling conflicts and statehood questions, expanding economic ties, and improving regional infrastructure – have not yet been fulfilled. In the Balkans, national groups have tended to reject their “Balkan” identity due to the term’s negative connotations and focused on creating a “Southeast European” identity. Regional identity in the Black Sea states is even less developed and has only recently gained dynamism.

Western leaders have emphasised the necessity of regional cooperation in the Balkans as a precondition for joining Euro-Atlantic institutions, but they have paid insufficient attention to the development of regional identity in the Black Sea despite several important examples of “bottom-up” approaches toward regionalism initiated by Black Sea actors. First, the Black Sea Economic Cooperation (BSEC), established in 1992 to promote trade and economic integration among Black Sea states, has recently expanded its fields of activity beyond economic cooperation to tackle issues such as organised crime, transport networks, and security. Second, the Community of Democratic Choice was established in December 2005, largely upon the initiative of Ukrainian and Georgian presidents Viktor Yushchenko and Mikhail Saakashvili. Comprised of nine countries from the Balkan, Baltic, and Black Sea regions, with observers from the United States and the European Union, the CDC focuses on the promotion of democratic values, regional stability, and economic prosperity. Third, Romania and Bulgaria have become increasingly asser-
tive in promoting regional integration in the Black Sea, and they promise to carry this foreign policy interest into the EU once they become members.

These locally-driven attempts to foster regional collaboration possess considerable potential for strengthening the linkages between Western institutions and the Black Sea region, thereby creating momentum for the elaboration of more comprehensive Euro-Atlantic strategies directed toward this region.

Frozen Conflicts and the Threat of Violent Escalation

The processes by which new states emerged in the Balkans and Black Sea region have been influenced by historical burdens, ethnic tensions, and territorial disagreements. As a result, the sovereignty of some of these states remained in dispute even after they achieved independence and international recognition. In the most severe cases, unresolved disputes over claims to statehood escalated into violent conflicts.

Both regions share a legacy of violent conflict since the end of the Cold War. The conflicts on the Balkans – including the war in Bosnia from 1992-1995, the conflict in Kosovo that led to NATO’s military intervention in 1999, and intermittent ethnic conflicts in Macedonia that resulted in the 2001 Ohrid Agreement – left an indelible impression on Euro-Atlantic institutions and played a crucial role in heightening NATO’s and particularly the EU’s attention toward promoting security and development in the direct neighbourhood of both institutions.

As conflicts on the Balkans recede into the past and security questions give way to more quotidian efforts to join the EU, the main open conflict-related question in the region concerns the future status of Kosovo. Negotiations on final status commenced on 20 February 2006, and the Contact Group overseeing international policy in Kosovo (the U.S., U.K., Russia, Germany, France, and Italy) has sought to minimise the potential for renewed conflict by insisting that there should be no return of Kosovo to the pre-1999 situation, no partition of Kosovo, and no union of Kosovo with any other country. Most analysts agree that status talks will lead to some form of “conditional independence” for Kosovo, involving ongoing supervision by international civilian and military forces, decentralisation of government, and international monitoring of minority rights protection for Kosovo Serbs and other minorities. A peaceful resolution of the Kosovo status question, supplemented by an effective mix of international carrots and sticks for both Kosovo and Serbia and Montenegro, will be critical for fostering long-term stability in the Balkans.

While the Balkan conflicts have garnered far more international attention than those in the Black Sea region, it is these latter conflicts that remain unresolved and possess more potential to reignite. For example, despite recent hopes for a breakthrough in negotiations, relations between Armenia and Azerbaijan remain fraught with tension over the unsettled conflict in Nagorno-Karabakh, where armed conflict lasted from 1990-1994. Georgia continues to grapple with secessionist movements in Abkhazia and South Ossetia, and nearly 18 percent of Georgian territory remains beyond the control of authorities in Tbilisi. Russia is entangled in the long-running conflict in Chechnya, and the North Caucasus on the whole remains a hotbed of separatist movements and ethnic conflict that
threaten stability in the Russian Federation and throughout the region. Finally, the unresolved conflict over the self-proclaimed Transnistrian Republic continues to threaten the territorial integrity of Moldova.

