Energy contracts and EEZ agreements in the Black Sea region towards sustainable nation-state economies.

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I hereby declare that the work submitted is mine and that where I have made use of another’s work, I have attributed the source(s) according to the Regulations set in the Student’s Handbook.

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Abstract

It is imperative in this fast-paced world to have an agenda filled with projects that can be sustainable over time and during difficult periods such as an economic or political crisis. Especially for the Black Sea region, economic sustainability has been a challenge due to the lack of stable and democratic regimes and the numerous unresolved conflicts. Exclusive Economic zone has been a newly introduced term and thus not so widely discussed outside of the “high politics salons” but for the case of Russia and its neighbors it seems to be a vital issue.

The Black Sea region is representing one part of the world where the poor countries and the known as BRICS are trying to keep in balance with the economic leaders or global hegemons of the western part of the world. For this reason, both parts have been recognizing the importance of controlling the “gas roads”. Studying the Black Sea region from its glorious and imperial ancient times until today’s modern and advanced policies, the present thesis aims to challenge the notion of sustainability and how diplomacy of energy could reassure a prosperous national economy for the states and a quality of life for its peoples.

At this point, I would like to thank the Professor and Vice President of IHU, Mr. N. Mousiopoulos for supervising the present paper and providing to this study his academic experience and useful advices. Also, I would like to thank the academic staff of the School for their excellent presence and assistance during this interesting journey. Finally, I would like to mention my classmates, whose friendship I will always cherish.

Key words: sustainable economies, energy, EEZ, social development, Black Sea.

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Preface

The present paper has been written in the framework of an MA academic program entitled the Black Sea Cultural Studies offered by the International Hellenic University. It was written in order to present as many social and economic characteristics of the Black Sea nation states as possible, while at the same time it aimed to examine the politics and the diplomacy that surrounds the energy sector.

The bibliography and the electronic sources have been used as a reference which provides a solid basis for further discussion and analysis leading to a final chapter of proposals and suggestions towards an economic sustainability long term plan similar to the ones applied in the western part of the world.

A short part of the thesis writing process and important part of the previous research took place in Greece, Thessaloniki where one can access rich libraries in the premises of the International Hellenic University and the Aristotle University of Thessaloniki. The major part of the paper has been written in France, Strasbourg, where one has access to the National Library at the University of Strasbourg and the archives of the European Institutions located in the city. The archives have been advised in order to provide information, regarding the energy policies that EU expects its member states to follow and the terms of the international agreements that have been signed between the EU and the nation-states of the Black Sea.

Personal experiences, stories shared by locals (of the Black Sea region) and sources from the press of the Black Sea countries have been used in order to describe -when needed- the situation and the consequences of the energy policies in the Black Sea region.

The present paper aims to research the future prospects of an economic sustainability program and in no case it does aim to judge past political decisions.
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1. Introduction

1.2 Summary of the topic

The present paper is concerned about the geographic area that circumscribes the Black Sea and the countries that surround its waters: Romania, Bulgaria, Turkey, Russia, Ukraine and Georgia (Im.1).¹

Image 1: The modern Black Sea region (Map of the Black Sea region https://www.google.gr/maps/place/Black+Sea/@43.768081,34.6096403,6z/data=!3m1!4b1!4m2!3m1!1s0x405db94b77d2f233:0xfe5cd6c659adc698, accessed on 19/08/2015)

Beyond any doubt, this geographical region has two main characteristics to be famous about; it’s rich and valuable past shown through the archaeological finds and its violent and exhausting present through the endless conflicts and wars. Though frozen conflicts is the most exposed information regarding this area, the energy and natural resources issues² have made the region a “hot spot” for the diplomatic dialogues and

¹Map of the Black Sea region https://www.google.gr/maps/place/Black+Sea/@43.768081,34.6096403,6z/data=!3m1!4b1!4m2!3m1!1s0x405db94b77d2f233:0xfe5cd6c659adc698, accessed on 19/08/2015
the financial interest has been tremendously augmented. Energy discussions and new investments in the area, not only for the region but, also, for the countries close to that—such as central Asian states or even East Asian ones—have been leading to agreements and interstate relations that seem promising and threatening at the same time. The Black sea region’s soil is filled with a vast number of finds and it seems that from the ancient times natural resources, precious metals and exploitation of the sea and the land have always been decisive for the economic development of the region.

