

Erik Hansen (ed.)

**Cooperation in the Baltic Sea Region,  
the Barents Region and  
the Black Sea Region**  
**A documentation report**

Commissioned by The Royal Norwegian Ministry  
of Foreign Affairs



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# Preface

This report is intended to serve as a general introduction to and collection of facts on the regional cooperation in the “three B’s” – the Baltic Sea Region, the Barents Region and the Black Sea Region. It is the hope of the authors that the report can help to familiarise those interested in the regional formations, currently developing in Europe, with the basic structures, documents and activities of these regions.

The report has been written on the basis of public information from a number of books, information leaflets and governmental publications and documentation, as well as several Internet websites maintained by both governmental and private organisations. The aim of the research team has been to present basic, factual information according to the most up to date status of facts available. However, the report makes no claim to be an exhaustive and complete description of the regional formations. The somewhat more limited intention of the team of authors has been to present an outline and an overview of the most prominent institutions, their organisation and their activities in an accessible and short format. If our readers discover that some pertinent fact, which in their opinion ought to have been included, actually has been overlooked, we do sincerely apologise, but request our readers to bear in mind the limited scope of the report.

The contents of the report draw on a wealth of material which has been made available to the research team by a large number of persons. The team is particularly grateful to the Royal Norwegian Ministry of Foreign Affairs, Press and Information Division which commissioned the report, and has contributed in a multitude of ways, not least financially, to its completion, especially Mr. Leiduly Namtvedt, Assistant Director General and Ms. Ann Ollestad, Head of Division.

In addition, the Barents Secretariat in Kirkenes, the Administration of the Province of Norrbotten and the Administration of the Province of Lapland have all generously taken the time and effort to comply with our requests for information. Much thanks is also due to the library personnel at the Norwegian Institute of International Affairs, who were extremely helpful in locating relevant information sources. The Royal Norwegian Ministry of the Environment has also contributed valuable information to the report.

Oslo, February 1997

The contents of this report are the responsibility of the authors. The Royal Norwegian Ministry of Foreign Affairs is not responsible for any factual or interpretational errors which might occur, and the views expressed do not necessarily reflect those of the Ministry, nor any official Norwegian point of view.

# Introduction: Regionalisation In The New Europe

This report describes three examples of a phenomenon which has emerged to become a prominent feature of the economic and security system in post-Cold-War Europe, namely the emergence of regions as new units on the economic map. The report is intended to serve as an introduction to, and to provide some basic information and facts on the foundation, organisation and scope of activities within three regional formations which have come into existence during the current decade: the Barents Euro-Arctic Region, the Baltic Sea Region and the Black Sea Region.

The formation of these regions is a manifestation of what has been claimed to constitute a nascent European trend towards the regionalisation of economic organisation. This alleged trend has attracted a fair amount of attention and has already resulted in a number of attempts to explain and analyse the phenomenon. In the current analytical literature on regionalisation, the term “region” is used for at least three different types of geographical units. Firstly, the term is applied to administratively or physically delimited sub-national units, provinces or counties which traditionally have been the object of regional policy from the side of the states themselves. Several of these regions have become assertive actors on the economic and sometimes political scene, as the Alpes-Rhone region in France, Catalonia in Spain or the North Italian provinces. These are sometimes referred to as “micro-regions” (Wæver & Joenniemi 1996, p. 15). Secondly, the term “region” is sometimes used to denote state-to-state cooperation, when the participating states are located within a common geographical area with shared borders etc., though consisting of separate states (*ibid.*). The Black Sea Region is an example of this type, being a collaborative arrangement between states surrounding the Black Sea, as well as several Mediterranean countries. In central Europe, there are several precedents for this type of regional cooperation model, e.g. the so-called “Hexagonal” (Austria, Czechoslovakia, Yugoslavia, Italy, Hungary and Poland) or the “Triangle” (Czechoslovakia, Hungary and Poland). Thirdly, a combination of the two previous types can be identified in which sub-regions within states engage in cooperation across national boundaries, forming what sometimes is referred to as “trans-regions”. This type of region-building takes the form of networks between economic, political and cultural actors found below national level in adjoining provinces or counties, but crossing national boundaries. In terms of European regionalism, this fundamentally new type of regional formation is assumed to maintain a particular function in the division of labour both at the European level and at the national levels (*ibid.*). Both the Barents Region and the Baltic Sea Region are primarily examples of this type, where the economic and cultural connections are handled by subnational actors, even though the political component of the region-building effort is still maintained by the central national authorities.

Several authors have attempted to identify those forces which drive the current process of regionalisation in Europe. At present there is no unified theoretical framework to explain the process of regional concentration; instead, economic theory provides a wealth of different approaches, such as agglomeration research, the theory of growth poles, the export-basis concept, various neo-classical approaches, etc. Furthermore, some authors have focused on the “new” regions as conscious and purposive agents, thus setting them apart from previous regionalisation processes (Joenniemi 1994, p. 37).

There seem to be two main focuses in the various groups of explanations put forward for the “new” regionalism in Europe. Firstly, there are various explanations related to the new security dynamic, and the challenges to policy caused by the collapse of the communist bloc. Still, in their scope of practical activities, the regions themselves do not list security as a concern, concentrating rather on matters such as economic growth, communications, infrastructure and regional identity. Nevertheless,



concerns more directly linked to security may have played a role for the architects of the cooperation models. The concept of security in a wider sense may also include concerns related to the possible effects of the “wealth gap” emerging between the established European market economies on the one hand, and the former planned economies on the other (Hansen 1994, p. 62ff.). The abolition of the bipolar security architecture has had its most prominent effect on regionalisation through the space this change has provided for opening up the field for the other driving forces of regionalisation. Secondly, another – partly overlapping – group of explanations is concerned with the growth of regionalism as a result of the processes of policy and integration within the European Union. One such cluster of explanations relates to political developments, regarding regionalisation as a response on the part of the regions to the centralisation of decision-making in the EU, or even as the effect of an underlying trend towards a diminished role of the nation-states in the new Europe. Another group focuses on the economic aspects of regionalism, and views this as an effect of increased competition for economic growth within the wider European context. The extent to which this new regionalism is conducive to, or serves to undermine the process of wider European integration has also been hotly debated.

The regions described in this report share several common traits as well as obvious differences, both in their organisation, scope of activities and modes of working. A prominent common denominator for all three, however, is the fact that they are composed of countries and provinces formerly divided by the Iron Curtain. For many, this is evidence that Europe has overcome former bipolar patterns, and the regions have in many ways become a major feature on the new map of Europe. All three regions have formed themselves along the border of the EU zone, and across it. In this position, they have the capacity to act as an integrative and stabilising force in fringe areas with some potential for conflict, without appearing to patronize “projects” with this specific purpose in mind. Instead, they have the appearance of collaborative efforts between more equal partners (Wæver & Joenniemi, p. 16).

The regions have already become a major focus for foreign policy in several of the participating states, even if this may be more prominent in some regions and states than others. This demonstrates the attractiveness of the regional approach and the expectations attached to its potentials. In many respects, the political dynamism in Europe in the coming years is expected to be found within the regional formations. It is not anticipated that the emerging regions will replace old forms of interaction, e.g. between the Nordic countries, as these will continue (Wæver 1992, p. 36).

Developments within the EU in recent years have shown the difficulties and outright opposition encountered by the Union in forging a European-wide common identity and economic unity. Somehow, the regions are perceived – rightly or wrongly – as being able to foster growth closer to the needs of the average person, smaller businesses and the towns and rural areas. In this sense, such features of subsidiarity, of decision-making at the lowest applicable level form part of the attractiveness of the regional model. The regions are seen as able to mobilise and coordinate the activities and energies of people in a way more direct and better than the EU and the central state (Eissel 1994, p. 17).

In their efforts to foster regional identities, the region-builders most often rely on historical myths and symbols to evoke common aspirations. Both for the Barents Region and the Baltic Sea Region this mobilisation has relied heavily on allusions to a common historical past, though possibly interpreted somewhat differently in the various countries. Typically, these myths are based on history which precedes the national distinctions in the area, e.g. in Germany, the Baltic Sea Region is known as the “New Hansa”, after the North German Hanseatic League which dominated trade in the Baltic area in the Middle Ages. On the other hand, this shows that regionally based frameworks for economic exchange maybe are perhaps not such a new phenomenon in Europe after all; on the contrary, they represent a tradition which goes back several centuries, prior to the consolidation of the nation states.

The development of the European regions described in this report is a dynamic process, and we still have not seen the final shape and content of these and other regional formations which are emerging on the economic and political map of Europe. Given the complexities involved in overcoming decades of separate development, and in establishing workable cooperation structures between

modern, mature market economies and the transitional, former planned economies, the region-building effort will remain a major challenge for years to come. However, the dynamism and vitality shown by these regions in their initial years of existence provide us with ample reason to assume that these regionally based economic networks will constitute a very visible element in the economic system of 21st century Europe.

Part I  
**The Baltic Sea Region**

Erik Hansen

## Introduction to the Baltic Sea Region

The Baltic Sea Region consists of the littoral states surrounding the Baltic Sea, i.e. Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, Russia and Sweden. In addition, Norway, Iceland and the European Union are included in Baltic Sea Region cooperation, bringing the total number of participating countries and entities to twelve. However, in terms of practical co-operative effort, the area is more limited, as some parts of the participating states are more Baltic-related than others. In Germany, the *Länder* of Hamburg, Schleswig-Holstein and Mecklenburg-Vorpommern are the real participants in practical terms, as are the five coastal *województws* of Poland, as well as St. Petersburg and Kaliningrad *oblast* in Russia.

With around 60 million inhabitants, the area is heavily populated and urbanised and produced a combined GDP of USD 1,000 billion in 1991. On the other hand, the area has few major deposits of natural resources and is plagued by serious environmental degradation of both land, sea and air in some regions.

As in the other regions described in this report, cooperation on a regional basis across former Cold War division lines was made possible in the Baltic Sea area after the demise of the USSR and the dissolution of the East bloc. Following the re-establishment of independence in Estonia, Latvia and Lithuania, a debate broke out over the modalities and forms of their inclusion in the new European order, both in the countries themselves as well as among their Nordic and Baltic neighbours, and several alternative models were discussed. After an initial suggestion to include the three Baltic states in the Nordic Council was rejected, the model which eventually became reality was launched by Mr. Björn Engholm, Prime Minister of Schleswig-Holstein and leader of the German Social Democratic Party, and Mr. Svend Auken, leader of the Danish Social Democrats, who suggested the establishment of a wider Baltic Council including all the states surrounding the Baltic Sea. This model received formal acceptance at a conference in Copenhagen in March 1992, ending in the establishment of the Council of Baltic Sea States. This event marked the foundation of the Baltic Sea Region as the first of its kind in Northern Europe.

It can be claimed that the establishment of the Baltic Sea Region was set up to deal with the environmental, economic and infrastructure problems created in the Baltic Sea area after the collapse of the USSR (Tunander 1994, p. 35). A regional cooperative effort seemed to be an appropriate answer to the environmental problems left behind by the Soviet heritage, as well as to create a basis for Western investments in the region. It was also necessary to address the enormous differences in wealth, which unabated could create political instability and possible migration westwards (*ibid.*). Further, a regional cooperative structure could also provide a framework to relax East-West tensions in general, and between Russia and the newly independent Baltic states in particular by giving priority to practical matters in the form of infrastructure and economy (*ibid.* p. 36).

Since its foundation, the cooperative efforts in the region have developed in a multitude of ways, and have become a prominent feature of the foreign policy of the participants, as well as become the organising concept for relations between the states in the area. The summit meeting of the Heads of Government of the Baltic countries in Visby, Sweden in May 1996 gave added political legitimacy to further development of relations, and was seen as an important milestone for the regional cooperation.

In the remainder of this chapter, a review of the main features of Baltic Sea Region cooperation will be given, with special emphasis on the organisational and structural arrangements which support this cooperation, and on the practical activities which make up its content. Factors related to the political processes leading up to its establishment, as well as the wider implications for the economic development and security policy of the region are also well worth studying, but will have to be left out of this report.

## The Council of Baltic Sea States

In the Baltic Sea area, a certain amount of cooperation on sectoral matters has been in evidence for several decades. Particularly in the environmental field, joint action had been in progress since the signature of the Convention on the Protection of the Marine Environment in the Baltic Sea, the Helsinki Convention in 1974. Nevertheless, it was only with the inauguration of the Council of Baltic Sea States (CBSS) that the term “Baltic Sea Region” came into usage, making this the first new region in Northern Europe. The CBSS forms the anchor point for Baltic Sea Region cooperation by guaranteeing its political legitimacy.

The Council of Baltic Sea States was founded at a meeting of the Foreign Ministers of the littoral states held in Copenhagen in March 1992. At the invitation of the Danish and German Foreign Ministers, their colleagues from Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Russia and Sweden, as well as a representative of the European Union, met in Copenhagen on March 5-6, 1992. At the end of the conference a declaration was signed, establishing the CBSS. The Declaration is divided into four main parts; Part I lays out the political framework for the regional cooperation and the need for intensified coordination among the littoral states, emphasising this effort as a natural and logical consequence of the end of the Cold War. The introduction places the regional effort squarely in the context of the UN Charter, the Helsinki Final Act, the Charter of Paris and other CSCE documents.

