

Black Sea NEWS

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BSEC DAY CELEBRATED: H.E. PRESIDENT ABDULLAH GÜL VISITS BSEC HEADQUARTERS

H.E. Abdullah GÜL, President of the Republic of Turkey, visited the BSEC Headquarters on the occasion of BSEC Day on 25 June. This was the first time that a President from a Member State paid a special visit to the BSEC premises.

Within the framework of this visit, President GÜL and Secretary General Leonidas CHRYSANTHOPOULOS had a bilateral meeting. Following the bilateral talks, a meeting was held with the participation of the representatives of the BSEC Member States, Observers and Sectoral Dialogue Partners, as well as the Secretaries General of the Parliamentary Assembly of BSEC and the BSEC Business Council.

President GÜL delivered an address on Turkey's approach to BSEC. In his speech, President GÜL underlined that BSEC serves as a unique platform of cooperation for the countries of the region. He emphasized the importance of regional ownership. He said that looking at the institutional architecture of the Black Sea Region, BSEC is the only comprehensive, inclusive and full-fledged international organization. "Increased cooperation in the region through BSEC mechanisms not only generates economic benefits, but also contributes to building

confidence and reducing persisting bilateral tensions. This, in turn, consolidates stability and security in the region, which is the common interest of both the region and the international community" said President Gül. The Turkish President emphasized that his country will continue to support the endeavors of the Organization.

Following the meeting, a reception was held in honor of President GÜL at the BSEC premises. Later in the evening, Secretary General CHRYSANTHOPOULOS hosted a second reception at the BSEC Headquarters. Over 300 dignitaries and guests, comprised of the members of the diplomatic corps, high level bureaucrats, religious leaders, other guests from economic, business and cultural circles, as well as media representatives attended the event.

The 16th year anniversary of the establishment of BSEC was also commemorated by the other BSEC Member States with different activities.



Turkish President H.E. Abdullah GÜL visiting the BSEC Headquarters on the occasion of BSEC Day.



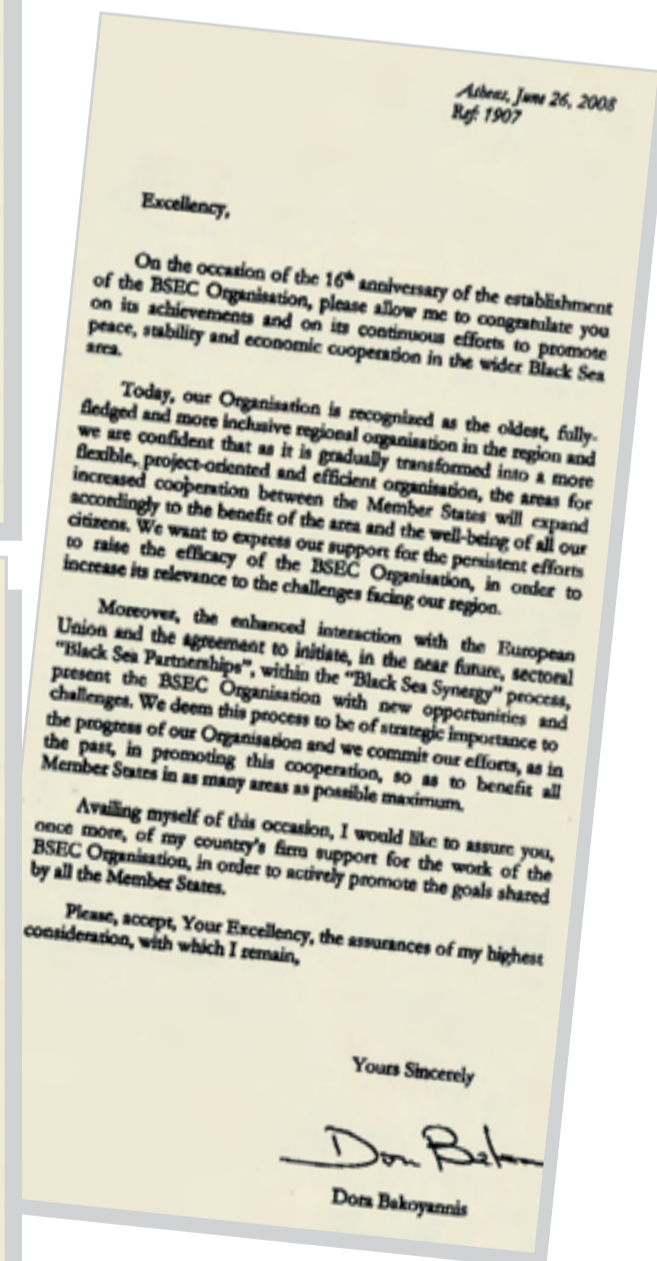
Turkish President H.E. Abdullah GÜL addressing the representatives of the BSEC Member States and Observers at the Organization's Headquarters on BSEC Day.



Turkish President H.E. Abdullah GÜL with the members of the BSEC Permanent International Secretariat on BSEC Day.



BSEC Day reception: celebrating the 16th anniversary of the establishment of BSEC.



19th MEETING OF THE BSEC COUNCIL OF MINISTERS OF FOREIGN AFFAIRS HELD IN TIRANA

The 19th Meeting of the BSEC Council of Ministers of Foreign Affairs was held in Tirana on 23 October. The meeting was hosted by the Republic of Albania. Prime Minister H.E. Sali BERISHA made an opening address, while H.E. Lulzim BASHA, the Minister of Foreign Affairs of the Republic of Albania, chaired the meeting in his capacity as the Chairman-in-Office of the Organization.