The international community has sought to contribute to conflict resolution in the Black Sea region. The OSCE plays a central role in mediating efforts to settle the Transnistrian and Nagorno-Karabakh conflicts. The EU’s role has gradually increased, particularly through the appointment of Special Representatives to both the South Caucasus and Moldova. Russia’s role remains less transparent as it has served to both foment and stabilise these conflicts at different points in time. Despite these international efforts, however, the Black Sea conflicts remain “frozen” — neither active nor resolved — and thereby continually threaten to reescalate into hot violence. Areas rendered lawless by violent conflict can provide safe havens to terrorist groupings, allow organised crime to flourish, and inhibit the domestic and foreign investment necessary for economic growth, thereby leaving entire countries and regions unstable. As a result, the durable, peaceful settlement of conflicts in both the Balkans and the Black Sea region is a central factor for promoting stability in the Euro-Atlantic community’s immediate neighbourhood.

Securing Future Energy Supplies

An additional strategic challenge that specifically affects the Black Sea region involves the security of energy supplies. Given the Euro-Atlantic community’s concern with (a) the threat of terrorism in the Middle East, (b) increasing competition for energy resources from rapidly growing economies in China and India, and (c) recent interruptions in the delivery of Russian energy supplies to Europe, Western countries are urgently seeking to diversify their supplies of energy. As a result, the Black Sea region is set to become a pivotal conduit for non-OPEC, non-Persian Gulf, and non-Russian oil and natural gas flowing from the Caspian Sea and Central Asia to western markets. While the United States has long been involved in projects to secure energy via the Black Sea region, the EU is now beginning to realise the importance of developing an external energy strategy that incorporates a stronger focus on transport corridors involving Black Sea states: an EU Green Paper on Energy was issued on 8 March 2006 that contained statements confirming this objective.

The Baku-Tbilisi-Ceyhan oil pipeline, which transports oil from Azerbaijan via Georgia and Turkey to the Mediterranean Sea, was officially opened in May 2005. Further extensions of the pipeline involving the transport of oil and natural gas from Kazakhstan and Turkmenistan are either under construction or in discussion. Additional pipeline projects have been proposed that would involve energy transport via Black Sea and Balkan states as diverse as Bulgaria, Romania, Ukraine, Macedonia, and Albania.

The growing importance of the Black Sea region as an energy supply route has numerous ramifications. First, revenues that accrue from pipeline projects, if managed in a transparent and accountable manner, can spur economic development and cooperation in the Caucasus and throughout the Black Sea region. Second, if certain pipelines under consideration ultimately involve transport via the Balkans, Black Sea energy projects may promote economic cooperation and much-needed foreign investments in the Balkans as well. Third, given their objec-
tive of achieving diversified and reliable energy supplies, the United States and the European Union have every interest in promoting stable, democratic governments in both regions. Finally, due to Russia’s central role as a supplier of energy to Black Sea and EU states, it will be of critical importance for the Euro-Atlantic community to develop energy strategies that maximise cooperation with Russia.

These domestic, regional, and international challenges – of state consolidation, conflict resolution, democratic and market-oriented reforms, and the need for secure energy supplies – are common to both the Balkans and Black Sea region. Achieving durable security and development in these regions will require sustained engagement by not only domestic but also international actors. The following section explores key international policies that have been addressed toward these regions.

3. Linkages and External Actors

With its enlargement in 2004, the European Union finally overcame the division of the continent and laid the foundations for the unification of Europe. The next steps of the enlargement process are mapped out. Bulgaria and Romania have already signed accession treaties and will become members by 2007 or 2008. Negotiations for Turkey’s accession to the EU commenced in October 2005, Croatia was given the green light for accession negotiations in October 2005, and Macedonia was granted candidate status in December 2005. Recent democratic transitions in Ukraine and Georgia, as well as Moldova’s increased outreach toward the EU, may pave the way for yet more candidate countries.