Part II concerns itself with the actual Council, and identifies six specific areas which should be given particular attention. These were:

- 1 *Assistance for new democratic institutions*, including the readiness to protect, support and develop democratic institutions, in accordance with the principles of relevant CSCE documents.
- 2 *Economic and technological assistance and cooperation*, including the promotion of economic growth and the development of market mechanisms in the former planned economies, as well as the intention to promote economic assistance in these economies at the initial phase.
- 3 *Humanitarian matters and health*, focusing on the immediate needs some of the states in the region faced with respect to the supply of food, medicines and fuel, emphasising the need to find long-term solutions for these needs.
- 4 *Environment and energy*, emphasising a common concern about the pollution levels in the Baltic Sea and the joint commitment to solve environmental problems; further, to enhance efficiency in the production and use of energy resources and to improve the safety of nuclear energy-producing installations.
- 5 *Culture, education, tourism and information*, with particular attention paid to the need for strengthening the idea of regional identity, through reviving historical cultural ties and promoting people-to-people contact through youth exchange programs and tourism.
- 6 *Transport and communication*, focusing on the development of a communication infrastructure and transport links and means.

Part III emphasised the openness of the cooperative effort and called for active participation by political decision-makers at all levels, and encouraged all regional initiatives, public or private, as long as they contributed to the general aims set forth in the Declaration.

Part IV concerned following up the conference, and charged a Committee of Senior Officials to consider ways to implement the ideas in the Declaration, stating that particular attention should be given to assistance for new democratic institutions as well as economic and technological assistance and cooperation.

## Organisation

The Council consists of the Ministers of Foreign Affairs of each member state; the EU is represented by one member of the EU Commission. However, other sectoral ministers may meet within the framework of the CBSS if the need occurs.

The Council itself has no unified organisational framework, nor is it considered to be an international organisation in the strict sense. In fact, this was specifically precluded in the Declaration, in which it is stated that: “This new Council should not be seen as a new formalised institutional framework (...) “. Neither is the Council in itself based on any precise legal footing, as its existence results from the Terms of Reference accepted by the Foreign Ministries of the participating states. The cooperation model is envisaged to be of a traditional intergovernmental nature, probably of the kind already in operation among the Nordic countries for many decades. In the Nordic case, governmental agencies cooperate more or less freely and routinely with their colleagues in the neighbouring countries on an agency-to-agency basis, and this practical approach to cooperation was evidently desired by the participants. The Council does not even have a permanent secretariat, and at present it is unlikely that one will be established in the foreseeable future.

The role of the Council itself is expressly stated in the Terms of Reference, namely “to serve as a forum for guidance and overall coordination among the participating states”. Thus, the Council has divested itself of all tasks related to the management of the cooperative effort, and remained in the role of providing political legitimacy and restricted itself to matters of principle. Chairmanship of the Council rotates on an annual basis, and the annual session is held in the country currently in the chair. The Council has no separate budget, and the costs incurred in connection with the annual meetings are borne by the host country.

The Second Ministerial Session of the Council was held in Helsinki in March 1993, the Third Session in Tallinn in May 1994, the Fourth Session in Gdansk in May 1995, and the Fifth Session in Kalmar in July 1996. The Sixth Session will be held in Latvia in 1997.

Inter-sessional discussions and preparations take place in the **Committee of Senior Officials** (CSO) which meets at regular intervals. The Committee consists of high-ranking representatives of the Ministries of Foreign Affairs of the member-states as well as of the EU Commission. Chairmanship in the Committee follows the chair in the Council. The Committee serves as a discussion forum for both practical and other matters related to the work of the Council. The Committee has a relatively high meeting frequency, e.g. during the Swedish chairmanship (May 1995 – July 1996) the Committee held nine separate meetings.

To assist the Committee and to maintain informal coordination, a so-called “**Troika**” consisting of the present, the previous and the next chair-holding member state

meets in the inter-sessional period. The purpose of the “Troika” is to enable better exchange of information and more effective decision making. Currently, the “Troika” consists of Latvia, Sweden and Denmark. Meetings take place usually in conjunction with regular CSO meetings.

Furthermore, there are currently three **Working Groups** under the auspices of the CSO, namely:

Working Group on Assistance to Democratic Institutions (Chairmanship 1996/97: Denmark)

Working Group on Nuclear and Radiation Safety (Chairmanship 1996/97: Finland)

Working Group on Economic Cooperation (Chairmanship 1996/97: EU Commission)

The Working Groups are composed of specialists within the stated areas from relevant ministries in the member states. Their tasks are to formulate status reports and forward suggestions for action within their areas of competence and to serve as a knowledge basis for the Committee and the Council.

The Council has also appointed a special **Commissioner for Democratic Institutions and Human Rights, Including the Rights of Persons Belonging to Minorities**. The aim of the Commis-

sioner is to contribute to the promotion and consolidation of democratic development, to coordinate the activities of human rights organisations and to act as a spokesman for the Baltic Region in these matters. The Commissioner is independent, and reports directly to the CBSS. A report on the first year of activities of the Commissioner was given to the 4th Conference of Parliamentarians in September 1995. The office of Commissioner is held by Professor Ole Espersen, Denmark.

A recent addition to CBSS activities are the **Action Programmes** which were adopted at the Council meeting in Kalmar, Sweden in July 1996. These programmes are seen as representing a step forward for Baltic Sea cooperation, as they indicate the direction the cooperative effort is likely to take in the coming years by delineating a number of priority areas. The action programmes comprise the following fields:

#### **i. Participation and Stable Political Development**

This programme consists of seven components, aiming at the promotion of democratic practices and participation, facilitation of people-to-people contacts, support for independent civil organisations, combating of crime, easing of travel regulations and border-crossing formalities, support for education and student exchanges and promotion of cultural exchange.

#### **ii. Economic Integration and Prosperity**

The ambitious goal of this programme is to develop the Baltic Sea Region into an integrated, competitive and dynamic area of sustained growth through the creation of a regional market for trade, investment and cooperation. The programme has five components: *Economic integration and transition*, aiming at liberalisation of trade, improvement of the business climate and land reform; *The Baltic Sea Region and the European Union*, comprising gradual integration of Estonia, Latvia, Lithuania and Poland into the EU; *Transport*, comprising the removal of obstacles to the cross-border flow of goods, the establishment of transport corridors, upgrading of ports, and the improvement of telecommunications facilities; *Spatial Planning*, focusing on intensification of efforts within the Visions and Strategies Around the Baltic 2010 (described in further detail below); and *Energy*, concentrating on environmental aspects of energy production and use, including both electricity, natural gas and nuclear installations.

#### **iii. A Matter of Solidarity – The Baltic Sea Environment**

This programme is based on elements of the Baltic Sea Joint Environmental Action Programme (JCP), monitored by the Helsinki Commission (HELCOM, described in further detail below), which will be expanded to include several new elements. These are transboundary water management, disposal of hazardous wastes, prevention of oil pollution, reduction of depositing nitrogen compounds into the Baltic Sea, reduction of the adverse impact of agriculture on the environment, protection of marine ecosystems and biodiversity.

## **The Baltic Sea Region: Organisational Pluralism**

Unlike the Barents Region for example, the Baltic Sea Region lacks a unified organisational framework for the coordination and management of practical activities. Instead, the regional cooperative effort is organised and coordinated within a number of sectoral institutions, both government and private.

Among the Baltic countries a large number of joint efforts have been established, some of which are of a recent nature, whereas others have a longer history. However, their degree of formalisation and level of commitment vary greatly. At present, only two regional conventions of an exclusive nature exist, meaning that they are signed only by the riparian countries, and the common purpose is regionally

oriented. The remaining cooperative agreements are “soft”, legally speaking, more in the form of working programmes, memoranda and declarations, and often do not fulfil strict legal criteria. In many ways the irregular nature and richness of the various types of agreements and understandings on all levels and between different categories of actors lend a uniqueness to the cooperation in the Baltic Sea area. A recently published inventory of Baltic-oriented initiatives and actors lists 235 separate organisations and institutions, of which 27 are within the field of environment protection, 25 within finance and trade, 23 within science and education, 13 within social affairs and 28 within culture, just to mention a few (Stålvant, 1996, p. 9ff.).

Probably the most rapidly expanding category of transnational relations is intermunicipal agreements, friendship treaties and transboundary cooperation between sub-national actors, and a very large number of these have been established. However, they are often of a very contingent nature and may also be very open-ended. For this reason it is also extremely difficult to obtain reliable estimates of the true volume of resources involved in the entire gamut of cooperative efforts which take place under the “Baltic Region” heading. Several of the organisations are also interrelated, cooperate closely, or define themselves under the same main functional “umbrella”, particularly in relation to environmental issues.

The participating actors and institutions themselves may also vary. In theory, it is possible to distinguish between, on the one hand, those actors and partners who have come into existence in order to promote a particular aspect of regional cooperation, and, on the other, pre-existing, established institutions who have had an emerging Baltic dimension added to their tasks. In practice, though, this distinction is difficult to maintain. A number of the latter type of institutions has been in existence for longer periods, but the majority of the Baltic-orientated organisations is of recent origin.

In the remainder of this chapter, a short description of some of these organisations will be given with regard to their purpose, structure and scope. These should be regarded as *examples* of organisational structures and types of cooperative effort, and in no respect constitute a representative or, in any way, exhaustive list of cooperation types and efforts. Their order of presentation is alphabetic and does not imply any kind of ranking with respect to their importance, etc.

The cooperative organisations which will be described here are:

Agenda 21 for the Baltic Sea Region: Baltic 21

The Baltic Sea Chambers of Commerce Association

The Baltic Sea States Sub-Regional Conference

The Baltic Sea Tourism Commission

EuroFaculty

The Helsinki Commission

The Union of Baltic Cities

Visions and Strategies for the Baltic Sea Region 2010

## **Agenda 21 for the Baltic Sea Region: Baltic 21**

### **Foundation and purpose**

The background for this initiative is the Agenda 21 Declaration signed at the 1992 Earth Summit (UNCED) in Rio de Janeiro, calling for a committed approach by governments to the principle of sustainable development. The Agenda 21 for the Baltic Sea Region, called Baltic 21, represents an effort



by the governments in the BSR to apply the principles of the Rio Declaration to development policies for the region in order to achieve sustainable development in the countries concerned.<sup>1</sup>

Based on a mandate formulated in the Presidency Declaration at the Baltic Summit in Visby, Sweden in May 1996, the initiative was launched at a meeting of the Ministers of the Environment of the BSR countries at Saltsjöbaden, Sweden in October 1996. The participants adopted the Saltsjöbaden Declaration, stating the background and goals of the initiative.

Whereas there are already several established organisations and conventions on environmental protection within specific sectors between the BSR countries, Baltic 21 aims to raise these concerns to an overall governmental commitment to be included in development policies for the region. The Baltic 21 initiative is to a large extent based on existing organisations and conventions, in particular the Helsinki Commission's Joint Comprehensive Environmental Action Programme (HELCOM JCP) and the Visions and Strategies Around the Baltic Sea 2010 (VASAB 2010)<sup>2</sup>, both in terms of political anchoring as well as for implementation efforts. These organisations are foreseen as the main "vehicles" of Baltic 21, instruments for turning the goals of sustainable development into tangible reality. Furthermore, the aim of Baltic 21 is to integrate the regional efforts into other European-wide or global environmental agreements; the Environment for Europe process, the Framework Convention on Climate Change, the Convention on Biodiversity and the Convention on Long-Range Transboundary Air Pollution. In this respect, it represents an attempt to lend political depth and legitimacy to the efforts towards a sustainable regional development.

### **Organisation**

Participants in the initiative are the eleven Baltic countries represented by their Ministers of the Environment, as well as the EU Commissioner on Environment and Nuclear Safety. The working body of the initiative is the **Senior Officials Group**, with one member from each country. The work is coordinated by a secretariat in Stockholm.

### **Activities**

Unlike several of the other organisations described in this chapter, Baltic 21 is not oriented towards specific activities or projects. The aim of the cooperative effort is to set specific goals for development in the countries concerned, with sustainability as a main characteristic, later to be implemented by the countries themselves through national legislation or otherwise. The process is also very recent, but has a very long-term perspective, and measurable effects cannot be expected in the short term.

A certain division of labour between the participating countries is expected to be formalised at a meeting of the Senior Officials Group in Stockholm in January 1997. Here, the task of formulating sectorally defined goals for sustainability will be distributed among the participants. A number of prioritised sectors have been defined, including agriculture, energy, fishery, forestry, industry, tourism and transport. The administrations in each country have 15 months to prepare suggestions for specific goals and policies which will form the subject for discussion at a ministerial meeting to be held in spring 1998.

<sup>1</sup> The background, goals and content of the original initiative are described in the report: "Baltic 21: Creating an Agenda 21 for the Baltic Sea Region", Stockholm Environment Institute, 1996. A summary of the report, as well as the full text of the Saltsjöbaden Declaration can be found at: <http://www.grida.no>.

<sup>2</sup> These organisations are described elsewhere in this report.

## **The Baltic Sea Chambers of Commerce Association**

### **Foundation and purpose**

The BCCA was formed by 23 participating Chambers of Commerce in Rostock-Warnemünde in June 1992.

Its purpose is to protect and uphold the interests of private business at a regional level; to establish networks for promoting trade and other forms of economic cooperation and development between companies in the Baltic Region. The stated goals of the BCCA are further ... “to launch initiatives that promote the development of business infrastructures, transportation, communication systems, human resources and the environment”. Moreover, to evoke policies of action together with other international and regional organisations having decision-making powers in the area, so as to contribute to economic integration in Northern Europe.<sup>3</sup>

### **Organisation**

At present there are 43 Chambers of Commerce which are members of the BCCA. These are distributed over the region as follows: Denmark – 1; Estonia – 1; Finland – 13; Germany – 7; Latvia – 1; Lithuania – 5; Norway – 2; Poland – 3; Russia – 2; and Sweden – 8. The BCCA Secretariat is located at Kiel Chamber of Commerce and Industry, Germany.