H.E. Sali BERISHA, Prime Minister of the Republic of Albania, addressing the 19th Meeting of the BSEC Council of Ministers of Foreign Affairs in Tirana.

The Ministers and Deputy Ministers of Foreign Affairs of the BSEC Member States, as well as the representatives of BSEC Observers, Related Bodies, Sectoral Dialogue Partners and special guests participated in and delivered statements at the meeting.

An important item on the agenda of the meeting was the adoption of the "Guidelines on Improvement of the BSEC Efficiency." During the Tirana meeting, the Agreements on Simplification of Visa Procedures for the Businesspeople and for the Professional Lorry Drivers Nationals of the BSEC Member States were opened for signature. The first signatories of the Agreements were Albania, Armenia, Moldova and Turkey.

At the conclusion of the meeting, a ceremony was held whereby Albania handed over the Chairmanship-in-Office of BSEC to Armenia. Armenia officially assumed the Chairmanship as of 1 November for a period of six months until 30 April 2009.

The next Meeting of the Council is planned to take place in Yerevan on 29 April 2009.

Interview with H.E. Edward NALBANDIAN, Chairman-in-Office of BSEC, Minister of Foreign Affairs of the Republic of Armenia



BS NEWS: Could you please briefly tell us about the Armenian Chairmanship-in-Office of BSEC? What are the priorities of the Armenian Chairmanship?

E. NALBANDIAN: The Republic of Armenia assumed the Chairmanship-in-Office of the Organization of the Black Sea Economic Cooperation at the time when the contemporary world is facing a new challenge – the global financial crisis. The international community, international organizations, BSEC should join efforts to overcome this severe test.

The Armenian Chairmanship finds it essential to focus among the other priority areas on cooperation in developing the regional transportation networks. We will take steps towards the implementation of the provisions of the 2008 Odessa Joint Declaration on Cooperation in the Sphere of Transport in the BSEC Region.

We acknowledge the developments within the framework of implementation of the major Memoranda of Understanding signed by the Member States on the Coordinated Development of the Black Sea Ring Highway and the Development of the Motorways of the Sea at the BSEC Region. The accomplishment of the Memorandum on Facilitation of Road Transport of Goods in the BSEC Region remains a priority item of cooperation in transport.

The Armenian Chairmanship attaches importance to the joining of all Member States to the Agreements on Simplification of Visa Procedures for Professional Lorry Drivers and for the Businesspeople Nationals of the BSEC Member States.

Given the strategic significance of the BSEC Region, the Armenian Chairmanship-in-Office will undertake initial steps in the process of formulating an integrated BSEC regional energy strategy based on the provisions of the relevant declarations, as well as the strategy of enhanced cooperation with the EU energy related structures in the light of the 2008 Kyiv Declaration.

Since the environmental issues do not recognize political borders due to their international nature, there is an urgent necessity for integrating the national strategies and putting the issues of water and air pollution, generation of waste, climate change, deforestation and degradation of biodiversity on the priority agenda of the BSEC Member States. The Armenian Chairmanship will further encourage the Project Development Fund projects to be put into action in this field.

We will strive for the further encouragement of the BSEC innovative projects of regional impact in all areas of socio-economic cooperation such as information technologies, science and social life, emergency assistance, combating organized crime, institutional renewal and others.

Among other priorities, the Armenian Chairmanship will focus on the further enhancement of cooperation between BSEC and international organizations, including the EU, to contribute to the solution of complexity of social, economic and humanitarian issues.

The improving of efficiency, effectiveness and visibility of BSEC is also among the priority tasks of the Armenian Chairmanship.

BS NEWS: What will be the highlight events of the Armenian Chairmanship?

E. NALBANDIAN: In cooperation with the BSEC Secretariat, the Member States and Related Bodies, around 60 various events will be organized, of which 14 will take place in Armenia. The Calendar includes Ministerial meetings and meetings of the Committee of Senior Officials and Working Groups, conferences, seminars, trainings, round tables, exhibitions etc.

I am pleased to note that under the Armenian Chairmanship-in-Office the priorities mentioned above have been already started being put into effect.

On 3 November under the Armenian Chairmanship-in-Office of BSEC and with co-sponsorship of the Republic of Armenia, the 63rd Session of the United Nations General Assembly adopted the draft resolution on "Cooperation between the UN and the BSEC Organization".

During the events in Istanbul and in Brussels on 10-12 November, when the Armenian delegation in BSEC had chaired the BSEC "Troika" Meetings, the Armenian priority agenda in BSEC was discussed and approved, the Calendar of events of the Armenian Chairmanship-in-Office was finalized and important decisions were taken on the further improvement of the BSEC operation efficiency and the further enhancement of the concrete project-oriented BSEC-EU cooperation agenda.

The extraordinary meeting of the Working Group on Banking and Finance was organized on 18 November in the BSEC Headquarters to urgently respond to the full-scale crisis faced by the global financial system and to find ways to overcome it by joint efforts.

BS NEWS: How does Armenia view BSEC and its future?