The European Union’s strategy of enlargement has clearly proven successful in enhancing European stability and security. However, the French and Dutch rejections of the European Constitution have demonstrated that political will for further enlargement is limited. Well before the constitutional debacle, Brussels recognised the limitations to enlargement as a policy tool and established the European Neighbourhood Policy as a means to promote stronger bonds beyond the borders of an enlarged Union. This “everything but institutions” (Romano Prodi) approach was welcomed by the EU’s neighbours, but it is not perceived by them as a sufficient alternative to membership.

The “rainbow revolutions” in Russia’s “near abroad” demonstrated Russian President Vladimir Putin’s inability to determine political developments in the post-Soviet space of the Black Sea region. Putin’s unsuccessful strategy was based on a combination of personalised networks and economic pressure. Despite the increasingly problematic developments under Putin, Russia remains an important actor in Europe as a whole. For the first time, Russia and the EU face the challenge of shaping overlapping areas of integration. In order to meet this challenge and to achieve its long-term interests, Russia must develop cooperative strategies that are attractive to its Western partners and that uphold democratic principles.

The Balkans: Strengthening Institutional Bonds with the European Union

In the run-up to the 2004 enlargement, the desire to attain EU membership provided Central and Eastern European candidate countries with a powerful incentive to establish democratic systems and adapt their economic and legal systems to
The benefits of Southeastern Enlargement for the Balkans and the EU

Avoiding new dividing lines in Europe

European standards. Used strategically, the prospect of EU membership can serve as an effective instrument for promoting stabilisation, reform, and development in the Balkans as well. The most important preconditions for accession are spelled out in concrete terms in the EU’s Stabilisation and Association Process. To date, only Croatia, Macedonia, and Albania have concluded a Stabilisation and Association Agreement with the EU, but the process is also moving forward in Serbia and Montenegro and Bosnia and Herzegovina, as these two countries initiated SAA negotiations in October 2005 and January 2006, respectively.

While the desire for EU membership boosts reform processes, democratically oriented actors, and prospects for economic development in the Balkan countries themselves, the EU and its member states also stand to benefit from the accession of these countries to the EU. First, access to the EU’s internal market and structural funds will contribute to the reduction of poverty and backwardness in the Balkans. This in turn will protect EU member states against negative spillover effects such as migration and organised crime. Second, the recent wars, as well as decades of neglect during the era of state socialism, have left the Balkans in a state of economic underdevelopment. Once these countries are irrevocably on a path toward European integration, they are likely to experience longer-term economic growth, which will also bring economic benefits to other EU member states.

In order to fully assess the potential benefits of Southeastern enlargement, one must also take the economic, political, and security costs of non-enlargement, or a long-term delay of enlargement, into account. If the EU’s internal problems cause the accession of Balkan states to be postponed indefinitely, the status quo in the region is likely to become unsustainable. Indeed, rather than the domestic problems of the Balkan states themselves, it may well be the internal troubles of the EU that now present the greatest obstacle to the integration of the Western Balkans into the Union. Enlargement fatigue, the crisis over the European Constitution, ongoing disputes over internal institutional and budgetary reforms, and growing public resistance to further rounds of enlargement have all contributed to a sense of indirection and lack of leadership regarding the future shape of the EU. In order to preserve the hard-fought gains that have been achieved in the Balkans and prevent these states from slipping backwards, it is essential that European leaders undertake the necessary steps to regain the political initiative and will to drive the Southeastern enlargement process forward.