### **Activities**

As a special-interest organisation, the BCCA acts on a region-wide basis at the intersection of the private and public sectors. Unlike the other organisations described, the BCCA is not project-oriented, but acts as a lobby and pressure group for private business. The BCCA is probably best known for arranging the Hansa Business Days, which took place for the seventh time in Tampere/Finland in March 1996. The BCCA has also co-sponsored a number of other conferences and workshops in the region.

## **The Baltic Sea States Sub-regional Conference**

### **Foundation and purpose**

The Conference of “Baltic Sea States Sub-regional Cooperation” (BSSSC) is an independent organisation promoting co-operation among subregions around the Baltic Sea, in particular in the fields of finance and technology, ecology, health, social affairs, education, vocational training, youth, culture, transport, telecommunications and information. Moreover, the Chairman represents the organisation in contacts with the EU and the CBSS.

The BSSSC was established in 1993 following a Norwegian initiative, and the first conference was held in Stavanger, Norway that year. Since then, annual conferences have been held in Travemünde, Germany (1994), Västerås, Sweden (1995) and Vaasa, Finland (1996). The 1997 conference will be held in Gdansk, Poland, followed by Denmark in 1998.

### **Organisation**

Lacking a clear definition of what constitutes the Baltic Sea area, the BSSC has stipulated it is to include the regional authorities in Denmark, Norway, Sweden, Finland, Latvia, Estonia and Lithuania; the city of St. Petersburg, Leningrad, Pskov, Novgorod and Kaliningrad *oblast* in Russia; the Polish *województw* bordering the Baltic Sea, as well as the three German *Länder* of Mecklenburg-Vorpommern, Schleswig-Holstein and Hamburg.

<sup>3</sup> Quoted from the BCCA website at: <http://www.ihk.de/kiel/bcca/bccaser.htm>

A total of 160 regional authorities participate in the conference which is currently chaired by the Ministry of Justice, Federal and European Affairs of Schleswig-Holstein, Germany. The BSSSC operates under the umbrella of the Council of Baltic Sea States (CBSS) and actively supports the work of the CBSS, including repeated calls for the establishment of a permanent CBSS secretariat, as this is regarded as enhancing the possibilities for improved coordination of present efforts.

### **Activities**

Being a cooperative body for sub-national, regional authorities, the BSSSC organises its efforts mostly on a subregion-to-subregion basis, bilaterally or multilaterally. Funding of activities is equally varied, involving local, national and international, mainly EU, sources. The BSSSC emphasises its role as a “grass-roots” organisation within which initiatives are generated from the bottom up. Any effort towards cooperation within the Baltic area is encouraged, as long as it contributes to the relatively wide declaration of purpose of the BSSSC.

The activities of the BSSSC are roughly grouped into ten categories, corresponding to the delineation of activity areas stated above. At the latest published count, the Conference had registered more than 300 different cooperation projects. The highest level of activity is found within the category of *education*, with a total of 95 current projects (as of autumn 1996), comprising both basic, vocational and higher education, as well as specialised courses for local administrations and politicians. Other major areas were *economics* (46 projects) related to the improvement of information flows, forums for entrepreneurs/trade fairs, government support to independent organisations, conversion of military-related production to civilian, consulting, tourism, etc. In the *ecological* field (29 projects) emphasis is put on environmental management, waste treatment, monitoring and emission control. *Infrastructure* projects (19 in all) are mostly related to the construction and improvement of roads and ports and to energy, as well as to electronic communication networks. A number of projects are being carried out in conjunction with other regional organisations, e.g. the Baltic Sea Chambers of Commerce Association (economics), which is described separately in this report.<sup>4</sup>

## **The Baltic Sea Tourism Commission**

### **Foundation and purpose**

The BTC was founded in 1983 following an initiative from the Lübeck Chamber of Commerce, though preparatory discussions had already been held in separate conferences in the 1970's. The purpose of the BTC is to promote tourism inside as well as to the Baltic Sea area by creating awareness of the area's potential as a touristic destination. This goal is being achieved through the distribution of information and data about the region, by networking and arrangement of fairs etc. and by the initiation and promotion of special projects.

### **Organisation**

Members are approximately 120 national and regional tourist boards, tour operators, ferry companies, hotel chains, and other commercial companies. The BTC also has members from countries outside the Baltic region; tour operators in the European (Belgium, Holland, Spain, Portugal, Switzerland and Great Britain) and American markets are among the current members. The BTC secretariat is located in Sweden.

<sup>4</sup> This listing is based on information from the BSSSC website at: <http://tisch.ttz-sh.de>.

## **Activities**

The BTC is best known as the organiser of the annual Baltic Travel Marts for providers and purchasers of tourist products. This fair is arranged in conjunction with the annual BTC meetings which is a forum for the discussion of topical problems. Baltic Travel Marts were held in Vilnius, Lithuania in 1995, and in Copenhagen, Denmark in 1996. The 1995 BTC annual meeting was preceded by a workshop with the title “European Cultural Heritage: Attractions and Tourist Networking Between the Ten Countries around the Baltic Sea”, arranged with the support of CEC.

## **EuroFaculty**

### **Foundation and purpose**

The mission of the EuroFaculty project is to assist in reforming higher education in law, economics, public administration and business administration at the leading universities of the Baltic states. The project comprises a multilateral effort to create the conditions necessary for teaching and research according to internationally accepted standards in the participating institutions by the year 2005. To implement this mission, the EuroFaculty concentrates on transformation of curricula up to the level of Master’s degree, transformation of the culture of teaching and learning, training and development of staff, and development of libraries and computer networks to support teaching and research.<sup>5</sup>

The EuroFaculty was established on the initiative of Mr. Hans-Dietrich Genscher and Mr. Uffe Ellemann-Jensen, then Foreign Ministers of Germany and Denmark respectively, by the newly formed Council of Baltic Sea States at its Second Ministerial Session, held in Helsinki in March 1993. The EuroFaculty statutes were finally adopted at the Third Ministerial Session in Tallinn in May 1994.

### **Organisation**

The participating institutions in the Baltic states are Tartu University, Estonia, the University of Latvia in Riga, and Vilnius University in Lithuania. Since the beginning of the autumn semester 1996, Kaliningrad University also participates in EuroFaculty for an initial experimental year.

The donor group consists of 15 universities and other seats of higher learning in Denmark, Finland, Germany, Norway, Poland and Sweden. In addition, London School of Economics and Queen Mary and Westfield Colleges in London assist Baltic students in accessing library services in the UK. The donors contribute teaching staff, library resources, computing expertise etc., and receive Baltic staff and students on mobility visits. The EuroFaculty Directorate is located in Riga/Latvia. The Directorate operates the EuroFaculty Centres in the three Baltic states, and is responsible for programme administration and coordination of contributions from the donors.

Overall responsibility for the projects rests with the Steering Committee which is composed of one representative appointed by the government and one appointed by the Conference of Rectors of each participating state, as well as one representative of the European Union. The tasks of the Steering Committee are to approve budgets, appoint the Director, and set overall policy for the EuroFaculty.

Though active in the establishment, the CBSS does not take directly part in management of practical activities, which is left to the participating universities. In many ways, this model of organising a multilateral, practical cooperation effort represents an innovation, and is unique among the regional formations in Europe.

## **Activities**

EuroFaculty offers courses taught by local academic personnel as well as lecture series held by visiting teachers from the donor institutions. During the Spring semester 1996, the courses offered comprised

<sup>5</sup> Most information is taken from the Eurofaculty website at: <http://159.148.242.107/Newsletter.htm>

45 full semester courses at the three centres, taught by a total of 30 lecturers. Of these courses, 19 were in Economics, 12 in Law, and 14 in Political Science/Public Administration. In addition, EuroFaculty offers intensive short courses in English and German language in order to enable students to follow lectures held by foreign staff.

## **The Helsinki Commission – HELCOM**

### **Foundation**

Being one of the two conventions of a legally binding character operating in the Baltic Sea area, the Convention on the Protection of the Marine Environment in the Baltic Sea was first signed in 1974 and was the first international agreement to cover all sources of pollution, both from land-based sources, ships or airborne. It was informally respected until it came into force after final ratification by all the signatories in 1980 and underwent a revision in 1992. The Convention contains operational provisions, awarding a particular status to the Baltic Sea as a sensitive area for navigation as specified in an agreement with the International Maritime Organisation.

Parties to the Convention are Denmark, Estonia, the EU Commission, Finland, Germany, Latvia, Lithuania, Poland, Russia and Sweden. Observers to the Convention are Belarus, Ukraine, IBSFC, ICES, IMO, OSCOM/PARCOM, Greenpeace International, WWF and CCB.

The Convention established the Helsinki Commission, as an international organisation proper, with a permanent staff located in Helsinki, Finland. The Commission's tasks are to keep the implementation of the Convention under continuous surveillance, to maintain the contents of the Convention under review, to make recommendations to the parties, define pollution control criteria and objectives for reduction of emissions, as well as measures to promote additional action, e.g. related to research issues.

### **Organisation**

The Commission meets annually, and chairmanship rotates among the members on a bi-annual basis in alphabetical order. There are four committees under HELCOM: the Environment Committee, the Technological Committee, the Maritime Committee and the Combatting Committee. The Commission has also established the HELCOM Programme Implementation Task Force (HELCOM/PITF), which monitors the Joint Comprehensive Environmental Action Programme (JCP), to which we will return below.

The Headquarters of the Commission in Helsinki has a staff consisting of an Executive Secretary, an Environment Secretary, a Technological Secretary, a Maritime Secretary and seven Assistants. To enhance the political effort to facilitate implementation of the Convention, Ministerial Meetings were introduced from 1984, and such meetings have since taken place at irregular intervals, with the next one scheduled for March 1998.

### **Activities and programmes**

The activities of HELCOM fall mainly within two categories, the HELCOM Recommendations and the Joint Comprehensive Environmental Action Programme (JCP).

#### **1. The HELCOM Recommendations**

Decisions made by the Commission on pollution abatement and prevention in the Baltic must be unanimous, and are regarded as recommendations to the governments concerned. These are to be incorporated into the national legislation of the member countries. Compliance is controlled by a system of regular obligatory reporting. Recommendations are grouped into two main categories: *Maritime and combating fields*, concerning discharges from ships, the use of pleasure craft, maritime safety,

removal of offshore platforms, etc. and *Environmental and technological fields*, concerning monitoring and evaluation, elimination/limitation of emissions of specified substances, and the reduction of discharge from point and non-point sources.

A list of valid recommendations as of December 1996 shows that a total of 112 such recommendations had been made, of which approximately half had been implemented partly or in full.

## **2. The Joint Comprehensive Environmental Action Programme**

The JCP was launched at a meeting of the Heads of Government of the Baltic Sea States, Norway, the Czech and Slovak Republics and the European Community, held at Ronneby, Sweden in September 1990. The Programme set ambitious goals of pollution reduction, and aimed at a restoration of a sound ecological balance in the maritime environment in the Baltic Sea. As a result of eight pre-feasibility studies investigating point and non-point source pollution in the eastern and southern areas of the Baltic Sea drainage area, the Programme identified 132 “hot spots”, 47 of which were classified as high-priority. A comprehensive investment programme, aimed at bringing pollution at the “hot spots” under control was adopted. To implement the investment programme, a Programme Implementation Task Force (PITF) was set up in 1992. Members of the task force are the Commission members as well as a number of international financial institutions and the Baltic Sea Fishery Commission.

The programme has six components related to policy and legal measures, institutions and human resources, investments, management programmes, applied research and public awareness, in addition to investments. The Programme is expected to last for at least 20 years with the projected implementation cost at about ECU 18 billion over that period. During the first year of implementation (1993), approximately 25% of the requisite sum, equal to ECU 2,8 billion, was allocated or reserved. The Programme is expected to have a strong beneficial impact on water quality in the rivers in the drainage area, as well as to strengthen environmental management capabilities in the entire region.

## **The Union of Baltic Cities**

### **Foundation and purpose**

The Union of Baltic Cities (UBC) is an independent voluntary organisation, consisting of coastal cities around the Baltic Sea. It was founded in Gdansk, Poland in September 1991 at a conference of 45 such cities. The purpose of the UBC is to upgrade the expertise and capabilities of municipal institutions and enterprises, to improve the strategy and planning basis for project preparation and implementation, to contribute to the development of skills of local politicians and administrative staff, and to create frameworks for the transfer of experience and know-how.<sup>6</sup>

The UBC works to develop cooperation and exchange in a broad sense between the members, and serves as a forum for the discussion of common problems.

### **Organisation**

Currently 60 cities are members of the UBC, which has a permanent secretariat located in Gdansk, Poland. The General Conference of all member cities convenes bi-annually; so far, Conferences have been held in Kaliningrad, Russia (1993) and in Aarhus, Denmark (1995). In 1997, the Conference will convene in Gdansk, Poland.

Between Conferences, an Executive Board consisting of one member city from each participating country meets at regular intervals. Member cities on the Executive Board are currently Kaliningrad, Kristiansand, Rostock, Gdansk, Klaipeda, Riga, Sundsvall, Aarhus, Tallinn and Turku.

<sup>6</sup> Most information about the UBC has been taken from the UBC website at: <http://www.kalmar.se>

The UBC has seven commissions – environmental protection, transportation, telecommunications, culture, social affairs, tourism and sports.

### **Activities**

The UBC is a frequent sponsor and co-arranger of fairs and events in the member cities, and also holds recurring regional conferences, seminars, etc., organised or co-arranged by the UBC Commissions. The city network has also established organisational links for the transfer of knowledge, demonstration of good practice, and consulting on planning and technical matters.

