

**REGIONAL AND SUB-REGIONAL CO-OPERATION ON SUSTAINABLE ENERGY
AND TRANSPORT**
- Experiences of the Black Sea Economic Co-operation Organization -

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Energy

The diversity of intertests and, consequently, of policies on energy existing at the level of the OSCE among the participating States, is mirrored at lower regional scale in the Black Sea area, where there are States, which are self-sufficient in terms of resources, and States which are dependent on imports of energy resources. Therefore, in the regional cooperation in the field of energy we have had to find the common denominator of the BSEC Member States, starting from the fact that energy is an essential element for the sustainable development of all of them and that they are energy interdependent.

Energy is a major area of action of the BSEC. The statistics of sectoral meetings at ministerial and working group levels of the Organization show that, by far, the largest number were devoted to energy issues. The results, however, have been relatively lower than the expectation. Some cooperation and project ideas have proven to be unrealistic, for some other adequate funding was not readily available and, above all, the political will to move ahead in a regional format was not always there, due to various reasons, particularly protracted regional conflicts and the use of energy as leverage for political purposes.

The main initiatives and experiences of BSEC in terms of energy policy issues:

▪ An **Outline Strategy on Energy until 2020** was finalised in April 2010, offering the Member States strategic options which they may take, as appropriate, in the elaboration and adoption of their energy policies and in strengthening regional cooperation in the field of energy.

The Outline Strategy addresses:

- common objectives for national energy policies;
- basic principles and objectives of cooperation among the Member States;
- some concrete objectives, like the development of infrastructure for the integration of the energy markets of the BSEC Member States; the development of a Black Sea Electricity Ring and its integration into the Trans-European Energy Networks; beginning of a coordinated process of harmonization of legislation and regulation in the field of energy;
- guidelines of action for the BSEC Organization.

▪ In their Meeting in Sofia on 28 of January 2010, the Ministers of Energy of the BSEC Member States declared the **common goal** “to identify the steps to be taken towards the gradual **establishment of an integrated Black Sea energy market**”. Considering the specificity of the BSEC region, where important energy resources are located and where the interdependence between producing, transit and consuming countries is stronger than in other areas, the establishment of an integrated energy market would be beneficial for both their own

consumers and suppliers. However, due to existing national regulations and standards and to the technical differences in transmission systems, the establishment of an integrated energy market in the BSEC region is to be considered as a **long-term goal**.

In achieving such a long-term goal, regional cooperation in the BSEC framework should envisage areas that can prepare the ground, some of which were expressly mentioned in the Sofia Declaration:

- the **approximation of the national legislations** of the BSEC Member States in the energy sector;
- measures for **creation of a specific regulatory framework** allowing the establishment of the Black Sea integrated energy market;
- **cooperation with the EU** and other relevant international institutions in order to develop the energy infrastructure in the Black Sea region;
- supporting **projects promoting sustainable energy** development;
- **improving energy security** in the Black Sea region, including energy efficiency and use of renewables;
- **exchange of information, expertise and best practices** among the BSEC Member States.

The Permanent International Secretariat of BSEC is in the process of preparing a report to further advance towards this goal, based on the views and the proposals made by the Member States.

▪ In terms of infrastructure, among the ideas that are being explored within the BSEC framework, there is the proposal to study **the possibility of establishing a Regional Energy Infrastructure Fund**. The idea is being examined by the BSEC related bodies – the Parliamentary Assembly, the Black Sea Trade and Development Bank, the Business Council, the International Centre for Black Sea Studies and the Business Council – and based on their assessments it will be taken up at the forthcoming meeting of the Working Group on Energy.