The “Everything but Institutions” Approach of European Neighbourhood Policy

While preparing for the historic 2004 round of enlargement, the European Commission made a strategic decision to establish a new policy that would seek to prevent the creation of a new dividing line within Europe after eight Central and Eastern European states joined the Union. The European Neighbourhood Policy, set forth in a Strategy Paper published in May 2004, envisages a “ring of friends,” comprised of the EU’s neighbours in Eastern Europe as well as the states of the Mediterranean littoral, around the European Union. Conceived as an alternative to EU membership, the Policy offers wide-ranging forms of cooperation – including the possibility of participating in the four freedoms of the EU’s single market, i.e., the free movement of goods, services, people, and capital – to neighbours ranging from Egypt and Israel to Ukraine and the states of the Southern Caucasus. As part of the Neighbourhood Policy, the European Commission produces detailed...
Country Reports that serve as the basis for tailor-made Action Plans with each neighbour. The level of cooperation between the EU and each neighbour is determined by a differentiated, step-by-step process guided by specific criteria. Seven Action Plans (with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine) have been launched to date. Examples of objectives achieved include progress by Ukraine in market reforms, visa facilitation, and energy issues, as well as the establishment of a border assistance mission on the Moldovan–Ukrainian border.

The European Neighbourhood Policy is an instrument that possesses considerable potential for addressing the political, economic, and security challenges confronting the EU and its neighbours. If it were implemented to its fullest extent, the Policy would offer ambitious possibilities, such as visa-free travel from Kiev to Tel Aviv, or a common European economic space without customs or trade barriers. Because the proposal provides for bilateral neighbourhood treaties, the Union is also able to tailor agreements to suit regional characteristics.

Despite its innovations, which should not be underestimated, the Neighbourhood Policy was received sceptically by Black Sea states, particularly Ukraine. The general formulations presented in the proposal are not sufficiently attractive to offer a real alternative to membership. With its strict criteria and evaluation benchmarks, the Policy contains a set of “sticks” but lacks the budgetary and policy “carrots” associated with membership prospects. In addition, by placing all of the EU’s economically, politically, strategically, and culturally diverse neighbours within the same policy framework, the Neighbourhood Policy is geared much more toward the EU’s internal institutional needs than toward pan-European challenges. In reality, the strategic priorities that shape EU relations with its Mediterranean neighbours on one hand, and its eastern neighbours on the other, are significantly different. Because of its generalised formulation, the Neighbourhood Policy courts the danger of being unable to provide an effective strategy toward either region’s problems that serves the EU’s interests.

By anchoring the Neighbourhood Policy in the European Constitution, EU leaders demonstrated their understanding that the elaboration of an effective neighbourhood strategy remains a key European challenge. However, the Union has yet to develop a substitute instrument for enlargement that can provide effective support to the latest wave of democratic aspirants in the Black Sea region.

Overlapping Integration Spaces between Russia and Euro-Atlantic Institutions

The fundamental transformation processes occurring in the Balkans and Black Sea region have important – albeit different – consequences for Russia and the West, respectively. On the one hand, grass-roots demands for free and fair elections in these two regions reflect an embrace of Western values, and local actors understand these demands as constituting a step towards Euro-Atlantic institutions, particularly the EU and NATO. On the other hand, these democratic transitions signify a rejection of President Putin’s strategy for promoting cooperation and maintaining Russian influence throughout the post-Soviet landscape – a strategy based on personalised influence and economic pressure. While the Balkans have much more clearly entered the European orbit, the Black Sea has become a region where Russian and Western interests and institutions increasingly overlap.
As its influence over the former "Soviet empire" has declined – initially in the Baltic States and other Central European countries, and most recently in Georgia and Ukraine – Russia’s ruling elite has engaged in renewed efforts to regain leverage over its direct neighbourhood. Russia’s interests in the Black Sea region differ from those of the West. Given Moscow’s democratic shortcomings and personalised decision-making structures, supporting democracy in its direct neighbourhood has not been a priority. On the contrary, democratic elections in neighbouring states represent a potential threat, a vehicle for shifting these states away from Russian interests toward Western values and institutions. Thus, for Russian elites, elections in the former Soviet space represent a means to maintain the Kremlin’s influence in the region. For example, during recent elections in Georgia, Ukraine, and Belarus, Russian officials have exploited personal networks and used public events such as high-level meetings and campaign speeches in an attempt to influence domestic political outcomes in its “near abroad”.