Further, the UBC project list outlines a number of specific cooperative programmes, notably the Baltic Sustainable Cities Programme, containing projects on “Industrial Strengthening”, addressing major elements of the HELCOM Human Resources Programme, as well as a project for municipal environmental audits. The UBC also arranges annual conferences on labour markets and employment, and has compiled a survey on the employment situation in member cities. Further, the establishment of a training centre for executives engaged in labour market and social affairs is planned for Rostock, Germany. The project list outlines a number of activities, seminars and arrangements within culture, transportation, education, social affairs and communication systems.

Environment is also a central task for the UBC, which has taken responsibility for the implementation of the Helsinki Commission’s Joint Comprehensive Environmental Action Plan (described elsewhere in this report) at a municipal level.

## **Visions and Strategies Around The Baltic 2010 (VASAB 2010)**

### **Foundation and purpose**

The VASAB 2010 initiative was launched by Sweden’s Minister of the Environment at a conference in Karlskrona, Sweden in August 1992. At the Third Conference of Ministers Responsible for Spatial Planning held in Tallinn in December 1994, a declaration stating a number of goals for development of region-wide spatial planning policies was adopted. These goals were formulated in the report “Towards a Framework for Spatial Development in the Baltic Sea Region”. This report was the result of the joint work of a Group of Focal Points (GFP) representing ministers responsible for spatial planning from eleven participating countries/regions in the Baltic Sea area.<sup>7</sup>

The Fourth Ministerial Meeting of VASAB was held in Stockholm in October 1996 led by its chairman Klaus Töpfer, German Federal Minister for Regional Planning, Building and Urban Development. This meeting was held back-to-back with the Informal Meeting of Ministers of the Environment in order to facilitate the coordination of efforts.

VASAB is not so much an organisation as a common “vision” of a set of goals and principles, regarded as forming a platform for regional development. The initiative aims to enhance spatial cohesion in the area and to overcome earlier divisions by contributing to regionally balanced growth. The heart of the “vision” has been defined by four basic values; development, environmental sustainability, freedom and solidarity. Furthermore, the “vision” has been sub-divided into 14 separate development goals, grouped into four categories. The four categories are referred to as “pearls” (urban networks), “strings” (mobility networks), “patches” (specific types of areas) and the “system” (spatial planning processes and institutions).

The specified goals relate to the promotion of spatial cohesion by reducing discrepancies in living standards, environmentally friendly use of urban and rural areas, links between urban areas and hin-

<sup>7</sup> Most information about the foundation, purpose, and organisation of VASAB 2010 is taken from the VASAB website at: <http://www.gotlandica.se>. Information about activities has been provided by the Norwegian Ministry of the Environment.

terlands, promotion of environmentally sound sea and rail transport, facilitation of border crossing, harmonisation of spatial planning concepts between countries, co-ordination of sectoral and regional planning, and the principles of subsidiarity, participation and transparency in the planning process.

VASAB 2010 is also intended to play a major role in the formulation and implementation of the Baltic 21 initiative, described elsewhere in this report.

### **Organisation**

Participants in VASAB 2010 are the ministries responsible for spatial planning in the Baltic Sea states. In a majority of cases this will be the Ministries of the Environment, where no other government agency is assigned this special responsibility.

The VASAB initiative has more the character of a joint declaration of purpose and a network of the like-minded than of an organisation. Nevertheless, the 1994 Ministerial Conference in Tallinn decided to establish a secretariat to coordinate the partners. In the 1995 interim period, the secretariat was located at Karlskrona, Sweden, but from 1996, Poland has hosted the secretariat, located in Gdansk.

### **Activities**

The plan of activities for VASAB reflects the relatively initial stage the initiative is in. Under each of the four goal categories described above, a number of first common actions have been identified. These relate to the arrangement of meetings at ministerial level, elaboration of research priorities and selected pilot projects, design of a marketing effort for the Baltic Region at international level, identification of infrastructure needs, making financial arrangements, elaboration of harmonised concepts for spatial planning, etc. In addition, a number of concrete projects are being planned, comprising construction of communications and roads for the benefit of the region as a whole, planning of larger coastal zones, protection of environmentally sensitive areas, etc. These projects are being carried out in close cooperation with the European Union and the Helsinki Commission.

### **Some useful addresses and contacts**

The Helsinki Commission  
Baltic Marine Environment Protection Commission  
Katajoniemäntie 6B, FIN-00160 Helsinki, Finland  
Phone + 358 0 622 02 20  
Fax: + 358 0 622 02 239

Baltic Chambers of Commerce Association  
c/o Industrie- und Handelskammer zu Kiel  
Lorentzdammer 24, D-24 103 Kiel, Germany  
Phone: + 49 431 5194 209/216  
Fax: + 49 431 5194 234

Baltic University Programme  
Uppsala University  
Box 2109, S-750 02 Uppsala, Sweden  
Phone: + 46 18 18 18 40  
Fax: + 46 18 18 17 89

Visions and Strategies for the Baltic Sea Region 2010  
VASAB Secretariat:  
Dlugi Targ 24, PL-80 825, Gdansk, Poland  
Phone: + 48 58 35 40 05  
Fax: + 48 58 35 4005

Commissioner for Democratic Institutions and  
Human Rights,  
Including the Rights of Persons Belonging to Minorities  
CBSS Commissioner, Prof. Ole Espersen  
Amagertorv 14  
PO Box 1165, DK-1010 Copenhagen, Denmark

Conference on Baltic Sea States Sub-Regional  
Cooperation  
Mr. Gerd Walter,  
Minister for Federal and European Affairs  
Government of Schleswig-Holstein  
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PART II  
**The Barents Region**

Erik Hansen

## Introduction to the Barents Region

The Barents Euro-Arctic Region (BEAR), or the Barents Region, as it is more commonly called, consists of those sub-national administrative areas of Europe which are located north of, or are crossed by, the Arctic Circle. More specifically, the constituting areas are:

Lapplands *län* in Finland

Nordland, Troms and Finnmark *fylker* in Norway

Murmansk and Arkhangelsk *oblast*, as well as the Republic of Karelia in Russia.

Norrbottnens *län* in Sweden<sup>8</sup>

The area covers 1.2 million square kilometres, equal to twice the size of France, but has only a total of 4.4 million inhabitants, including several indigenous peoples and other minorities. The region is extremely well endowed with natural resources, in the form of oil and natural gas, fish, timber and minerals. The exploitation of these resources has been the main determinant for settlement patterns in the area, which is an Arctic region, characterised by a cold climate, low population density and long distances. The continental land area extends from 12°E to 69°E, and from 61°N to 71°N. When the archipelagos of Novaya Zemlya and Franz Josef Land are included, the area stretches north to 82°N.

Table II-1 Area, population and population density, the Barents Region

REGIONAL ENTITY (fylke/län/oblast/repub.)	TOTAL AREA (sq.km.)	LAND AREA (sq.km.)	POPULATION	POPULATION DENSITY persons/sq.km.
Lappland SF	98 937	93 057	202 895	2.2
Norrbottnen S	105 500	98 911	267 092	2.7
Finnmark N	48 637	45 879	76 459	1.7
Troms N	25 981	25 121	149 745	6.0
Nordland N	38 327	36 302	240 694	6.6
Murmansk RU	144 900	133 657	1 109 357	8.3
Arkhangelsk RU	587 400	n/a	1 154 391	2.6
Karelia RU	180 520	156 881	793 012	5.1
<b>REGION TOTAL</b>	<b>1 230 202</b>	<b>1 177 208</b>	<b>4 386 654</b>	<b>3.7</b>

Population figures as of January 1st, 1994, (Lappland and Norrbotten as of December 31st 1993).

Source: Statistics Finland

As can be seen from the table, close to 70% of the region's population is found in the Russian areas, with approximately 3 million inhabitants combined. These areas also have the highest population density, and are more urbanised than the other areas. On the Russian side, there are several major cities, with Arkhangelsk (415,000), Murmansk (400,000), Petrozavodsk (279,000) and Severodvinsk (255,000) as the largest. In comparison, the largest towns in the Nordic areas are Luleå (43,000), Tromsø (42,000), Bodø (39,000), and Rovaniemi (35,000).

The indigenous people – the Saami and Nenets – are concentrated in the northern parts of the region. Approximately 20,000 Saami live in Finnmark/Norway, 5,000 in Lapland/Finland, and 3,000 in Norrbotten/Sweden. In Russia, approximately 1,500 Saami were registered in the last USSR Census of 1989, most of which live in the Lovozero region, Murmansk. The Nenets are concentrated in the Nenets Autonomous Okrug, Arkhangelsk, where they constitute approximately 6,500 individuals,

<sup>8</sup> Currently, the modalities for the inclusion of the counties of Oulu/Finland and Västerbotten/Sweden in the Barents Region are being discussed, and a decision to this effect is expected at the next ministerial session of the Barents Council to be held in Stockholm in 1997. In the description of the Barents Region in this report, these regions are not included.

equal to 12% of the total population. Fishing, reindeer breeding and farming form the basis of indigenous settlement and culture, even if they are gradually adopting the work and education patterns of the rest of the population. In several northern districts, the Saami language has the status of an official language.

Economic life in the Barents Region presents a varied picture. In Murmansk oblast, the main industries are mining/metallurgy, and fisheries. These two sectors accounted for over 60% of industrial output value in 1994. The armed forces also account for a considerable share of employment in Murmansk oblast. In Arkhangelsk oblast, forestry supplies half of the industrial output, followed by fisheries, transport, agriculture and trade. The oil and gas industry, based on deposits both on and offshore are rapidly developing into an important sector of the local economy. Forestry and mining dominate industrial life also in Karelia. The Russian economy has suffered large declines in output since the beginning of the market reform programme in 1992, and unemployment has risen, though less than might be feared. Many industrial plants are obsolete, energy and labour-intensive and polluting.

This contrasts with economic life in the Nordic parts of the region. The main sectors in Finnmark, Norway are trade and services, as well as public sector employment, which combined employ 41% of the workforce. Primary industries, mainly fisheries, account for 8% of the workforce, though with some seasonal variations. Manufacturing plays only a minor role. In Nordland County, primary industries employ 10%, manufacturing and other secondary industries 20%, and the public and private services sector 70% of the workforce.

In Lapland, Finland, industrial production accounted for 30% of county's GDP in 1994, shared almost equally between forestry and mining, with public sector activities in second place, at 25%. Unemployment in Lapland stood at 25% in 1994, the highest in the Barents Region.

In Norrbotten, Sweden, almost 40% of employment is found in the public sector, and the traditionally important mining industry has fallen to 3% of the workforce. Other main sectors are telecommunications and data as well as the growing tourist industry.

In terms of both population and economic life, there are very clear differences between the Russian and the other parts of the Barents Region, and in many ways the differences are more conspicuous than the parallels. However, the effects of these differences may not be entirely negative. In connection with economic behaviour, a key concept is complementarity, i.e. the degree to which the different parts of a defined region are compatible in terms of economic resources and potential, so as to be able to achieve a synergy effect, or to be able to benefit from trade creation inside the region. As opposed to nation-building, which strives to promote unity and homogeneity within definite borders, the region-building effort thrives on diversity and multiplicity. To achieve the ambitious development goals set for this region will be a major challenge for the participants who must identify ways of overcoming these differences in economic structures in a manner which is conducive to the exploitation of its potential complementarity.

## **Foundation of the Barents Region**

### **The initiative**

During the Cold War, there were few places where the tension between east and west was more marked than in this area of Arctic Europe. It was impossible for civilians to cross the Russian-Norwegian border, and contacts were close to non-existent. Large military forces watched each other carefully, as this was one of only two places where the USSR had a direct land border with a NATO country. In addition, the Arctic ocean served as a deployment area for the sea-based nuclear deterrent forces of both

superpowers. As preconditions for a normalisation of relations in the area slowly began to emerge, a framework for peaceful exchange between the civilian societies had to be built up from scratch. The Russian areas of the present Barents region were considerably more industrialised and had a far greater population basis than on the Western side. Nevertheless, at the beginning of the 1990's Russia, including the northern areas, was increasingly a society in crisis. Reform policies in Russia had created uncertainty on both sides of the border over the future of this area. The collapse of the former Soviet distribution systems had led to scarcities, and real markets for consumer goods were slow to emerge.

The opening of the border in 1990 created new opportunities for communication between the societies in the North. However, the main impetus for cooperation came from the South, from the newly established Baltic Sea Region. Norway had for natural reasons only a minor position in Baltic cooperation, and this spurred the idea of a new regional formation in the North. The Minister for Foreign Affairs, Thorvald Stoltenberg, held preliminary discussions about the idea of forming a Barents Region with his Russian colleague, Mr. Andrei Kozyrev in March 1992, and received a favourable answer. (Kjølberg 1994, p. 15ff).

Consequently, a conference on regional cooperation in the Arctic was convened in Kirkenes in January 1993. Present at the conference were the Foreign Ministers of Finland, Norway, Sweden and Russia, as well as the representatives and Foreign Ministers of Denmark, Iceland and the European Union. The United States, Canada, France, Japan, Poland, Great Britain and Germany attended as observers.

### **The Kirkenes Declaration**

The cooperation within the Barents Region was formalised by the participating states signing the Kirkenes Declaration on January 11th, 1993. The main principles in the Declaration were expressed in fairly general terms. Though, some of the central ideas behind the desire to formalise the regional cooperation can be inferred from the text of the Declaration.