E. NALBANDIAN: The very idea and the main goal of BSEC is to boost and promote economic cooperation between the Member States and it is essential that this organization could contribute to the better environment among the States. BSEC is a promising model of multilateral economic initiative aimed at fostering interaction among the Member States as well as ensuring cooperation, development and prosperity in the Black Sea Region. We see BSEC first of all as a forum for the enhancement of regional economic cooperation. The growing importance of the BSEC Region in the world policy and the global economy is a reality and we must take this opportunity to boost multilateral economic cooperation, improving neighborly relations and establishing constructive and productive ties in a wide range of areas of cooperation.

From this perspective I believe that in order to raise its potential and influence in the region and on the international arena, our Organization must reinforce its operation and focus on the productive implementation of concrete multilateral economic programs. I am confident that all nations of the region will benefit from this.

editorial

Dear Readers,

On 25 June we celebrated BSEC Day. H.E. Mr. Abdullah GÜL, President of the Republic of Turkey, honored us by paying a visit to our Headquarters on this occasion. It was the first time that a President from a Member State paid a special visit to us and it was a sign of the importance that Turkey attaches to BSEC.



The period of May to October 2008 was guided by Albania as Chairman-in-Office. We are proud to present concrete results after these six months.

On the sidelines of the 63rd Session of the UN General Assembly, an informal meeting of the BSEC Ministers of Foreign Affairs was held on 25 September. It has become customary practice for the BSEC Foreign Ministers to convene in an informal format every year in New York during this time. In the light of the proposal made by the Turkish Minister of Foreign Affairs H.E. Mr. Ali BABACAN, this year's informal meeting focused on the question of enhancing the effectiveness and efficiency of BSEC. Based on these discussions in New York, the Guidelines on Improvement of the BSEC Efficiency were adopted at the 19th Meeting of the BSEC Council of Ministers of Foreign Affairs in Tirana on 23 October.

In this context, I would also like to mention here that the UN General Assembly adopted the Resolution "Cooperation between the United Nations and the Black Sea Economic Cooperation Organization" by consensus on 3 November. The Resolution, drafted and introduced by Albania during its Chairmanship, was the 5th resolution since BSEC was granted Observer status by the UN. It was co-sponsored by all the BSEC Member States and Austria, Belarus, Montenegro and the USA. It outlines the framework of and the developments in the cooperation between the two organizations.

Further more, we are also taking steps to revitalize our relations with the UN Environmental Programme.

Another positive step was taken during the Tirana Council meeting, when the Agreements on Simplification of Visa Procedures for the Businesspeople and for the Professional Lorry Drivers Nationals of the BSEC Member States were opened for signature, enhancing the economic cooperation between the BSEC Member States. These two new legal documents are also expected to significantly influence investment policy and trade cooperation among the Member States in the future.

Some other good news to share concern the Black Sea Ring Highway and the Motorways of the Sea projects. The Memoranda of Understanding on the Coordinated Development of the Black Sea Ring Highway and on the Development of the Motorways of the Sea at the BSEC Region have been finally ratified by eight Member States and have therefore entered into force. Now, we are proceeding to their implementation.

The crisis that affected our region in August, the first major one since BSEC became a regional organization, was a test for all of us. Many thought that our Organization would be weakened, but it was not.

BSEC sees a necessity for the future to contribute in the improvement of respect, understanding and cooperation among nations and peoples of different cultures and religions and to counter the forces that fuel polarization. We believe that any effort in this direction is valuable in promoting sustained peace, security and stability regionally and globally. It is within this framework that we recently had exploratory contacts with the Secretariat of the Alliance of Civilizations. We wish to more actively support this initiative through promoting projects aimed at building bridges among diverse cultures and communities.

A new time lies in front of us. The Republic of Armenia has assumed the BSEC Chairmanship as of 1 November 2008. H.E. Mr. Edward NALBANDIAN, Chairman-in-Office of BSEC and Minister of Foreign Affairs of the Republic of Armenia visited our Headquarters on 24 November to officially announce the priorities of the Armenian Chairmanship, among them being the enhancement of cooperation in the energy sector and the further development of cooperation in transport and environmental issues. It was a visit that received wide coverage from the local and international media.

The major challenge for the Armenian Chairmanship is the ongoing global financial crisis. Measures need to be taken in the Member States to safeguard their financial institutions, so that the economic development in the BSEC region is not impeded. Our Working Group on Banking and Finance convened on 18 November to assess the situation and to share information concerning experiences with measures taken and possible reactions for less affected economies.

Thanking our readers for their interest and continued support of the Black Sea News, I look forward to sharing with you more developments in BSEC cooperation in our next issue.

Ambassador Leonidas CHRYSANTHOPOULOS
Secretary General of the Organization of the Black Sea Economic Cooperation (BSEC) Permanent International Secretariat (PERMIS)

CHAIRMAN-IN-OFFICE H.E. MINISTER EDWARD NALBANDIAN VISITS THE BSEC HEADQUARTERS

H.E. Edward NALBANDIAN, the Chairman-in-Office of BSEC, the Minister of Foreign Affairs of the Republic of Armenia, paid a working visit to the BSEC Headquarters in Istanbul on 24 November.

After having bilateral talks with the Secretary General of the BSEC Permanent International Secretariat Ambassador Leonidas CHRYSANTHOPOULOS, Minister NALBANDIAN presented the priorities of the Armenian Chairmanship to the representatives of the BSEC Member States, Observers, Sectoral Dialogue Partners, Related Bodies, special guests and the members of the press at the BSEC Headquarters. Within this framework, he announced that the Armenian Chairmanship will focus on the enhancement of cooperation in the areas of energy, transport and environmental protection. These priorities will constitute the roadmap for BSEC for the next six months.