▪ Increased resort to **renewable forms of energy** was the focus of the last meeting of the ministers of energy of the BSEC Member States that took place in Nafplion, Greece, in October 2010. As a result, a **Task Force** of BSEC Organisation has been set up by a decision of the Council of the Ministers of Foreign Affairs in June this year, and is expected to start working soon with the tasks:

- to identify common aspects of the green growth policies pursued by each Member State and specify relevant issues within which regional cooperation can be most effective;
- to explore ways to promote green energy investments;
- to promote innovative green energy projects; and
- to facilitate the development of a network between administrative bodies in the Member States mandated to promote renewable energy sources and energy efficiency measures.

There is a continued search by governments, regional and international organisations, business and banking communities, NGOs to find the most appropriate framework for international cooperation: bilateral, regional – with so many regions with overlapping membership – and international in the field of energy that entails so many highly complex issues. Each of these organisations would have to find its niche, where it could offer the most appropriate framework for productive cooperation for ensuring the needs of sustainable energy of their Member States.

There are also many initiatives undertaken by governmental agencies of some States, organizations of entrepreneurs and various strong foundations aimed at bringing together key representatives of governments, of business and scientific communities and of media with a view to helping the international community to tackle at national, regional and global level the unprecedented challenges it faces in the field of energy like climate change, volatility of fossil fuels prices, energy poverty, promoting sustainable energy policies.

It is important to create synergies between the activities undertaken in different international organizations and an effort in this direction would be most welcome in order to maximise benefits of available resources for the respective Member States. As our organisation emphasized in the first Preparatory Meeting of the current Forum, perhaps the OSCE could help and play a catalytic role in this regard.

Transport

In the field of transport, the dynamics of work of the BSEC Member States is also significant, and has focused on projects aiming at the development of road and maritime infrastructure, as well as at the facilitation of road transport of goods.

The BSEC Meeting of the Ministers of Transport, held in Sofia on 15 April 2010, considered the issues of transport cooperation and adopted the “Sofia Joint Declaration on Strengthening the Co-operation in the Field of Transport in the BSEC Region”, which underlined the importance of developed transport infrastructure, and the measures for facilitating transport procedures aimed at intensifying multimodal transport flows, as well as the significance of overcoming physical and non-physical barriers in the region of BSEC.

Two bold projects on the development of transport links in the region were undertaken within the framework of BSEC, which are expected to do much to foster intra-BSEC trade, as well as tourism, infrastructure and transport investments and, in general, economic prosperity among the countries of the region:

- **The Black Sea Ring Highway project** envisages a four lane ring highway system, approximately 7500 km long, to connect the BSEC Member States with each other. The MoU on the Coordinated Development of the Black Sea Ring Highway was signed on 19 April 2007 in Belgrade and on 1 November 2008 it entered into force.

A Steering Committee and a Joint Permanent Technical Secretariat of the Black Sea Ring Highway were established in order to implement the project. The Secretariat is managed by the leading public Greek company “Egnatia Odos”. We expect that the Steering Committee will shortly finalize the BSRH route and will start working on elaboration of a Master Plan and project financing schemes.

In the meantime, Turkey has constructed its part of the Ring Highway from the border of Georgia to Istanbul while Greece has put into operation the Egnatia Odos Highway which connects the Ioanninan Sea to the Turkish frontier.

- **The project on the development of the Motorways of the Sea in the BSEC region** is about strengthening the maritime links among the ports of the BSEC Member States. Activities within this project include the upgrading of port facilities, identification of projects of common interest, securing free and fair competition in international shipping, facilitation of access to all modes of transport and enhancement of maritime security and safety in the BSEC region. The MoU on the Development of the Motorways of the Sea in the BSEC Region was signed also 19 April 2007 in Belgrade and entered into force on 1 December 2008.

An Ad Hoc Working Group on the Development of the Motorways of the Sea was established in order to implement the MoU. It worked out and approved the Concept of the MoS Master Plan. In accordance with the Concept, the future work on the development of the MoS will be done in 4 steps:

- Designation of MoS in the BSEC area;
- Evaluation of MoS projects and preparation of a Master Plan;
- Investment and time planning - financial instruments;
- Public Awareness Actions.