The Declaration is divided into eight thematical chapters. The three first chapters outline the background and context, the establishment of the Barents Council and the geographical areas included in the agreement, respectively.

The introductory chapter of the Declaration places the initiative in the context of the development of European integration, describing it as a contribution to this end and emphasises the role of the region as a contributor to the new order in Europe. The text contains several references to the new security situation and the desire to include the Barents Region more firmly in this context.

The Declaration goes on further to establish the Barents Council, consisting of the participating states. (The tasks and goals of the Council are described below). The ultimate goal stated for the activities of the Council is to create sustainable development in the region, according to the recommendations in the Rio Declaration and UNCED's Agenda 21. This point is repeatedly emphasised throughout the Declaration, together with concern for the vulnerable Arctic environment. Furthermore, the Council is not intended to replace existing bilateral or multilateral efforts, but rather integrate its efforts into these.

The region as defined by the Declaration did not include the Republic of Karelia, as this area was included into the Barents Region only later in 1993, according to the provisions of the text.

The Declaration proceeds to define five specific areas for future cooperation. These are environment, economic cooperation, regional infrastructure, indigenous peoples and tourism, presented in that order. The text can be interpreted as giving a certain primacy to environmental and economic matters. This is understandable, as these matters are high on the political agenda, as well as offering practical approaches to concrete cooperation efforts. The text calls for following up a number of existing environmental agreements, and the environmental aspects of nuclear activity and radioactive waste

disposal are noted in particular as possible areas of future cooperation. Environmental aspects ought to be integrated into all types of activities in the region, and joint efforts to combat existing sources of trans-border pollution are specifically encouraged.

The chapter on economic cooperation emphasises the importance of trade, investment and industrial cooperation, and calls for the investigation of means to stimulate private sector growth, and for a framework to enhance cooperation on a commercial basis. Further areas identified under the economic heading are energy, agriculture, science and technology and technology transfer. Throughout this chapter environmental concerns have been emphasised.

The relatively short chapter on regional infrastructure is mainly concerned with road transport and telecommunications. Here, the text mainly encourages further feasibility studies and analysis of transport needs.

The indigenous peoples of the region, the Saami and Nenets populations, were also awarded a particular position in the region, and the need to preserve their indigenous culture and language is underscored at several points in the Declaration. Through their elected representatives, the indigenous peoples are granted influence at all levels, reflected in the institutional structure created in the region. This feature is treated in greater detail below.

The final chapters of the Declaration deal with cultural contacts, communication between the peoples of the region and tourism. Specific suggestions to enhance people-to-people contacts are student exchange programmes, activities directed at the situation of women in the region, support for language training programmes, and the establishment of centres of culture, as well as a general promotion of tourism which is also regarded as a potential growth industry for the region.

The overall tone in the Declaration is bold, and the text reflects a fairly substantial level of ambition. In both scope and content, the cooperation model is clearly influenced by its forerunner, the Baltic Sea Region, described elsewhere in this report. The evident ambition of the Declaration is to create a framework for handling the practical side of the post-cold-war realities in the European Arctic, in many ways as a complement to the Baltic Sea area.

However, as opposed to the Council of Baltic Sea States, the organs established by the Declaration are expected to play a more direct role in the financing and management of regional development projects, as these organs take part directly in decisions relating to the financing of specific cooperation ventures directly on project level. The means envisaged to achieve the substantial political ends described have to a large extent been taken from the repertoire of regional development policy, as it has been practised for several decades in the Nordic countries in general, and in Norway in particular. The private sector is given correspondingly very scant attention, and is hardly mentioned in the text.

### **Norwegian views on the Barents Region**

The principles described in the Declaration reflect Norwegian goals with respect to the Barents region. These can briefly be summarised in three points: *Normalisation* of relations between Russia and the other Nordic countries; *stabilisation* of the situation in the region with respect to military tension, environmental degradation and differentials in living conditions; and *regionalisation* of the cooperation through the inclusion of countries outside the region in a multilateral framework to make the region part of a larger context of cooperation across former east-west lines of division. (Holst 1994, p. 12; UD-fakta, March 1996, p.1).

In addition to the foreign policy concerns, a not minor factor behind the Barents initiative on the part of both Norway and the other Nordic countries has evidently been the attempt to achieve national goals for regional development in their own northern areas, which have presented a developmental headache for central authorities for many decades.

Norway has retained the initiative in the cooperation in many ways and is still the most active member, as both Sweden and Finland have given more attention to the Baltic Sea cooperation, for obvious geopolitical reasons.

### **Russian views on the Barents Region**

As seen from the Russian side, interest in the region has been related to the goals of regional policy in the Northern areas, but clearly also to the possible channel to the EU the regional framework is seen to provide. Given the differences in starting point between the participating states, it is fairly natural that the goals pursued are diverse (see Kozyrev 1994, p. 27). On the Russian side, it has been emphasised that the main concern has been to attract technology and finance for local development; however, this must be done without disrupting the precarious balance between local and central authorities in Russia, and between different regions within Russia.

More specifically, the Russian interest in the Barents initiative can briefly be summarised under these points: To contribute to economic and social stability, and thereby prevent open discontent in the population. Furthermore to encourage the population to identify more closely with the area, as well as to increase their employment opportunities. Present levels of outward migration of the population from the northern areas, both in the European part and in Siberia, will, if unabated, present an obstacle to the development of these regions. Also, the Barents Region is seen to provide the central authorities with an instrument capable of securing assistance for the population. Still further, it provides the region with alternatives to present high levels of militarisation, in terms of military personnel, military-related production, and modes of thought. And finally, it provides impetus for solving the major environmental problems prevailing in parts of the area. (Kjølberg 1994, p. 21).

The Barents Region is relatively uncontroversial and conflict-free, providing a further “window” to the EU in addition to the Baltic Sea Region. Notably, the EU Commission has listed the Barents Region as a potential growth area, and the direct participation in the establishment of the region by the EU Commission would warrant a more marked attention from Moscow to the initiative. In addition, it has been claimed that the region presents a model for centre-regions relations in Russia, by speeding up decentralisation while counteracting disintegration (Baev, p. 183).

### **Region-building: Identity and historical precedent**

Thus, there were clear economic and political incentives behind the establishment of a regional framework for cooperation in the area. However, a broader public support of, and identification with the region presupposes a common ground for understanding and a comprehension of the different problems and experiences caused by the varying context and history of the region’s constituent parts. In order to overcome the obvious disparities in culture and economy, and to foster a regional framework for identification, the region-builders have focused on symbolic elements and emphasised historical ties, sometimes to the point of mythologization. In particular, images from the historic “Pomor trade” between Northern Norway and Arkhangelsk have been invoked. This trade, which flourished in the 19th century, involved natural products, such as fish, forest products and grain. When this term also is used for the currently developing Russian-Norwegian trade, it represents a conscious attempt to emphasise the cooperation as a restoration of historical normality. Evidently the political and economic “necessities” are hardly sufficient to create a common identity, and emphasises the need for an additional element of a more emotional and symbolic nature to create a genuine attachment to the region.

## **The Barents Region: Institutions**

The institutional structures created around the Barents Region are characterised by a duality between central and regional authorities, reflecting the desire of the participating countries to maintain central political control of the framework for cooperation while leaving day-to-day operations and practical initiatives to the regions themselves. The institutional set-up is codified in a set of Terms of Reference appended to the Kirkenes Declaration.

### **Central level institutions**

#### **The Barents Council.**

This council consists of the Ministers for Foreign Affairs, sometimes the ministers of other relevant departments of the signatory countries to the Kirkenes Declaration. Decisions in the Council are to be based on consensus. The Chairmanship rotates among the member countries on an annual basis, and is currently held by Sweden, preceded by Norway (1993-94), Finland (1994-95) and Russia (1995-96). The Council meets annually in the chairholding country, which also sets the agenda for the session. Decisions in the Council are made on consensus basis.

The Declaration emphasises that cooperation is open to all countries interested in playing an active role. Canada, France, Italy, Japan, the Netherlands, Poland, Great Britain, Germany and the United States currently meet as observers at Council meetings.

In the Terms of Reference, the tasks of the Council are defined simply as: “to serve as a forum for cooperation among the participants”, without further specification. In practice, the Council is a political organ, defining the framework for regional activities in the national political context of the member states. In this role, the task of the Council is to serve as a political guarantor for regional effort.

#### **The Committee of Senior Officials**

The Committee members, one from each participating country, act as deputies for the Council. The tasks of the Committee are to discuss matters of concern for the cooperation, prepare the annual Council meetings and maintain contact between the central and the regional levels. The Secretariat of the Barents Council, whose function follows that of chairmanship of the Council prepares the meetings in the Committee.

#### **Workgroups**

Currently three workgroups are in operation at central level: The Northern Sea Route Group, the Group for Economic Cooperation, and the Environmental Group.

### **Regional level institutions**

#### **The Regional Council**

The highest organ at regional level is the Regional Council, consisting of the highest political or administrative leaders in the constituting regional entities. In addition, one representative from the elected organs of the indigenous Saami population has a seat in the Council. The chairmanship is bi-annual and rotates among the constituting regional entities. Chairmanship is currently held by Norrbotten, Sweden, preceded by Finnmark, Norway (1993-95). Meeting frequency is set by the Council itself, and decisions are made on the basis of consensus.

The tasks of the Regional Council are to decide on annual plans and budgets for regional cooperation. Matters related to the financing of practical activities are treated separately below.

The secretariat function follows the country which holds the chair in the Regional Council, and in each country a secretariat function has been established, either as a separate organisation or as part of the regional administration in one of the regional entities. The Secretariat prepares the meetings of the Council, and maintains contact between the administrative organs and levels.

### The Administrative Regional Committee

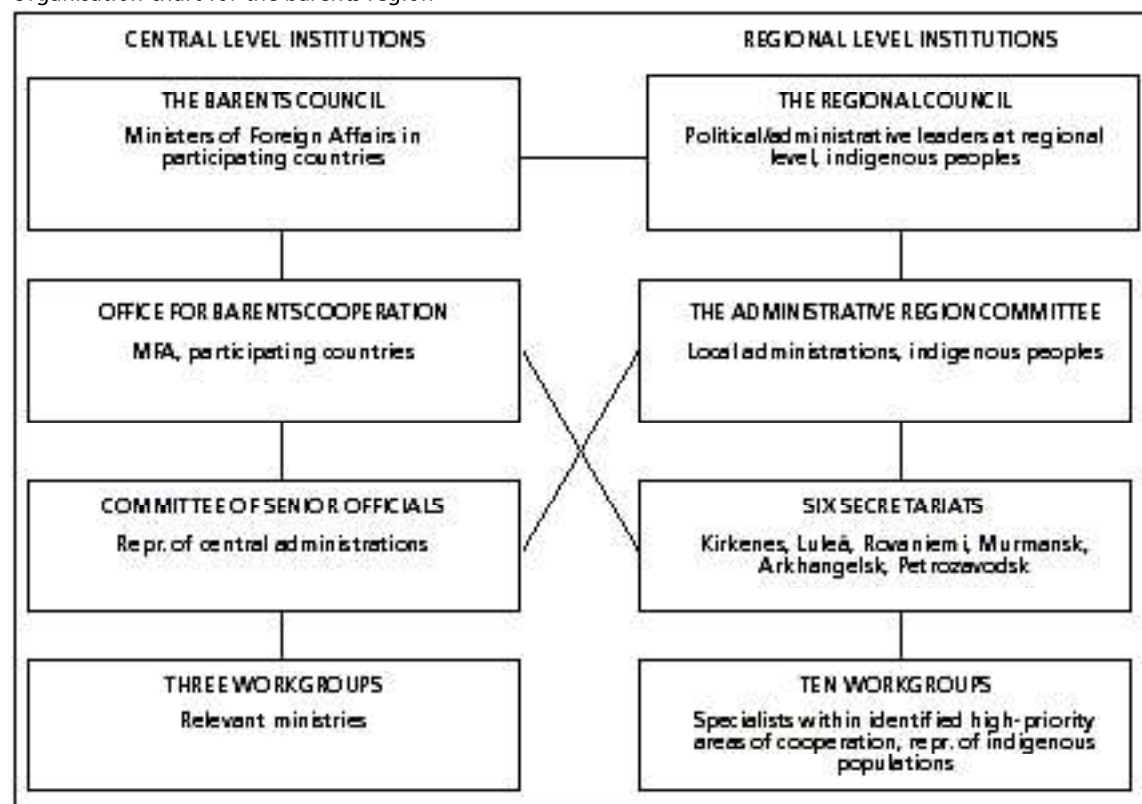
This Committee acts as an executive organ for the Regional Council and consists of one representative of the administration in each of the constituting regional entities, including one representative from the indigenous peoples. The Committee manages and coordinates current cooperation efforts in accordance with instructions from the Regional Council. Chairmanship in the Committee follows that of the Regional Council. Currently Committee meetings are not open to observers.

### Workgroups

The Regional Council has established a number of regional workgroups, reflecting areas given particular priority. The current groups lie within the following areas:

- Culture
- Basic education
- Higher education and research
- Indigenous peoples

Organisation chart for the barents region





Agriculture

Industry

Environment

Health

Communications

Women

With the exception of the group on indigenous peoples, these groups are non-permanent and are established or reorganised as the need occurs; their size and composition may vary. Their task is to identify and propose relevant cooperation projects, and they consist of specialists within the given areas. The group on indigenous peoples also acts as advisor to the Barents Council. An organisation chart illustrating the institutional framework is shown below.