In his statement, Minister NALBANDIAN also highlighted that Armenia will work towards joining efforts with the international community and international organizations to overcome the ongoing global financial crisis. He underlined that the further improvement of the efficiency, effectiveness and visibility of BSEC is also of particular importance for the Chairmanship.

The Minister added that the Armenian Chairmanship will encourage the implementation of joint projects in the fields of information technology, SMEs, institutional renewal, agro-industry, science, social life, emergency assistance and combating organized crime.

As is known, the Republic of Armenia has assumed the Chairmanship-in-Office of BSEC as of 1 November for a period of six months ending on 30 April 2009. During this period, the Armenian Chairmanship envisages to implement a comprehensive calendar of events which is expected to enhance BSEC cooperation in a number of areas. Among the high level events, in addition to the Meeting of the Council of Ministers of Foreign Affairs, the Armenian Chairmanship will host Meetings of the Ministers of Energy, Transport, Agriculture and Environmental Protection.



H.E. Edward NALBANDIAN, Chairman-in-Office of BSEC and Minister of Foreign Affairs of the Republic of Armenia, announcing the priorities of the Armenian Chairmanship at the BSEC Headquarters in Istanbul.



BLACK SEA TRADE AND DEVELOPMENT BANK (BSTDB)

BSTDB shareholders subscribe for USD 1,5 billion capital increase

New BSTDB shares worth SDR 1 billion (USD 1,5 billion) that had been offered for subscription to the Bank's 11 shareholding states have been fully subscribed and allocated. The decision was taken by the Special Meeting of the BSTDB Board of Governors on 5 October in Istanbul.

The subscription follows a decision taken by the Board in December 2007 to triple the BSTDB authorized capital to SDR 3 billion (USD 4,5 billion) and to double the subscribed capital to SDR 2 billion (USD 3 billion).

As a result of the subscription, the new shareholding structure of BSTDB entails Greece, Russia and Turkey remaining as the

largest shareholders of the Bank with 16.5% stakes each, followed by Romania with 14%, Bulgaria and Ukraine with 13,5% each, Azerbaijan with 5%, Albania with 2%, Armenia and Moldova with 1% each and Georgia with 0,5% stakes.

The shareholders have expressed their full support for the Bank and its mission to promote regional cooperation and economic development in its member countries. They have confirmed the strategic commitment to the Bank's membership enlargement by attracting new regional members and internationally reputed multilateral banks and financial institutions.

BSTDB Grants Observer Status to four financial institutions

The BSTDB Board of Governors has accepted the applications for Observer status of the European Investment Bank (EIB), the Development Bank of Austria (OeEB), the Nordic Investment Bank (NIB) and the Association of European Development Finance Institutions (EDFI), which brings together bilateral donors and official development agencies of major Western European countries. The Observer status of the KfW Banking Group (Germany) was renewed for an unlimited period. The Observer status provides a mechanism for close regular interaction for financial institutions with the BSTDB for better synergies and facilitating co-financing opportunities.

BSTDB syndicated loan raises USD 360 million

BSTDB raised USD 325 million and EUR 20 million through a syndicated loan facility signed on 18 September in Thessaloniki. The facility will be used for funding the Bank's activities in the countries of the Black Sea region.

Bayerische Landesbank (BayernLB), Emirates NBD PJSC (Emirates NBD), Intesa Sanpaolo S.p.A. (ISP) and Sumitomo Mitsui Banking Corporation Europe Limited (SMBCE) acted as lead arrangers for the facility.

Despite difficult market conditions, the facility was very well received, achieving an impressive oversubscription of 261% over its launch amount with participation from 31 banks from across the world.

"It is the biggest amount we have raised so far", stated Hayrettin Kaplan, BSTDB President. "We are happy to see the growing support that we receive from the European banking market for our operations in the Black Sea region, with banks from the Middle and Far East also participating in the syndication" he added.



BSTDB raised USD 325 million and EUR 20 million through a syndicated loan facility signed on 18 September in Thessaloniki.

BSTDB supports modernization of a steel major in Albania

BSTDB made available a € 20 million loan to Kürüm International Ltd. Albania, the largest steel producer in Albania. The company belongs to Kürüm Group (Turkey).

The BSTDB financing addresses the company's investment related working capital needs and ongoing modernization and maintenance. In this project, BSTDB joins hands with DEG (Germany) and Raiffeisen Bank (Austria) which finance the investment expenditures. The support for this Turkish investment in Albania reflects the BSTDB priority to promote the development of regional cooperation.

BSTDB supports Azerbaijani mortgage market

BSTDB provided a USD 12 million six-year loan to Kapital Bank (Azerbaijan) for mortgage financing. The operation which supports the development of the mortgage market in Azerbaijan is a response to the Azerbaijani Government's priority to provide people with opportunities to improve their housing conditions. The expectation is for the mortgage market growth to positively affect housing and construction spheres and to have a spillover development impact in important complementary sectors to increase employment and production.

BSTDB increases SME financing in Bulgaria

BSTDB provided a medium-term Micro and SME Loan Facility to Procredit Bank Bulgaria for the amount of € 14.5 million. The borrower already has a successful credit history with BSTDB – the first SME credit line for the amount of € 6 million was granted by BSTDB in February 2003 and has been increased gradually since then. With the new increase of the credit line, the total BSTDB financing available to ProCredit Bank Bulgaria for financing micro, small and medium enterprises has reached €18 million.