As of today, 41 ports were proposed for their participation in the development of the MoS.

It is expected that at the next meeting of the Ad-Hoc Working Group, in Novorossiysk on 6-7 October 2011, a Joint Technical Secretariat will be set up. The next stage will consist of the elaboration of a Master Plan of the project.

These two projects constitute regional contributions to the extension of the Trans-European Networks and the development of Euro-Asian transport links. They are in line with the EU policy concerning the extension of major Trans-European Transport Axes to the neighboring countries.

Another issue which is of utmost importance for the transport industry was the object of an additional MoU on **Facilitation of Road Transport of Goods at the BSEC Region**, signed on 6 March 2002 in Kyiv. The MoU entered into force on 20 July 2006.

The purpose of this MoU is to enhance co-operation among the Governments of the BSEC Member States towards the harmonization of certain key-elements concerning international road transport of goods in the region, in line with internationally accepted agreements, as well as with related rules and standards, *inter alia* by simplifying and harmonizing procedures, formalities and documentation.

A new project related to the progressive liberalization of international road transport of goods was launched, consisting of the establishment of a **BSEC Permit System**. On 16 February 2010, seven BSEC Member States, namely Albania, Armenia, Georgia, Moldova, Romania, Serbia and Turkey, launched a BSEC Pilot Project on Transit Permit within – a BSEC Regional license similar in nature with the ECMT (European Conference of Ministers of Transport) license.

The BSEC Permit is a historical milestone in the facilitation of road transport of goods and for the gradual liberalization of transport market in the region. Encouraged by the positive results which have been achieved the participating States decided to extend the duration of the pilot project for one additional year and to expand its application to include loading and unloading of goods.

Among the other issues that are being considered within BSEC related to facilitation of the transport of goods, there are:

- the harmonization of weighing procedures;
- the monitoring of the border waiting times, which provides useful actual data to measure the situation and impact of facilitation measures at the borders;
- the harmonization of charging policies in the BSEC region;

- the facilitation of visa procedures for professional drivers, to the effect of which an Agreement on Simplification of Visa Procedures for Professional Drivers Nationals of the BSEC Member States was opened for signature on 20 May 2008 in Tirana and was signed so far by four Member States;
- the issue of road safety, in the context of the UN Decade of Action for Road Safety (2011-2020), for which BSEC and UNECE elaborated actions for the BSEC region, reflected in the Declaration adopted at the Conference on improving Road Safety in the BSEC Region held in Ioannina, Greece, on 18 and 19 November 2010.

These are the main activities that highlight the cooperation in the field of transport in the BSEC framework. A lot has been done and is currently underway in this area for fostering the spirit of transport cooperation in the region.

If it were to point out shortcomings in the regional cooperation in the field of transport, one of them consist of the slowness in the implementation of agreed projects and in the processes of identifying projects and cooperation activities of common interest. Not all the Member States attach the same importance or priority to the various projects.

On the other hand, the regional economic cooperation is affected – as in the case of the cooperation in the field of energy – by the various unresolved issues and disputes between the Member States and within the Member States. For instance in 3 years since the entry into force of the MoU on the Black Sea Ring Highway, we still do not have a complete agreed route, and in particular the connection points between several Member States because of the conflicts in the respective zones.

In fact, in general, the regional cooperation is affected by the unsettled issues and conflicts in the region and several times, despite the commonality of interests in concrete projects or cooperation schemes, by bringing into the discussion such politically controversial issues, finalization of the agreement on such projects or cooperation schemes is blocked. BSEC has not tackled the frozen conflicts in the region, since it is not empowered to do so by its Charter.

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

We should persist in finding the common ground among all the BSEC Member States, above such political divergences, and in agreeing on the development of regional projects and cooperation. This creates new common interests of the Member States which in turn, in time, can help creating better conditions for approaching and settling the political disputes and conflicts and contribute to the strengthening of security and stability in the region.