## **The Barents Region: Activities**

### **1. The Barents Programme**

In order to give the cooperation efforts a more concrete shape, the Norwegian Barents Secretariat in Kirkenes formulated the first Barents Programme in 1994 following the recommendations of the Barents Council and the Regional Council. The Programme is specifically aimed at the Russian parts of the Barents Region for two major reasons: Firstly, because intra-Nordic cooperation in the given areas is taken care of by other existing programmes and institutions, and secondly because funding for the cooperation activities mainly comes from national Nordic sources aimed at assistance to Eastern and Central European countries. Funding is based on the principle of equal contributions from all participating countries; the Russians are entitled to make their contributions in the form of manpower, facilities or administrative resources, thus avoiding direct monetary expenditure.

The Barents Programme contains a great number of specific project proposals, generated by the regional workgroups or other interested parties inside and outside the region. The Regional Council has specified that projects under the Programme ought to be environmentally safe and sound, should take the interests of the indigenous peoples into particular account, encourage long-term multilateral investments, further the establishment and deepening of bilateral relations and represent a coordinated effort. Project proposals are grouped into high-priority areas as defined by the workgroups, and are further grouped into three categories:

Pilot projects and other smaller undertakings, in the form of feasibility studies or similar, or smaller project types aimed at short-term, immediate problems. Examples are studies of legal systems, or intra-region communication problems.

Larger projects over more than one year. Typically these are medium-sized projects, aiming at competence-building in order to facilitate mutual understanding.

Long-term investment projects, typically in fields like health, environment and communications, where complex long-term problems must be addressed.

The structure, aims, strategies and priorities were approved by the Regional Council in September 1995, and the programme was adopted as an economic framework in October 1995 with a total sum for project proposals for 1996 amounting to SEK 84 mio. (roughly equal to ECU 10 mio.).

The Barents Programme has been formulated as an economic framework stipulating a financial basis for each area of priority. The Programme is based on contributions made annually by the governments of the participating countries, although a permanent financial basis has not yet been made available. The economic framework thus has more of the character of a preliminary budget. Financial procedures vary between the participants. In Finland a national programme for aid to Eastern and Central Europe exists, and decisions on financial matters related to the Barents Region are made partly centrally and partly delegated to the region. Norway also has a national programme for Eastern and Central Europe, and a part of this financial package has been earmarked for the Barents Region and delegated to regional level decision-making. In Sweden project level decisions are made centrally, mainly by the Swedish International Development Agency (SIDA). In Russia, no national financing has been made available, and it is therefore generated locally. As noted, this contribution can also take a non-monetary form. New and revised principles for project financing in the Barents Region are currently being elaborated.

Table II-2 below shows actual disbursed amounts under the Barents Programme in 1996. Amounts granted from Norway, Sweden and Finland add up to a total of approximately 7.1 million ECU for that year. In addition, the Russian side has contributed an unknown amount to supported projects in the form of manpower, localities and administrative resources. This is somewhat less than was envisaged in the Barents Programme for 1996.

TABLE II-2 Project grants under the Barents Programme in 1996, ECUs<sup>9</sup>

PROJECT AREA	NORWAY	SWEDEN	FINLAND
Culture and Youth	201,500	0	23,300
General Education	161,800	188,800	204,000
Higher Education and Research	227,100	860,900	115,000
Indigenous peoples	62,600	17,600	12,100
Agriculture and Rural Development	212,800	63,400	897,000
Trade and Industry	256,600	665,300	99,000
Women's policies	121,400	184,000	0
Health	272,800	43,700	282,500
Environment	470,000	0	1,246,343
Communication	13,000	0	17,300
Information	69,800	0	0
Information Technology	109,800	0	8,600
<b>TOTAL</b>	<b>2,179,200</b>	<b>2,023,500</b>	<b>2,905,100</b>

All figures are in ECU, recalculated according to the exchange rate of January 20th, 1997. The sharp appreciation in value of the Norwegian Krone during January 1997 may have caused an upward bias in the Norwegian figures.

Figures for Norway and Sweden are complete only for the first six months of 1996, comprising approximately 90% of the total grants for that year.

As can be seen, the three countries have chosen to distribute their efforts somewhat differently between the various areas of priority: Finnish grants are clustered in environment and agriculture, and Swedish ones in higher education and trade/industry. Norwegian grants show less clustering, and apart from the environmental field, these are more or less evenly spread over the different areas, according to common administrative practice in Norway.

<sup>9</sup> Information kindly supplied by the Administration of the County of Norrbotten, Sweden.

## 2. The Barents-Interreg II programme

When Sweden and Finland joined the European Union, Community regional and structural support measures became available for the regional development of their northern areas. Even if no EU funding is available for action in Norway, the Norwegian government decided in May 1995 to participate in the Interreg programmes in cooperation with Finland and Sweden. Functionally and financially, the most important EU initiative financed from the structural funds is Interreg II, which aims at developing cross-border cooperation and assisting both internal and external border areas of the Union in overcoming the special development problems arising from their relative isolation or location along the border.

Inside the Interreg II framework, the Barents-Interreg II Programme was launched in June 1995. Its area of implementation will be limited to Murmansk *oblast*, though a limited number of actions is also foreseen in Arkhangelsk *oblast*. (The Karelian Republic is addressed via another Interreg programme). The objectives of the Interreg II programme is to promote private sector activities and cooperation, to alleviate problems caused by long distances and sparse population, to improve living conditions and to promote educational and cultural cooperation in the region. The overall strategy is aimed at support for the development of private sector capabilities, and the main group of beneficiaries consists of small and medium-sized enterprises. The criteria used for the selection of projects to be supported are their contribution to the development of cross-border cooperation and communication; the cross-border development impact; the coherence with projects to be undertaken on Russian territory; the priority given to the project by the competent authorities; their economic viability and job-creating potential and their innovative character and positive environmental impact.

When the programme was launched in June 1995 the EU member areas of the region were invited to submit proposals for action, and over 100 such proposals were received. Together with general EU guidelines and previous experience from cooperation in the area, these proposals formed the basis for the drafting of the programme, which was discussed and approved by the Barents Council and the Barents Regional Council in October 1995. The present programme has been drawn up for the period 1995-1999. The contents of the programme for this period is summarised in table II-3, below.

Table II-3 The Barents-Interreg II Programme. Financial summary<sup>10</sup>

Measure	Financial total, million ECUs
SME cooperation and business service networks	9.2
Business and management training for cooperation	3.0
Training, human resources development	4.4
Research and development	5.1
Transport and communications	9.7
Promotion of welfare	3.2
Technical assistance	1.5
<b>TOTAL</b>	<b>36.1</b>

The Barents Interreg II programme is closely connected to the other forms of cooperation in the Barents Region, which were partly utilised in drawing up and implementing of the programme. The Barents Interreg II Programme and the Barents Programmes 94/95 and 96 are complementary, though separate.

A Monitoring Committee and an Interregional Programme Management Committee are responsible for the implementation of the Programme. The Monitoring Committee is composed from

<sup>10</sup> Source: Interreg II - Barents Region. European Commission, Directorate General for Regional Policies and Cohesion. N° FEDER: 950010017/N° ARINCO: 95EU16017.

representatives of Sweden, Finland, Norway and the European Investment Bank, and is assisted by a secretariat.. The Committee meets twice per year and has a joint meeting with the Barents Regional Council at least once a year to coordinate their work. The tasks of the Committee are to ensure the satisfactory implementation of the Programme in order to achieve its objectives, paying particular attention to compliance with regulatory provisions, conformity with the priorities selected, compliance with other EU policies and coordination with other EU funds and financial instruments.

Responsibility for implementation of the programme rests with the Interregional Programme Management Committee appointed by the Norwegian, Swedish and Finnish governments. The Management Committee decides on the funding of particular projects and reports to the Monitoring Committee on the progress of programme implementation.

### **3. Other public activities**

Even if the Barents Programme forms the core of the multilateral cooperative effort in the region, there is also a number of other bilateral activities in progress at regional and sub-regional level. These can be related more or less to the region-constituting institutional framework, though most operate under the Barents Region heading. These bilateral activities are carried out by both governmental and private actors.

The governmental actors are found at both the municipal, county and state level. As the number, volume and scope of these activities are seriously underdocumented, it is nearly impossible to obtain a full overview of the total volume of projects, or the amount of resources involved.

Judging from available documentation, cooperation between the *municipalities* has mainly been in the form of cultural exchange, humanitarian aid and sports, generally within the framework of mutual “friendship municipality” agreements, or other forms of region-to-region contacts. In Norway the municipalities in Finnmark County have been the most active, and 15 out of the 19 municipalities in the County have reported at least some kind of exchange programme with a corresponding administrative entity on the Russian side.

The *counties* (*fylker*) have oriented their cooperation efforts towards the political level. Finnmark County has had a friendship agreement with Murmansk *oblast* since 1988 and a general agreement on cooperation which has been renewed annually since 1990. The general agreement comprises the exchange of delegations, expert meetings, establishment of contacts, mutual assistance in development of agriculture, communications, border controls and customs, security for investments, and several other fields. A similar friendship agreement was signed with Arkhangelsk *oblast* in 1991.

The Finnmark County authorities have also specified certain areas of cooperation with Murmansk and Arkhangelsk in a separate protocol, signed by the county-level agency responsible for the specific areas. These protocols comprise construction, communications, health, dental care, education and culture, and have been implemented directly on an agency-to-agency basis.

Troms County has similar agreements on friendship and cooperation; Nordland County, which formerly oriented its efforts towards Leningrad *oblast*, has only recently redirected some of its projects towards the Barents Region, notably Arkhangelsk *oblast*.

The Norwegian *Saami Parliament* has been engaged in a number of humanitarian aid operations directed at the indigenous populations.

On the governmental level, a number of sectoral agencies have entered into cooperation agreements with their colleagues on the Russian side. In Norway such agreements have been concluded by the Labour Market Authority, the Public Roads Authority, the Customs Authority, the Post Office, and the Director of Fisheries. These agreements are of a rather diverse nature and can comprise direct meetings, training programmes, exchange of information, as well as the establishment of cross-border services.

#### 4. The private sector

The intention to promote private sector activities is formalised in the Kirkenes Declaration. Nevertheless, those who want to enter into business deals in Russia still have to cope with the chaotic circumstances which characterise the framework for economic activity in the transitional period Russia is presently in. However, the uncertainty and other obstacles to market entry in Russia are somewhat mitigated in the Barents Region by two factors. Firstly, it has been claimed that the business risks connected to the unstable situation in the Russian economy and concomitant administrative practices are smaller in Murmansk and Arkhangelsk than in other areas of Russia. This is mainly due to their coastal location at the fringe of the large federation, facilitating cross-border transport of people and commodities. Secondly, a certain amount of predictability has come about as a result of the political commitment to cooperation in the region and the frameworks created at the administrative level. Nevertheless, foreign investors and traders in Russia still face formidable problems of a nature quite different from those prevalent in Western markets. These include a contradictory and insufficient legislation, an unconvertible currency, deficient infrastructures and a constantly changing tax and customs regime. For their part, Russian companies struggle to cope with a large tax burden, rapidly increasing inter-enterprise debts, inflation, low purchasing power and an unpredictable fiscal and monetary policy. For these and related reasons, business projects tend to be of a limited scale and relatively short-term. A few highly publicised failures have also served to scare away many potential investors from the area.

In general, Norwegian business interests in the Barents Region are connected to those natural resources found in the region which are compatible to corresponding Norwegian resources and technologies. These are mainly located within fisheries, mining, forestry and oil/gas, as well as within associated industries such as shipbuilding, metallurgy and power generation, as well as general trade and consultancy services. On the Norwegian side the highest expectations are still related to the oil and gas sector.

Finland, on the other hand, has a much longer history of cooperation with Russia/the USSR. Presently Finnish companies are particularly active within development projects related to construction and environmental protection. Other major areas for Finnish business have been the export of food products and development of agriculture, energy technology (including oil and gas extraction), forestry, mining/metallurgy and shipbuilding.

#### Some useful addresses

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Part III  
**The Black Sea Region**

Tor Bukkvoll

## Introduction to the Black Sea Region

Ever since the Scythians appeared on the Black Sea steppes 850-800 BC, the Black Sea area has been a trading zone connecting Europe and Asia. In many ways, the Black Sea Economic Cooperation is a present-day continuation of these trading traditions.

The Black Sea, a large inland sea, measures some 630 miles from east to west, and some 330 miles from north to south except for the Crimean Peninsula which shortens the north-south distance to 144 miles. The sea is 2200 meters at its deepest, but only the upper 150 – 200 meters of water contain life. Below 200 meters the water is sterile (90% of the total amount), because huge inflows of organic material from its feeder rivers over thousands of years have turned the Black Sea into the largest reservoir of hydrogen sulphide in the world. In the north-western sector of the Sea, a wide, shallow shelf stretches from the mouth of the Danube in Romania eastwards to the Crimea. This shelf is the breeding ground for much of the fish in the Black Sea, and lately several promising deposits of oil and gas have been found on this shelf.

The Black Sea Region covers an area of approximately 2 million square kilometres. Total population for all the countries that participate in the Black Sea Economic Cooperation, the main promoter of cooperation around the Black Sea, is about 320 million. However, when counting only the parts of the countries adjacent to the sea, the Black Sea “littoral population,” is about 100 million (Wæver & Wiberg, 1995, p.220). Major cities around the Black Sea include: Istanbul (app. 6,8 million); Constanta (app. 328 000); Odessa (1, 01 million); Mykolayiv (app. 517 000); Kherson (app. 367 000); Sevastopol (app. 374 000); Novorossiysk (app. 192 000); Sochi (app. 342 000); Batumi (app. 138 000); and Samsun (app. 304 000).