BSTDB cooperates with AKB "EVROFINANCE MOSNARBANK" to promote mortgage financing in Russia

BSTDB made available a 7-year USD 38 million loan for mortgage financing to AKB "Evrofinance Mosnarbank" (Russia). The loan proceeds will be on-lent to individual Russian clients to finance residential mortgage loans. The BSTDB financing will support "Evrofinance Mosnarbank" to better service the rapidly growing mortgage financing needs of its retail clients.

BSTDB supports SME financing in Russia

BSTDB extended a USD 15 million loan to the Russian Slavinvestbank (SIB) for the financing of small SMEs. The facility which carries a tenor of 5 years intends to finance sub-loans to be offered by SIB to Russian SMEs to finance their modernization programs, corporate development and investments. The operation will strengthen the ongoing BSTDB program for SME support in Russia, which is carried out through selected Russian banks, including Credit Bank of Moscow, ZAO Europlan, NBD Bank and Zenit Bank.

BSTDB continues support for SME sector in Ukraine

SMEs in Ukraine will benefit from a USD 20 million loan that BSTDB extended to Bank Pivdennyi. The proceeds of the loan will be directed to Ukrainian SMEs undertaking modernization programs of their production facilities, corporate development or investment programs. Pivdennyi Bank is the second Ukrainian partner selected to promote the BSTDB SME support program in the country, with a similar facility provided by BSTDB to Procredit Bank Ukraine.



PARLIAMENTARY ASSEMBLY OF THE BLACK SEA ECONOMIC COOPERATION (PABSEC)

PABSEC General Assembly Plenary Session held in Chisinau

PABSEC held the Thirty-Second Plenary Session of its General Assembly on 3-5 November in Chisinau under the Chairmanship of Marian LUPU, PABSEC President, Chairman of the Parliament of the Republic of Moldova.

The Chisinau Session was attended by the national delegations of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine and the representatives of the BSEC Chairmanship-in-Office and the BSEC Permanent International Secretariat. Among observers and guests were the representatives of the National Assembly of the Republic of Belarus, the French Senate and National Assembly, the Assembly of the Western European Union, the European Parliament, the Interparliamentary Assembly of the Commonwealth of the Independent States, the Interparliamentary Assembly of the Eurasian Economic Community, the Parliamentary Assembly of the Union Belarus-Russia, the Parliamentary Union of the OIC Member States and the Marmara Foundation.

The topic of the Plenary Session was "The process of globalization and the issue of preservation of national identity in the BSEC countries". The speakers noted that globalization accelerated the process of economic and cultural interaction by a large array of modern communication technologies. It was also stressed that global solutions have to be found to the recent financial crisis which is affecting all the states around the world. The participants mentioned the importance of integration in the process of globalization which gives a certain control in the said process through the protection of national identity and minorities and the upholding of tolerance. In this respect, the necessity was stressed for stronger cooperation and intensification of good-neighborly relations between the states in the region and in the world at large.

The Assembly conducted debates on the Reports and Recommendations drafted by the PABSEC specialized Committees during their autumn meetings on "The WTO and the economic development of the BSEC Member States", "15 years of Black Sea Economic Cooperation: political aspects of deepening of economic cooperation" and "The impact of globalization on the social policies of the BSEC Member States". The Assembly adopted Recommendations on these subjects addressed to the Parliaments and Governments of the Member States and to the Organization of the BSEC.

The participants also reviewed the results of the 19th Meeting of the BSEC Council of Ministers of Foreign Affairs held in Tirana on 23 October. The members considered the Progress Report of the Parliamentary Assembly.



Family photo at the Thirty-second Plenary Session of PABSEC General Assembly held in Chisinau on 3-5 November 2008.

The Assembly elected Mircea Ciopraga, Head of the Romanian PABSEC Delegation, as PABSEC Vice-President, for a period of two years, until November 2010. The Assembly also elected Igor Bolboceanu (Moldova) to the post of the Deputy Secretary General in charge of Organizational Matters, Alexander Furman (Ukraine) to the post of the Deputy Secretary General in charge of Administrative and Financial Matters and Murat Bakir (Turkey) to the post of the Deputy Secretary General in charge of Interparliamentary Relations and Protocol, for terms of office of three years starting from 1 January 2009.

The working bodies of the Assembly - the Bureau and the Standing Committee - met to discuss organizational matters, reviewing the PABSEC activities in the second half of 2008.

At the end of the Chisinau Session, Romania assumed the rotating six-month term Presidency of the Parliamentary Assembly. The next General Assembly is to be held in Bucharest on 9-11 June 2009.



INTERNATIONAL CENTRE FOR BLACK SEA STUDIES (ICBSS)



Working Groups during the First International Symposium on "The Wider Black Sea Area in Perspective", Kalymnos, July 2008.

First International Symposium on "The Wider Black Sea Area in Perspective" a Big Success

The first ICBSS International Symposium on "The Wider Black Sea Area in Perspective" was held on the Greek island of Kalymnos on 1-6 July, in collaboration with a number of international and Greek partners. The Symposium's concept was to provide a much needed interactive learning environment, bringing together young professionals from the countries of the wider Black Sea area, EU Member States, the US and Central Asia.

The Symposium received great interest and finally 46 highly qualified young professionals had the unique opportunity to gain insights into a range of issues related to Black Sea regional cooperation, such as security, energy, economic development and history. They followed a series of thematic lectures imparted by 24 international experts from academic, policy making and business circles. Study groups encouraged the participants to further explore these issues. The resulting network of persons who are interested and engaged in the future development of the region was the Symposium's most important feature.