Moscow has also exercised economic pressure to influence political developments in the Black Sea region, particularly in countries seeking to embrace Western values and institutions. The recent dispute regarding prices of natural gas exports from Russia to Ukraine provides an instructive example. In July 2004, in the run-up to the Ukrainian presidential election between Viktor Yushchenko and Viktor Yanukovych, then-Prime Minister Yanukovych signed an agreement with Russia whereby both sides agreed to heavily subsidised gas prices of approximately $50 per 1,000 cubic meters. Only a year later, Putin again sought to use Russian gas price policy as a tool for exercising regional political influence. When the Ukrainian government refused to agree to pay world market prices for Russian gas (approximately $230 per 1,000 cubic meters), Russia shut off gas exports to Ukraine on 1 January 2006 during a particularly harsh spell of winter weather.

The Kremlin has not yet developed a clear set of attractive objectives and policies to promote cooperation in the post-Soviet space. A key challenge for Russian policymakers will be to develop a comprehensive domestic and foreign policy that takes democratic values and local interests into consideration. Given Russia’s own internal security problems, reliance on increasingly autocratic and personalised policies both domestically and abroad will not be sustainable in the long run.

4. The Balkans and the Black Sea: Strategic Options

Despite the pivotal position of the Balkans and Black Sea region as immediate neighbours to the European Union, Russia, and NATO, these three key international actors have so far failed to develop coherent strategies toward these regions. Given their security risks, energy resources, and proximity to Asia and the Middle East, however, the Balkans and Black Sea region present opportunities and challenges that must be addressed. It is time for Europe, the United States, and Russia to place a renewed and heightened focus on their policies in these regions. Three distinct strategic trajectories present themselves.

Business as Usual

Given (a) the United States’ present focus on the struggle against terrorism and the troubled reconstruction effort in Iraq, (b) the EU’s enlargement hangover and pre-occupation with internal institutional issues, and (c) Russia’s problematic relations
with its Black Sea neighbours and its often conflicting interests with Western institutions, the most likely strategy toward the Balkans and Black Sea region may well be “business as usual.”

This option encompasses three primary dimensions. First, the Balkans would continue on the path toward European integration, albeit with an unclear plan and timetable. Second, apart from the EU accession and candidate states of Romania, Bulgaria, and Turkey, Black Sea states would remain subject to a multiplicity of often contradictory policies that are largely bilateral in nature. Third, relations between Russia and Euro-Atlantic institutions would be characterised by ongoing vacillation between cooperation and confrontation, depending on the particular issue.

While this (absence of) strategy may ultimately produce reasonable results, it also contains considerable risks. First, if the EU’s internal quandaries lead to an indefinite, drawn-out process of enlargement toward the Balkans, it is entirely possible that democratic reformers in this region will lose traction and legitimacy, as frustrated citizens respond increasingly to the populist arguments of undemocratic, nationalistic political actors. The EU simply cannot afford the security risks that would emanate from a black hole of poverty and instability – containing the distinct potential for renewed violent conflict – in the heart of Europe. Second, the lack of a coherent and credible policy toward the Black Sea region could contribute to the perpetuation of destabilising frozen conflicts, the backsliding of democratic transformations that lack sufficient internal and external support, economic underdevelopment and concomitant social unrest, and increasing energy insecurity. These risks are unsustainable in a region so close to the Middle East and Central Asia, in a globalising world where security threats easily cross borders. Third, the lack of a decisive and constructive Western policy toward Russia would give rise to a similar set of risks, with the added problem of tensions that are likely to result from competing “spheres of influence.” As a result, the disadvantages inherent in “business as usual” make it imperative to examine other strategic options.