## The Black Sea Economic Cooperation

The main vehicle of regional cooperation around the Black Sea is the Black Sea Economic Cooperation (BSEC). The idea of establishing an institution for cooperation among the Black Sea littoral states was first promoted by former Turkish Ambassador to Washington, Sukru Elekdag. The idea was taken up by the then Turkish President, Turgut Özal, who formally proposed the creation of such a cooperation during a visit to Bucharest in 1990. The initial prospective members of the BSEC were Turkey, Bulgaria, Romania and the USSR. However, during the negotiating period preparing the BSEC (1990-1992) the USSR was dissolved, and the number of applicant states increased from four to nine. In addition to Turkey, Bulgaria and Romania, also Moldova, Ukraine, Georgia, Armenia, Azerbaijan and Russia expressed interest in membership. These states signed a four-part document on aims and principles, inter-governmental relations, non-governmental cooperation, organisational structure and membership, called the Bosphorus Declaration in Istanbul in February 1992. During spring 1992 Greece and Albania also declared their desire to be part of the new cooperation, and by June 1992 eleven countries had signed the Declaration on Black Sea Economic Cooperation.

Turkey was the initiator of the BSEC and has remained a driving force in the organisation, but most member-states now give the organisation high emphasis in their foreign policy. After being denied membership of the EU in 1989, Turkey started to look for other economic cooperation solutions. According to a Turkish observer, Ömer Faruk Genckaya, Özal was also under the influence of the idea that: “Turkey will emerge as an economic powerhouse in the region, channelling Western capital and technology to former Eastern bloc countries and making a profit in the process” (Genckaya 1993, p. 549ff). However, Turkish officials have pointed out that the BSEC should not be considered as a rival

or an alternative to the EU. Ever closer cooperation between the BSEC and EU is a priority for Turkey and most other BSEC member-states.

In addition to the initial 11 members, a number of countries have been accredited observer status in the BSEC (Poland in 1992 and renewed in 1996, Egypt, Israel, Tunisia, and Slovakia in 1993, and Italy and Austria in 1995). Croatia, Bosnia-Herzegovina, Cyprus, Jordan, Kazakhstan and Slovenia have applied for observer status, but decisions regarding these applications have so far not been taken. Three more countries have also applied for membership in the BSEC, namely Yugoslavia (Serbia and Montenegro), Macedonia and Iran. Also here, no decisions have been taken yet.

## **The Black Sea Region: Institutions**

The BSEC is governed by the Assembly of Foreign Ministers (AFM). In addition, Summits of Heads of State are organised at irregular intervals. So far there have been three such summits: Istanbul in June 1992, Bucharest in June 1995, and Moscow in October 1996.

The AFM meets no less than every six months and also has a rotating presidency for half a year (eight AFM meetings have so far taken place). Beyond the regular semi-annual sessions, the AFM can also be summoned by single member-states, in consensual agreement with the other participants. The agenda for each AFM session is worked out by a group of senior officials from the Foreign Ministry of each member state.

The main responsibilities of the AFM are to make policy decisions, establish topic related working groups, and to grant new states observer status. At the AFM meeting in Chisinau, Moldova in November 1995 it was decided also to conduct regular meetings of the **Group of Senior Officials** (similar to the Committee of Senior Officials in the OSCE), and also to hold regular meetings of the BSEC **“Troika”**, consisting of the previous AFM president, the present AFM president, and the coming AFM president (Kassianenko 1996, p. 228).

Decisions in the AFM are made by consensus or on majority basis depending on the issue in question. On issues concerning admission of new members, granting of observer status, creation of new organs and modification of such organs, mandates, adoption and modification of the Rules of Procedure and financial commitments affecting all members, decisions must be made by consensus. Less substantial, technical issues are settled by a two thirds majority. In this case, those who voted in favour of a proposal have to abide by the provision adopted.

Since the start in 1992, a number of specialised organisational bodies have developed within the framework of the BSEC. These bodies can be divided into BSEC Working Groups, BSEC permanent institutions, and BSEC affiliated organisations.



## Workgroups

The BSEC has established workgroups within the following fields:

- Energy
- Tourism
- Science and Technology
- Health Care and Pharmaceuticals
- Transport Networks
- Electricity Networks
- Promotion and Protection of Investments
- Avoidance of Double Taxation
- Trade and Industrial cooperation
- Banking and Finance
- Exchange of Statistical Data and Economic Information
- Agriculture and Agro-Industries
- Environmental Protection
- Legislative Information

## BSEC permanent institutions

The BSEC has four permanent institutions: the International Secretariat in Istanbul, the Black Sea Trade and Development Bank in Thessaloniki, the BSEC Coordination Centre for Statistical Data and Economic Cooperation in Ankara (organised as a part of the State Institute of Statistics of Turkey) and the Black Sea Regional Energy Centre in Sofia.

The **International Secretariat** has been operative in Istanbul since March 1994 and has a staff of eleven (including four diplomats). English is the official language of BSEC, whereas both Russian and French have the status of working languages. The Secretariat has also been responsible for entering into relations with other international organisations interested in the work of BSEC. Consultations have been held with the UN, EU, OECD, CEI (Central European Initiative), ILO, and UNCTAD. The statement from the Moscow Summit of the BSEC in October 1996 further emphasised that the BSEC also should develop relations with the Council of Europe, the League of Arab States, and the Euro-Mediterranean Initiative.

The crucial importance of the Black Sea Region as a transit area for Central Asian oil and gas led the EU to organise a conference together with BSEC and the five republics of Central Asia in Chalkidiki in Greece in May 1994, called “New Energy Realities in the Black Sea Region”. Proceeding from the conclusions of this conference, the EU and BSEC jointly established the **Black Sea Regional Energy Centre**, located in Sofia, Bulgaria in December 1995. The Centre, where all BSEC states are individual members with the EU as the twelfth member, has five main aims (Financial Times 1996, p. 4-5):

- 1 to promote energy policy applications and market reform with reference to the European Energy Charter;
- 2 to promote investment in the energy sector of the Black Sea region and promote funding opportunities and joint ventures;
- 3 to provide the energy sector of the Black Sea region with easy access to EU institutions and vice-versa;

- 4 to become the home of Black Sea Region initiatives from social partners who want to link up with their European counterparts;
- 5 to provide coordination services on request for the EU's Synergy, Phare and Tacis programmes.

At a meeting in Sofia in December 1993, the BSEC foreign ministers established the **Black Sea Trade and Development Bank** and located it to Thessaloniki, Greece. It was decided that the bank will come into force once an agreement on the establishment of the bank had been ratified by at least six of the parliaments of the BSEC states and when 51% of the initial capital stock of 1 billion SDR (Special Drawing Rights) was in place. The following division of the shares in the bank has been decided on: Greece, Turkey and Russia each hold 16,5% of the shares, Romania, Ukraine and Bulgaria hold 13,5% each, and the remaining countries will have 2% each (OMRI 1995). The first deposits were expected by January 1997 (Kuban-biznes, 1996). Mr. Ersoy Volkan of Turkey has been appointed the first President of the bank. However, the agreement on the bank are still not ratified by the required number of member states. Ukraine, Bulgaria and Georgia are among those who still have not signed the agreement.

### **BSEC affiliated organisations**

At the initiative of the BSEC, business communities of the Black Sea region met in Istanbul in December 1992 to establish the **Black Sea Economic Cooperation Council**. The main tasks of the Council are to identify private and public investment projects in the region, and to facilitate contacts between business communities in the BSEC countries. The Council is led by a Chairman and a Board of Directors, and has the status of an associated organisation of the BSEC. The Council conducts its activities through the International Secretariat in Istanbul. It has also established cooperation with the Balkan Centre for Small and Medium-sized Enterprises which has expanded its activities to the BSEC region. The main idea of the inaugurating document of the BSEC was that the private sector should be the focus of such cooperation. State authorities should only facilitate cooperation, whereas most of the day-to-day activities should take place in the private sector (Genckaya 1993, p. 551).

Affiliated to the BSEC is also the **International Black Sea Club**. The initiative to form the Club was taken at the BSEC meeting in Varna (Bulgaria) in July 1992; the Club consists of littoral towns of the member-states, represented by their mayors.<sup>11</sup>

A third affiliated organisation is the **Black Sea Foundation of the United States**. This foundation was established in 1993 as a non-profit organisation, with the aim of facilitating business cooperation between US firms and firms in the countries of the BSEC. The foundation at present represents over 100 US firms.

A fourth affiliated organisation is the **Parliamentary Assembly of the Black Sea States** (PABSEC) which meets at irregular intervals and is divided into three committees: the Economic, Commercial, Technological and Environmental Affairs Committee; the Legal and Political Affairs Committee; and the Cultural, Educational and Social Affairs Committee. The work of PABSEC is coordinated by the Bureau of the Assembly, consisting of a President, four Vice-presidents and one Treasurer.

<sup>11</sup> Members are: Varna and Burgas in Bulgaria, Thessaloniki and Piraeus in Greece; Constanta and Galatz in Romania; Taganrog in Russia; Istanbul, Samsun and Trabzon in Turkey; and Odessa, Kherson and Mykolayiv in the Ukraine.

### **Other Black Sea cooperation projects**

In the Black Sea Region there is also a number of other cooperation projects which are organisationally unrelated to BSEC, but which have established working relations with BSEC. Among these are:

The Black Sea University in Romania

The Danube-Black Sea Foundation

The Black Sea Press

The Black Sea Diab Action Project

The Black Sea Region Association of Shipbuilders and Ship Repairers

## **The Black Sea Region: Activities**

Compared with cooperation in the Barents and Baltic Sea regions, BSEC is focusing more exclusively on different forms of economic cooperation. Environmental issues are also a defined priority, but have so far lagged behind the economic aspects of cooperation. During 1995-1996 science and research also emerged as an area for BSEC cooperation. Security issues have also occasionally been suggested as a possible arena for BSEC engagement. At the second session of the PABSEC in Kiev in November 1993 for example, former President of the Ukraine, Leonid Kravchuk, proposed the adoption of a range of security-related measures (e.g. banning non-Black Sea states from conducting military exercises in the Black Sea region) (Connelly 1994, p. 35), and the President of Georgia, Eduard Shevardnaze, has proposed the establishment of a council of defence and foreign ministers to handle regional crisis management. However, such proposals have met with little understanding from most other BSEC members, and the BSEC looks set to concentrate on economic, environmental and scientific cooperation also in the future. It should be noted, however, that security cooperation in combating organised crime is emerging as an area of cooperation for the BSEC. A first meeting discussing such issues was held between the Ministers of Internal Affairs of the BSEC in Yerevan, Armenia, in October 1996.

### **Economic cooperation**

The economic cooperation projects initiated by the BSEC can be systematised under the following headings:

- a Transportation and communication
- b Energy
- c Trade and investment

### **Transportation and communication**

#### **Roads**

There are plans to build a so-called “beltway” around the Black Sea in order to ease prevailing transportation problems. So far, this has resulted in the production of a comprehensive map of present and projected road systems in the region which will serve as a basis for the programme “Transport BSEC”.

This programme will define a number of transport corridors throughout the region which will link up with the Transeuropean Transport System (*Zerkalo Nedeli* 1996). The project also comprises expert groups which regularly discuss and produce recommendations for easing customs and border-crossing procedures.

### **Telecommunications**

There are three different projects for improving telecommunications among the members. Two projects for developing fibre-optic systems have been initiated between Romania, Moldova, Bulgaria and Turkey (known as the KAFOS project), and between Italy, Ukraine, Russia and Turkey (ITUR). ITUR will have a terminal in Palermo, Italy, from where the cable will cross the Mediterranean Sea to the entrance to the Black Sea. There, the cable will split into three, to reach terminal stations in Istanbul, Novorossiysk and Odessa. It is expected to be operational from early 1997, and KAFOS from early 1998.

There is also a project to improve telecommunications in the eastern part of the Black Sea Region between Azerbaijan, Georgia and Turkey (known as the DOKAP project). There are also several long term projects for the development of satellite communication.

### **Energy**

There are plans for connecting the electricity grids around the Black Sea in order to achieve a better balance between regional supply and demand.

However, the highest importance is attached to the oil and gas sector. There are two reasons why energy issues remain crucial for BSEC. Firstly, many member states have a strained energy balance connected to high costs or uncertain supply. Secondly, the Black Sea Region is a key transit area for the transport of oil and gas from the deposits in the Caspian Sea to Western Europe.

With regard to the transportation of Caspian oil to Europe, a certain amount of disagreement has broken out between BSEC member states. Russia favours the so-called "northern" transport route (Baku-Grozny-Novorossiysk), from where oil will be transported by tankers through the Bosphorus Strait into the Mediterranean. Turkey, on the other hand, emphasises the ecological hazards connected to increased transport volumes of oil through the Bosphorus, and has proposed an alternative southern route (Baku-Ceyhan on the Turkish Mediterranean coast)<sup>12</sup>. Russia has in this connection questioned Turkey's right to limit navigation through the straits by pointing to the 1936 Montreux convention, which is the legal document regulating the international use of the straits.<sup>13</sup> The question of transport routes became a major issue at the joint Council of Europe/PABSEC meeting on ecological problems in Istanbul in July 1996 (*Kommersant*, 1996).

### **Trade and Investment**

In addition to the Black Sea Trade and Development Bank in Thessaloniki, there are expert groups regularly working on the creation of a common legal base for trade and investment based on the principles of GATT and WTO. One example is the current work on the document "Guarantees for

<sup>12</sup> In late 1994 Turkey decided to lobby for the upgrading and partial construction of a pipeline Baku-Supsa on the Georgian Black Sea coast to transport the so called "early Caspian oil". In October 1995 the international consortium responsible for developing the Baku oil decided to transport the "early oil both to Novorossiysk and to Supsa. For Turkey, however, the main priority remains the construction of the Baku-Ceyhan pipeline (Winrow, 1997, pp.74-77).