Given the overwhelmingly positive feedback from the participants, speakers and partners, the ICBSS is committed to turn the Symposium into an annual event so as to develop the knowledge and focus on the wider Black Sea area and to expand the Symposium's Alumni Network.

Other ICBSS events

ICBSS held various events which raised great interest among the audience and were covered widely by the media.

Among these, the ICBSS' Third Annual Conference on "The Wider Black Sea Area and the Great Energy Game" with presentations by high-ranking officials, scholars and professionals, was held in Athens on 25 June.

On 15 September, the ICBSS Outreach Programme: a Round-table discussion on "EU-Russia Relations" with Prof. Mark Entin, Director, European Studies Institute and Institute of European Law, MGIMO University, Moscow and Dr. Fraser Cameron, Director, EU-Russia Centre, Brussels, took place in Athens.

H.E. Yasar Yakis, Chairman of the EU Integration Committee of the Turkish Grand National Assembly and Former Minister of Foreign Affairs of the Republic of Turkey, imparted the Third ICBSS Annual Lecture in Athens on 13 November, which also attracted great interest.



Panel I (James Sherr, Edward Chow, Christos Dimas) at the Third ICBSS Annual Conference on "The Wider Black Sea Area and the Great Energy Game", Athens, 25 June 2008.

Research and Publications

The ICBSS held the Fourth Meeting of its Task Force on a Common Black Sea Strategy in cooperation with TEPAV/IPRI in Ankara, 10-11 October.

The ICBSS is currently involved in two EU co-funded activities concerning S&T policy cooperation: the IncoNet EECA project which is progressing smoothly and the BS-ERANET project which is scheduled to start in early 2009. Moreover, early next year the ICBSS is planning to submit a proposal for a complementary IncoNet-type activity focusing specifically on the South Caucasus and Central Asia.

The latest ICBSS publications include Policy Brief no. 7 "The European Union and the Black Sea Region: The New Eastern Frontiers and Europeanisation" by Alexandros Yannis (May 2008) and a new issue of the Black Sea Monitor (September 2008).

ATTRACTING FOREIGN DIRECT INVESTMENTS IN THE BLACK SEA REGION

Foreign investment promotion remains one of the principal strategic directions of the BSEC Business Council. Some of the major factors affecting the attractiveness of a country with regards to foreign direct investments (FDI) were examined in the June 2008 issue of the Black Sea News. In that issue, it was highlighted that lifting disincentives and establishing a beneficial, enabling investment climate count more to an investor than providing tax and other incentives. Therefore, the best place for a country to start is the dismantling of administrative barriers: bureaucracy, overlapping and contradicting legislative provisions, frequently changing rules, favoritism, corruption and lack of transparency.

Important as the business climate may be, this will not be the first thing that prospective investors examine. Even before asking the question "how is the business climate in that country?" they will ask: "is there a market for my products?" or "is there access to markets for my products?".

The answer to this question brings into focus the value of regional cooperation which is promoted by BSEC. By establishing a regional market, global investors can see that investing in any of the BSEC countries automatically gives them access to a huge market of one third of a billion people – in addition to the other markets to which some of the BSEC countries have access, such as the EU.

It is therefore imperative for policymakers to bring down as many non-tariff barriers as possible that exist among BSEC countries and thus help increase internal trade flows. The BSEC Business Council has set the elimination of trade barriers as one of its main strategic objectives and has already undertaken business surveys, the results of which will be publicized in due time.

Apart from the above two general overriding needs – having an access to markets and a favorable business climate – each investor has other important needs of specific nature that governments and investment promotion agencies must address thoroughly. The current international trend in investment promotion is investor targeting. Targeting entails setting specific sectoral targets, as well as specific company targets within those sectors; understanding those target investors' needs and their investment/location criteria; promoting the relevant competitive strengths of the country to the targets using modern marketing techniques.

All this calls for another element in the investment promotion strategy: the recruitment of experienced international managers from the private sector to run investment promotion agencies – people who speak the language of international business, who know how to approach and how to talk to international investors in a credible way.

The task of investment promotion is as much challenging as it is necessary to the countries in the BSEC region. The region has a lot to offer to the prospective investor: a huge market, a strategic location striding two continents, energy resources, energy transport routes, agricultural and mineral resources, tourism potential, high level of development in the spheres of science and technology, competitive production costs, skilled labor and, above all, a talented and educated young population. In an increasingly difficult global economic environment, BSEC countries will have to compete more fiercely for a fair share of investments.

The BSEC Business Council will support the new project that OECD will implement in the region – a project that combines investment promotion, as well as the promotion of a favorable business climate and sector competitiveness. The BSEC Business Council will continue its efforts to do its part in helping to increase inter-regional trade flows as well as to bring more foreign investments into the BSEC region.



FROM THE BSEC PERMANENT INTERNATIONAL SECRETARIAT (PERMIS)

BSEC-UNODC cooperation on combating human trafficking produces Regional Action Plan

The first joint project of BSEC with the United Nations Office on Drugs and Crime (UNODC) has just been completed. The BSEC Regional Action Plan for "Strengthening the Criminal Justice Response to Trafficking in Persons in the Black Sea Region" is a concrete product of this cooperation. The Regional Action Plan aims at promoting expertise and best practices exchange as well as enhancing cooperation among the BSEC Member States in combating human trafficking. Along with the policy development and capacity building aspects, the Action Plan gives special consideration to three basic elements in fighting human trafficking – namely, prevention, protection and prosecution.