**Intensified Engagement**

The lack of a coherent strategy implied by “business as usual” not only contains considerable risks, it also leaves the EU, Russia, and NATO playing primarily a reactive role in the Balkans and Black Sea regions rather than proactively shaping strategies to promote security, stability, and development that would benefit all sides. A second policy option toward the Balkans and the Black Sea would therefore centre upon intensified engagement involving (a) a clearly formulated plan and timetable for the accession of Western Balkan states into the EU and (b) a more comprehensive policy to address the security, economic, and political needs of the Black Sea region.

**A Plan for Southeastern Enlargement**

In the Balkans, the EU has a defined objective – EU membership for the Balkan countries – but the roadmap toward this destination remains unclear. What would happen if a coalition of interests favouring “association instead of membership” were to form within the EU, while liberal reformers in the Balkan states lose ground to populist and radical forces? This could result in a vicious circle of exclu-
sion and instability. To prevent such a development, EU policymakers must not leave the management of Balkan policy to bureaucrats but must actively shape the integration process.

Organising the accession process in a strategic manner is crucial. This process should be structured in transparent stages that are defined by clear conditions. In addition, time horizons should be better aligned with the needs of domestic political elites, in order to bolster the legitimacy of reform-oriented actors.

The EU should envisage EU membership for the year 2014 for Albania, Bosnia, Macedonia, Serbia and Montenegro, and Kosovo, as recently suggested by the International Commission on the Balkans. This target date would reinforce the credibility of the accession process and provide local political elites and citizens with a clear and transparent time frame for their own reform efforts. Accordingly, the EU should define short- and medium-term benchmarks that can guide preparations for accession. These benchmarks should be elaborated in consultation with Balkan governments and key local actors.

Since the overwhelming majority of citizens in the Western Balkan states favour EU membership, a goal-oriented strategic dialogue that reaches beyond government representatives should be initiated in order to boost support for the internal reforms required by the accession process. Such a dialogue would reduce the uncertainty that characterises the EU’s current stance on Southeastern enlargement, in which vague prospects of accession are loosely coupled to the fulfilment of countless predetermined conditions that may multiply over time. This dialogue would also overcome the rituals of conditionality, compliance, and refusal that government-centred negotiation processes tend to produce.

Croatia will be able to fulfil the conditions for accession sooner than the other states in the Western Balkans, and Macedonia may also be ready for accession before 2014. A state’s individual capabilities should determine the time of accession. Nevertheless, the shared, conflict-rich history of these states makes it imperative to consider the regional dimension of each accession.

The most appropriate method for the strategic timing of the accession process involves phased accession. This is based on the model of Bulgaria and Romania, which were part of the accession negotiations with the other Central and Eastern European states, but which will join the EU later due to their economic and administrative shortcomings. In concrete terms, this would mean that at the time Croatia joins the EU, accession negotiations with Macedonia would be advancing and those with other states would have begun. A phased accession process takes the regional effects of each accession into account while respecting the principle of individual capability. This type of process promises to maximise the positive regional effects of enlargement, because the candidates that lag behind could, with sufficient effort, benefit from the experiences of Croatia.

EU officials will also need to consider whether, in the interest of a more realistic and efficient accession process, the fulfilment of certain conditions could be postponed until after accession. As with the 2004 enlargement round, accession negotiations could be initiated even though most Balkan states will most likely be able to fulfil only the economic and administrative criteria over the medium term.
The Black Sea Region: A Real Neighbourhood Policy

When Romania and Bulgaria join the European Union, the EU’s borders will extend to the Black Sea, and the security, economic, and political risks of the Black Sea region will officially become European problems. Despite the region’s growing strategic importance, the EU has elaborated a policy for every neighbouring region (for example, the Northern Dimension and the Barcelona Process) except the Black Sea.