<sup>13</sup> For details on the Russian position see: Klepatskii and Pospelov, "The Black Sea Straits: An Artery of Life," *International Affairs - A Russian Journal of World Politics, Diplomacy and International Relations*, No. 2, Vol. 42, 1996, pp.152-157.

investment contracts and export credits.” Also, at the eighth AFM meeting, the ministers adopted the Statement on Basic Principles of Investment Collaboration in the BSEC region. The Moscow Summit in October 1996 also made two important decisions regarding trade and investment.

Firstly, it was decided that while the AFM meetings remain the main decision-making organ of BSEC, ministers of the BSEC countries responsible for economic sectors such as transport, communication, energy and trade and industry also should start meeting on a regular basis.

Secondly, relevant BSEC organs were instructed to start examining the possibilities of turning the BSEC region into a free-trade area.

### **Tourism**

The BSEC International Secretariat has established a pilot project for the training of personnel in the hotel sector in cooperation with the International Labour Organisation (ILO) and the World Tourism Organisation (WTO). In this connection, the Bogazici University in Istanbul now offers a 4 year B.A. degree in tourism management, and the university has also established an Applied Tourism Administration & Research Centre. These efforts were made with the help of WTO.

### **Environmental issues**

Ecological problems have been the issue at many meetings at most levels of the BSEC organisational structure. The Convention for the Protection of the Black Sea Against Pollution was signed by the Black Sea littoral states in April 1992. The first BSEC conference on Black Sea pollution was held in Tbilisi in 1994. There is at present work going on to develop a Black Sea Action Plan for environmental problems.

In July 1996, the PABSEC Environmental Affairs Committee held a joint meeting in Istanbul with the Permanent Committee of the Parliamentary Assembly of the European Council for Environmental Questions. Research results comparing the ecological situation in 12 different seas (including the Caribbean, the North Sea, the Mediterranean, the Baltic Sea, and the Persian Gulf) were presented, giving the Black Sea the lowest score on ecological status of all the seas compared (*Krymskaya Gazeta*, 1996). There are many causes for this poor state of affairs, but one of the main reasons is pollution from industry and agriculture brought into the Black Sea by its many feeder rivers (especially the Danube, the Southern Bug and the Dniepr).

In addition to the environmental activities of the BSEC, the World Bank Global Environmental Facility Programme launched its Black Sea Environmental Project (BSEP) in September 1993. Its three main aims are: to improve the capacity of Black Sea countries to assess and manage the environment; to support the development and implementation of new environmental policies and laws; and to facilitate the preparation of sound environmental investments. Its daily activities are run by the BSEP Programme Coordination Unit (PCU) in Istanbul. A concrete example of the activities of the Environmental Project is the development of a Black Sea Information System (BlackSIS), finalised in April 1996. BlackSIS, created in the Netherlands, is a software and data package distributed on diskette by the PCU.<sup>14</sup>

The Environmental Project got a start package of USD 9,3 mill. from the World Ecological Fund, and an additional USD 5 mill. from the EU, Austria, Canada, Japan, the Netherlands and Norway. These funds were used to establish centres in selected BSEC countries for specialised tasks. Thus, the Centre for Ecological Emergency initiatives in the case of oil spills is located in Varna, Bul-

<sup>14</sup> The package contains: a directory of organizations with addresses and profiles; a directory of scientists studying the Black Sea; a directory of major marine environmental data sets held by the identified organizations; a directory of (inter)national research projects(programmes (since 1990) with participation of the identified organizations; a directory of cruise summary reports (ROSCOP's) on the Black Sea (since 1985); and a Black Sea bibliography.

garia; the Centre for Fisheries in Constanta, Romania; the Centre for Monitoring the Ecological State of the Black Sea in Odessa, Ukraine; the Centre for On-land Environmental Initiatives in Regions Adjacent to the Black Sea in Krasnodar, Russia, and the Centre for Ecological Control in Istanbul, Turkey.

The work of the BSEP is supported by the BSEC.

### **Science and research**

There are plans to establish an International Centre for Black Sea Studies in Athens. These plans were discussed at the first BSEC Conference of representatives of academic communities in Athens in December 1996.

## **Future Prospects**

As a functioning regional economic cooperation project the BSEC is still in its infancy. However, during its short five years of existence the BSEC has developed an impressive organisational structure – a demonstration of the high priority given to the BSEC by its members. This organisational structure has also so far largely been the main concrete achievement of BSEC, and given the relatively short time which has elapsed since its establishment, this is in many ways as might be expected. However, the future ability of BSEC to produce tangible results for the benefit of its members is also dependent upon factors other than just time, e.g. the large number of members, the political controversies and suspicions among members, and the lack of funding for cooperation projects.

With eleven members and decisions on most major issues to be made by consensus, agreement can be difficult to reach. In addition, not all projects are of equal interest to all members. One solution to this problem, which is now also being discussed in the BSEC, is to focus more on sub-regional projects. As this will decrease the number of states involved in each project, unanimous decisions will be easier to achieve. In such a scenario BSEC will function mostly as a facilitator and organisational framework for these sub-regional projects. The ITUR and KAFOS projects for fibre-optic communications systems are prime examples.

It should also be noted that the BSEC participating states are and will continue to be very different on key variables. Some are transitional economies with from 40 to 70 years of planned economy behind them, whereas others have long experience in market economy. Most participating states also have important interests in other regions than the Black Sea Region. Albania, Greece, Bulgaria and Romania focus much of their attention on the Balkans and on the EU; Moldova, Ukraine, Russia, Georgia, Armenia and Azerbaijan cooperate in the Commonwealth of Independent States, and Turkey is an important player in Middle Eastern politics, at the same time as it seeks ever closer connections with the EU. The participating states' different priorities and focuses in their foreign policies might influence their willingness and ability to devote financial and diplomatic resources to BSEC. So far most BSEC members seem to have given the BSEC a relatively high priority, but for them to continue to do so, it is important that the cooperation yields concrete results.

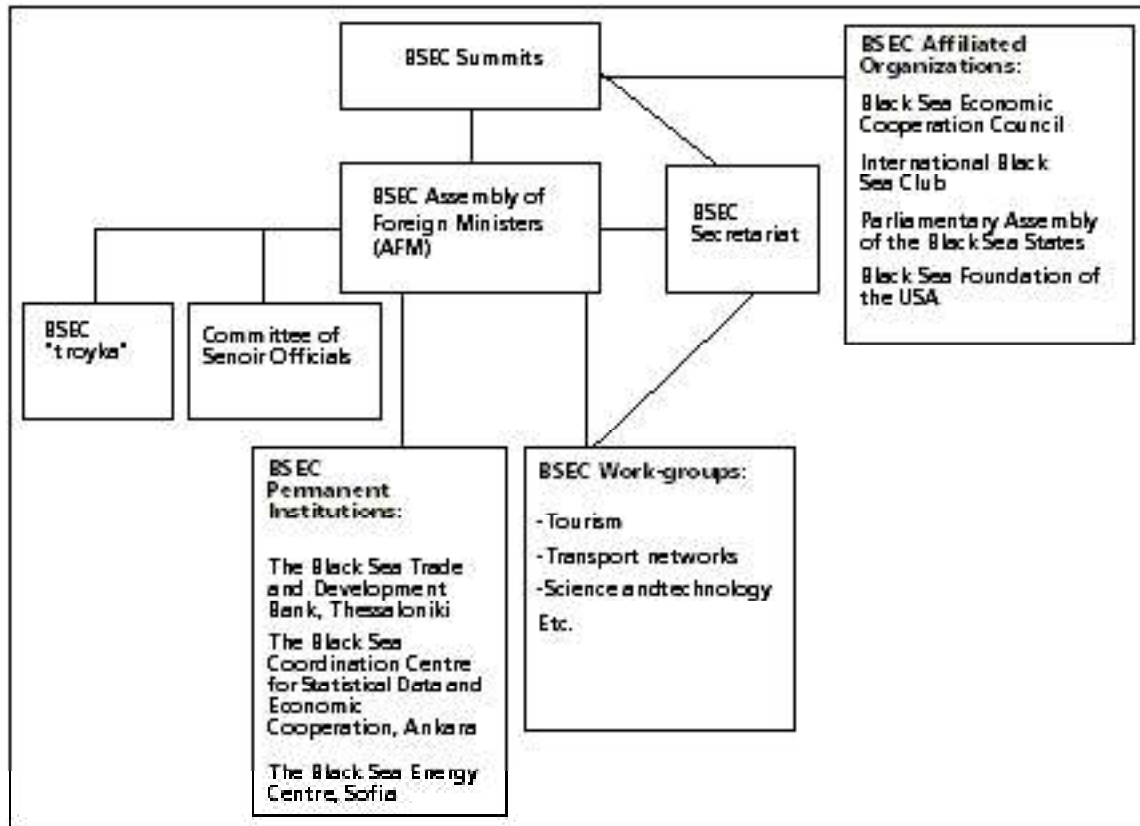
In his excellent book *Black Sea<sup>3/4</sup>The Birthplace of Civilisation and Barbarism*, Neal Ascherson writes: "My sense of Black Sea life, a sad one, is that latent mistrust between different cultures is immortal." In one sense Ascherson is just as right today, since political conflicts between the Black Sea littoral states abound. Romania does not recognise its border with Ukraine, Moldova considers a part

of the country more or less occupied by the Russian 14th Army in Pridnyestrovye, Ukraine and Russia cannot agree on the division and location of the Black Sea Fleet in Crimea, and both Turkey and Russia suspect the other's motives with regard to the Caucasus, and these are only a few examples. Against such a background one could easily predict that organisations like the BSEC would have minimal chances of success. However, the very fact that all these countries, with all their disagreements, both have been able to establish the BSEC and continue to express their great interest and faith in its development, should be taken as a clear defiance of Ascherson's statement. Undoubtedly cooperation within the BSEC would have been easier if the number of conflicts between the member states had been less.

On the other hand, the BSEC itself may serve to allay tensions between the participating states and provide further opportunities for dialogue and increased mutual understanding. The BSEC countries clearly hope that economic cooperation will have a positive impact also on reducing political tensions in the region. The statement from the Moscow Summit in October 1996 reads: "The Heads of State or Government view the economic cooperation and partnership as the cornerstone of lasting regional stability and as a practical mechanism of reducing the political risks and preventing destabilisation."<sup>15</sup> At least, BSEC demonstrates that cooperation is possible, even in regions with many conflicts.

A further key obstacle to development of the BSEC is the lack of funding for projects. Except for Turkey and Greece, all members of the BSEC are transitional economies. Even though economic growth is expected in these economies, lack of funding will be an impediment to efficient cooperation in the immediate future.

Organisation chart for the black sea economic cooperation



<sup>15</sup> See Moscow Declaration of the Heads of State or Government of the Participating States of the Black Sea Economic Cooperation, p.7.

As a short-term solution, funding has been sought, and partly provided by other institutions. Support for current projects from the World Bank, the IMF, the EU and others indicates that this strategy is already operating. EU support for the Black Sea Regional Energy Centre in Bulgaria is a good case in point.

The emergence of the BSEC in a region rich with potential for conflict is already a major achievement on the part of the participants. To move from institution-building to implementation of projects will now be the major challenge for the BSEC. Given the efforts already completed, that challenge should be within reach.

### **Some useful addresses**

#### **Academics and institutions with research capacity on Black Sea cooperation**

Romanian Institute of International Studies  
Str. Paris no. 30  
Cod 7000 Bucuresti, Romania  
Phone: + 633 58 02 312 98 65  
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## Final Remarks

As stated in the preface, this report makes no claim to completeness or exhaustiveness in its description of the regional cooperation models. As the three regions develop new forms of cooperation, and organisational forms are revised to cope with emerging challenges, realities often outpace any descriptive effort. The multitude of actors and initiatives which emerge at a rapid pace, and the increasing frequency of cross-border contacts and exchange at all levels in the regions makes it an even more unsurmountable task to keep track of all forms of cooperation and their structures.

Though problematic for the analyst, this increasing interaction frequency and build-up of region-level organisational capabilities are in fact positive signals for cooperation in the regions. It demonstrates that the regions are gradually growing into the kind of economic formations that they were intended to be, natural arenas for cross-border exchange, where trade and cooperation with time will become the normal state of affairs. As such, this gives some ground for a certain optimism with respect to the future potential of the regional model of economic development. However, the regions described here are still in their infancy, with just half a decade passed since their inception, and there are many obstacles still to be overcome before the regions have reached any kind of maturity. These obstacles are multitude and related to the ability of the regional organisations to overcome a whole set of challenges. For example these could be the obvious differences in level of economic development between the participants, differences in administrative practices and legislation, political and economic conflicts between regional partners, linguistic and cultural differences, conflicts with national political priorities and differences in attitudes towards problem-solving in the regional context, to mention only a few. These are indicators that setbacks in the process towards regional integration are a real possibility, and that the final shape of the cooperation models has still to emerge. Diverse in both climate, geography, culture, politics, economy and organisation, the regions described here are likely to work out very differentiated development strategies. Thus, there may be as many versions of the “regional model of development” as there are regions.

Those interested in further reading are recommended to turn to the publications listed in the references, as well as the host of literature which deals with the regional phenomenon from a theoretical point of view.

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# Cooperation in the Baltic Sea Region, the Barents Region and the Black Sea Region



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