Within the framework of this project, a regional conference was held in Mamaia, Romania in June 2008. The conference brought together the criminal justice practitioners from all BSEC Member States. The forum gave the opportunity to assess the status of bilateral and multilateral cooperation in countering human trafficking and to examine the compliance of anti-trafficking legislation of the BSEC countries with the relevant UN Conventions and Protocols.

BSEC-IOM cooperation on migration management giving concrete results

The joint project of BSEC with the International Organization for Migration (IOM) has just been completed. A concrete outcome of this cooperation was that the Migration Policy Recommendations for the Black Sea Region were developed and adopted by BSEC. The main purpose of the Recommendations is to encourage the creation of a framework for the BSEC Member States for sharing expertise and best practices in migration policies in view of preventing irregular migration flows and simultaneously facilitating legal ones.

Conference on cultural tourism held in Tirana

The High Level Conference on Cultural Tourism "Cooperation as a Decisive Tool for Sustainable Cultural Tourism Development" was held in Tirana on 14 October. Representatives of BSEC Member States as well as guests from several international organizations such as the UNDP and UNESCO attended the meeting.

Participants from Albania, Bulgaria, Romania, Azerbaijan and the Hellenic Republic made presentations and statements on the developments in the area of cultural tourism in their countries, as well as about their participation in various international programmes and projects in this field. The participants also exchanged views and made proposals on promoting cooperation in the sphere of cultural tourism within the framework of BSEC. The event concluded with the adoption of the Conclusions of the High Level Conference.

Development of tourism infrastructure discussed in Gelendzhik

The Fourth International BSEC Conference "Development of Tourism Infrastructure in the Black Sea Region" was held on 2-3 October in Gelendzhik, the Russian Federation.

The representatives of the tourism authorities and business circles of the BSEC countries took part in the event. Participation in the Conference has been growing steadily in the past years, demonstrating its increasing importance.

A broad spectrum of issues on the development of the tourism industry in the BSEC region was considered at the plenary sessions and thematic round tables. The participants addressed the issues of investment opportunities, development of resort infrastructure, training of personnel and human resource development, diversification of touristic products, preparation for the 2014 Sochi Winter Olympics, development of transport infrastructure and cruise

Forum of the Black Sea Broadcasting Regulatory Authorities launched

Inaugural Meeting on the Establishment of the Forum of the Black Sea Broadcasting Regulatory Authorities was held in Istanbul on 30 June. The representatives of the Broadcasting Authorities of the BSEC Member States delivered statements, informing about the structure of their national broadcasting regulatory authorities, their activities and the legislation in the field.

The participants expressed their common view that the rapid development of the new communication technologies and the increasing role of audiovisual media worldwide necessitate the establishment of a regional platform for cooperation among the broadcasting regulatory authorities.

The delegations unanimously welcomed the initiative to establish a forum for cooperation among the Black Sea Broadcasting Regulatory Authorities and expressed their gratitude to Turkey in this regard. They adopted "The Joint Declaration of the Forum of the Black Sea Broadcasting Regulatory Authorities".

It is envisaged that the establishment of the Forum will contribute to the exchange of experiences and information on broadcasting and its regulatory aspects, promotion of multicultural dialogue, elaboration of standards for independent, objective, responsible and accountable broadcasting in the BSEC countries.

The Participants agreed to establish a committee of experts to elaborate the regulatory documents of the Forum and devise a format for exchange of information and sharing of experiences, as well as for discussions and decisions of the Forum.

The Turkish side proposed to establish a secretariat of the Forum and expressed its willingness to host and finance it. The Participants welcomed the proposal. The final decision concerning the establishment of the secretariat will be taken after the regulatory documents of the Forum are elaborated.

tourism, among others. It was underlined that the development of the Black Sea Ring Highway and the Motorways of the Sea at the BSEC region will broaden the area of touristic routes and further promote tourism.

The participants noted that the BSEC region offers a great investment potential, with investments growing substantially in the recent years. Special attention was given to the issues of elaboration of joint international projects and creation of a favorable legal and fiscal environment in this regard.

The participants supported the idea of establishing a Tourism Association of the BSEC Member States. The Conference concluded with the adoption of a Resolution on the "Development of Tourism Infrastructure in the Black Sea Region".

Energy investments and trade opportunities considered at the Black Sea Energy Conference

The Black Sea Energy Conference "Energy Investments and Trade Opportunities" was held in Athens on 8-9 October. It was organized by the Energy Policy and Development Centre (KEPA) of the National and Kapodistrian University of Athens (NKUA), coordinator of PROMITHEAS-2 – The Energy and Climate Policy Network which is a continuation of the respective BSEC Project Development Fund project PROMITHEAS-1 currently funded by EU/FP6.

The Conference followed suit to other energy and environment related workshops and seminars organized by the PROMITHEAS network. It is viewed as a contribution to the further enhancement of BSEC collaboration in the fields of energy and environmental protection. The Conference provided the ground to better understand the current regional and international challenges, best practices as well as opportunities for investments and projects in the Black Sea Region. The Conference also presented an opportunity for enhancing the prospects for implementing the BSEC guiding documents in these fields, such as the Istanbul Summit Declaration, the Declarations of the BSEC Ministers of Energy as well as the Joint Declaration of the BSEC Ministers in charge of Environmental Protection.