The agenda for the European Neighbourhood Policy must move beyond lip service to goal-oriented cooperation. The EU should take its neighbours’ European aspirations seriously by providing tangible incentives and rewards for progress made toward political and economic reforms. Generally, the EU should signal its openness to all states that are willing and able to join the Union, while simultaneously avoiding unrealistic expectations and the frustrations that result from them.

Thus the EU would be well advised to offer forms of cooperation that go beyond the existing Neighbourhood Policy. The current “no” to EU membership should be transformed into a “yes” to association. EU leaders should consider establishing differentiated forms of association, including the possibility of membership in individual areas of European cooperation and integration. Above all, it is important to provide an expandable perspective that creates greater impetus for domestic reforms.

In intensifying its engagement with the Black Sea region, the EU should focus on the following issues:

1. The EU should make functional cooperation the main mechanism of the Neighbourhood Action Plans. Fields such as energy and the development of pan-European infrastructure are particularly relevant in this respect. Even without prospects for EU membership, countries engaging in this type of cooperation can generate geographic and functional spillover effects that give rise to an ever denser net of cooperation that may, in the most optimistic scenario, result in the establishment of a European free-trade zone.

2. Regional cooperation is an important precondition for security and stability. The European Union should initiate a Black Sea Dimension that critically incorporates the experiences gained through other regional frameworks such as the Northern Dimension and the Barcelona Process. This Black Sea Dimension should complement and promote, not replace, such important homegrown regional initiatives as the Community of Democratic Choice or the Black Sea Economic Cooperation.

3. In its own self-interest, the EU should support reform processes in the Black Sea region by providing financial resources, training, and technical support. In particular, new EU member states’ experiences in implementing political and economic reforms represent a valuable resource that should be passed on to the EU’s new neighbours. A promising new financial instrument in this respect is the European Neighbourhood and Partnership Instrument (ENPI), to be introduced in 2007, which for the first time provides funding that can be used for projects both inside and outside EU borders, including all countries in the Black Sea region.
4. The Common Foreign and Security Policy should address the Black Sea region more effectively. Both the EU and Black Sea states have a mutual interest in resolving regional security problems that have Europe-wide implications, including festering conflicts, organized crime, terrorist activity, weapons proliferation, and state fragility. A comprehensive foreign policy toward the Black Sea region should also include issues such as energy security and the introduction of an efficient visa policy.

5. As set forth in the European Neighbourhood Policy, the EU should maintain a two-pronged evaluation process of its policy toward the Black Sea region. First, the EU should evaluate progress made toward democratic and market-oriented reforms, providing incentives and warnings in response. Second, the EU should use these evaluations to adjust its policies to changing regional conditions and priorities. Ensuring a transparent evaluation process will set up a framework for cooperation that is understood by neighbouring countries.

Finally, NATO also has an important role to play in promoting stability in the Black Sea region. Three countries bordering the Black Sea – Turkey, Romania, and Bulgaria – are already NATO members. Ukraine, Croatia, and Azerbaijan all have missions at NATO. In addition, the range of cooperative activities between NATO and its neighbours has been developing rapidly. Given the EU’s current enlargement fatigue and NATO’s less demanding conditions for membership, NATO could extend the embrace of democratic Western institutions in the Black Sea region by offering membership prospects to the most interested Black Sea states, such as Ukraine, Moldova, and Georgia.

The EU’s intensified engagement with the Black Sea region should be viewed as part of a controlled differentiation of the European Union. Only through differentiated integration will the EU remain capable of further widening and deepening. This does not mean the demise of the community method. Numerous examples of differentiated integration already exist; the most prominent of these is the Economic and Monetary Union, in which only 12 of 25 member states have adopted the Euro as their official currency. With neighbouring states and other international actors making increasing demands upon European Union institutions, differentiated integration is likely to be the key to ensuring democratic governance and market-oriented growth in a wider and increasingly diverse Europe. This differentiation, if offered to the Union’s neighbours through increased participation in EU structures, will also be crucial to a policy that seeks to promote genuine reform and cooperation while simultaneously avoiding new dividing lines in Europe.