Business opportunities in the cereal sector promoted in the Black Sea region

The United Nations Development Programme (UNDP) organized the first Black Sea Partnership Forum for Cereals and Cereal-based Products (CERES) in Kiev on 12-13 November. The Forum was organized within the framework of the Black Sea Trade and Investment Promotion Programme (BSTIP) which is co-financed by Turkey, Greece, the UNDP and BSEC.

The event was hosted by the Ukrainian Chamber of Commerce and Industry, a leading partner and sponsor of the BSTIP in Ukraine. Agro-food related companies from the BSEC countries attended the Forum with the aim of promoting intra-regional trade in the area of cereals. These companies were screened by the UNDP to match-make them with other business partners in the region, based on their expressed interest for pursuing business opportunities in a specific area of the sector. During the event, business-to-business meetings were organized on behalf of the companies to provide them with a platform to discuss such opportunities as well as to explore other options such as joint ventures, transfer of know-how and networking arrangements.

Experts provided advisory services to the participants of the forum. A special emphasis was placed on supplying participating companies with expert information on topics such as the quality of grain and grain based products, an overview of the main players in the Black Sea area, world grain markets and the potential for cooperation as well as the integration of grain warehouse receipt systems in the countries of the Black Sea region. Coordinators of the country delegations also gave an overview of the cereals and cereal based products sector in their respective countries.

As is known, BSTIP, within the framework of which CERES was organized, is the first partnership project between UNDP and BSEC. It is also the first programme jointly financed by Turkey and Greece under the auspices of the UNDP. The overall aim of the

Annual Meeting of the Energy Charter held in Athens

The BSEC Permanent International Secretariat participated in the 19th Annual Meeting of the Energy Charter Conference that was held in Athens on 28 November. The Energy Charter is an Observer to BSEC and actively participates in the Organization's energy meetings.

The Energy Charter's knowhow and expertise may contribute to the activities of the BSEC Working Group on Energy as well as to the development of a practical and result-oriented BSEC-EU cooperation in the field of energy.

Work on elaborating BSEC-EU cooperation progressing

Following its first meeting in Athens on 4 April, the second meeting of the Ad hoc Group of Experts on BSEC-EU Interaction was held in Athens on 26 September.

The participants considered three documents submitted by the International Center for Black Sea Studies, namely, "Black Sea Regional Strategy (2009-2013): Promoting a Region-wide Interaction between the BSEC and the EU", "A Model for Black Sea Sectoral Partnerships" and "A Parliamentary Dimension to BSEC-EU Interaction".

The work on these documents will continue at the next meeting of the Ad hoc Group scheduled for January 2009. In the meantime, the Ad hoc Group is also expected to focus on the elaboration of a concrete Black Sea Sectoral Partnership.



Black Sea Partnership Forum for Cereals and Cereal-based Products in Kiev on 12-13 November.

BSEC PROJECT DEVELOPMENT FUND

BSEC is enhancing its role and increasingly implementing its project-oriented vision. The Black Sea region is becoming more and more a dynamic center of attention for project development.

PDF Review Process Continues

The BSEC PDF will soon operate with a revised Manual of Operations aiming to re-address the issue and scope of regional projects by making the process more focused, efficient and effective. In addition, other initiatives are envisaged, aimed at strengthening the Fund's financial resources and attracting additional funds from non-BSEC sources.

PDF Steering Committee approves new applications

The Steering Committee of PDF that met in Istanbul on 17 September approved the final reports of 3 projects and approved the funding of four new PDF applications with 15,000 USD each. The approved projects are in the areas of Science & Technology ("New Cardiovascular Planning), Agro-industry ("Variable Rate Irrigation") and Environmental Protection ("Revitalization of Urban Ecosystems/Garden City" and "Monitoring of Air Pollution Levels").

New PDF website constructed

The PDF is enhancing its image and reaching-out to the world through its new website: www.bsecprojects.com. The new website provides information on the operations of the Fund, the on-going projects as well as other projects of BSEC such as the Black Sea Trade and Investment Promotion Programme (BSTIP) and the Black Sea and Central Asia Outlook (BSECAO), implemented jointly with the UNDP and the OECD, respectively.

Hellenic Development Fund expected to contribute to the project-oriented approach of BSEC

Following the establishment of the Hellenic Development Fund (HDF) by the BSEC Council of Ministers of Foreign Affairs in Kiev on 17 April, its operational guidelines were approved at the Council Meeting in Tirana on 23 October. The project-oriented vision BSEC will be significantly enhanced with this new financial instrument that will provide co-funding to important regional projects.

The HDF will hold two million Euros for the initial four year period and it will co-fund projects with at least 50,000 Euros.

As is known, HDF was made possible since BSEC became eligible to receive Official Development Assistance (ODA) of up to 78% after a decision of OECD/DAC in June 2007.

BSEC Member States' contributions to PDF

Following BSEC's eligibility for Official Development Assistance (DAC/OECD), Romania contributed an additional 20,000 Euros to PDF as ODA funding. From 2003 to this day, 10 BSEC Member States have contributed to the Fund.

The new Manual of Operations of PDF, adopted by the BSEC Council of Ministers of Foreign Affairs on 23 October in Tirana, envisages a new period of voluntary contributions from Member States of 30,000 Euros. Increased voluntary contributions are expected to strengthen the financial resources of the Fund.