A Pan-European Debate on Europe’s Future

While “intensified engagement” represents a desirable policy orientation toward the current challenges in the Balkans and the Black Sea, European leaders and their allies must continue to keep an eye on longer-term processes of European integration, and the role of the Balkans and Black Sea region in future European scenarios. Questions regarding the future shape of Europe, and regarding the actors who will carry Europe forward, have arisen not only because the EU may be reaching the limits of its ability to enlarge but also because of Europe’s internal crisis of integration. These questions can be answered only through a far-reaching debate that takes place in a framework transcending the confines of European
Union institutions. The goal is to increase the Union’s pan-European ability to act. This debate must include Russia, not just as a neighbour but also as a foreign and security policy actor. This discussion should also take place in consultation with, and not in opposition to, the United States.

In this debate, institutional questions are less important than defining Europe’s goals and perceptions of risks, and transforming these definitions into concrete policies. The main European strategy statement in this regard is the European Security Strategy, which lists five key threats that confront Europe in the 21st century: terrorism, the proliferation of weapons of mass destruction, regional conflicts, state failure, and organised crime. Significantly, all of these threats are highly applicable to both the Balkans and the Black Sea region, particularly the risks of regional conflict, state failure, and organised crime. In addition, the recent crises involving Russian gas supplies and social unrest among immigrant populations (particularly in France and Denmark) have highlighted energy security, migration, and the integration of cultural and religious minorities as increasingly important issues affecting internal and external European security. Again, these risks are also central to relations with the Balkans and Black Sea region. This overlap between Europe’s perceived risks and their preponderance in Europe’s immediate neighbourhood make it essential for the EU to strengthen its relations with the Balkans and Black Sea region. This debate must also focus on how the European Union must shape its relations with key international partners in order to achieve its long-term goals as a pan-European actor. NATO will be an essential partner in promoting stability throughout the Euro-Atlantic community’s direct neighbourhood and in enhancing the Western community of values. Russia’s importance as an economic and security requires the formulation of a constructive EU policy toward Russia – one that acknowledges Russian interests while making clear that these interests are best served in the long term through the strengthening of democracy, transparency, and civil society. The United States will remain an indispensable partner, and the EU needs to both reinvigorate transatlantic relations while ensuring that interest-driven transatlantic cooperation allows room for constructive disagreement among close partners. Finally, the European Union’s commitment to effective multilateralism demands increased cooperation and coordination with the United Nations as well as vigilant support for reform efforts that will make the UN a more effective and efficient international actor. Ultimately, the EU’s role as a credible partner with NATO, Russia, the United States, and the United Nations puts the Union in a position to function as a motor for promoting more coherent policies among all of these actors in an increasingly integrated, interdependent Europe.
5. Conclusion

In the globalising world of the 21st century, Europe, the United States, and Russia certainly face no shortage of risks and challenges. International economic, political, security, and humanitarian crises have placed increasing pressure on these actors to become global players. Yet two of the most important challenges lie directly on their doorstep. The Balkans and Black Sea region are key geopolitical arenas where the critical issues of peace, security, democratisation, development, and energy intersect, and instability in these regions will project instability into the heart of the Euro-Atlantic community and Russia.

Important steps have been taken by both local and external actors to promote stability and prosperity in these regions. Yet the lack of clear-cut, coherent, and sustainable policies toward these regions represents a strategic gap that must be addressed. This paper has examined the key challenges and institutional linkages that characterise the Balkans and the Black Sea region while suggesting policy responses to address these problems and opportunities. The Euro-Atlantic community and Russia – and particularly the European Union – must now find modes of decisive and constructive cooperation, both amongst each other as well as with local actors, in order to continue making progress toward a Europe whole and free.