Nowadays, the technological advance and the new technologies applied in this sector have made the Black Sea region a compilation of unstable nation-states that are trying to achieve democracy and human rights through the financial prosperity and by keeping all this historic past aside. Those ambitious plans of reviving an empire of resources in the wider area have been mostly inspired and initiated by the major powers of the region in the passing of the centuries; that is Russia and Turkey. The Russian state has been a leader in such issues and can feel threaten only by the Chinese, as it will be introduced in the material to follow. It should be highlighted that the bad economic situation that is experienced worldwide has affected, also, the Black Sea region and the energy related issues have been elevated to the most promising and profitable solution in order not only to survive the crisis but also to stabilize the economies and release people from poverty and corruption.

Discussing about sustainability in this region and under these circumstances seems to be utopian. But in order to make a “transnational union of energy” work, the nation-states involved have to take care of many political and social matters necessary for the survival of the projects and the warming of the foreign affairs. It should be noted that the talk of the year (2014-2015) has been the energy agreement signed between Russia and Turkey regarding the new pipelines and the initiation of discussions between China and Russia. But how did the Black Sea became so popular again during the last centuries?

3 See chapter 2 of the present paper “case studies Russia-China”
1.3 Short Overview

Having experienced a past, lasting more than 10 centuries, under the ruling of the Mongols, the Ottomans and the Rus, the Black Sea region obtained its modern shape after many cruel processes and unification projects.\(^4\) It was a matter of time for the smaller states to demand their independence and thus creating today a phenomenon of de facto nation states that was lastly about to be seen in Crimea’s conflicts\(^5\). The previous projects of Russification or even Georgianization, Turkification etc have created a mixture of cultures and an undoubted clash of civilizations\(^6\). It all may have started as a plan to create a unified and commonly-sharing ethnical entity in each of the above mentioned cases but ended up in a great number of populations able to speak more than three languages and being forced to change boundaries\(^7\) multiple times sometimes even creating new identities and passport’s types (lm.2)\(^8\)

\(^4\) A. Saparov, From Conflict to Autonomy in the Caucasus: The Soviet Union and the Making of Abkhazia, South Ossetia and Nagorno Karabakh, Routledge, 2014, p.154-156


The constant changes of regimes, the rise and fall of the empires, the short term planned projects, the violence and the endless hatred among the ethnicities and the significant migration rate have been factors that belated the development of the region. The inability (or the unwillingness) to absorb new methods, technologies and developmental plans\textsuperscript{9} has led to the creation of a two-speeds economy such as the Russian and the Georgian where people live either extremely wealthy or die extremely poor\textsuperscript{10} and others such as the Bulgarian and the Romanian where local population is working hard for a living but the foreign investors are well profited\textsuperscript{11}. And this seems to be the pattern followed during all these centuries in the Black Sea region.

The differences between the population and the ethnicities included have caused discussions on whether the Black Sea area should be democratized and westernized in order to keep pace with the rest of the civilized world or it should remain an Anatolian region. The discussion in fact is as old as Herodotus who mentioned the “Us” and the “barbarians”\textsuperscript{12}, the well-known ‘we’ against the strange ‘Other’. For the sake of this paper we can parallelize the western world to the herodotian ‘We’ and the Black Sea region to the ‘Other’.\textsuperscript{13}

After the fall of the Ottoman Empire\textsuperscript{14} and later the collapse of the former USSR\textsuperscript{15} the newly formed nation-states had to create their own agendas and follow their own political path. But this realization of the new identity created the immediate need to cooperate and discuss with other partners. The most secure solution and the most profitable one was always the West, the USA or the EU, and this openness to the outer

\textsuperscript{11} N. Kaneva, Re-imagining Nation as Brand: Globalization and National Identity in Post-communist Bulgaria University of Colorado, ProQuest, 2007, p.112-114
\textsuperscript{12} D. Braund, Scythian Laughter: Conversations in the Northern Black Sea region in the 5th c. BC, Bloomsbury, 2008, p. 347-363
\textsuperscript{13} J. Kristeva in H. Bhabha, Nation And Narration, Routledge, 1990
\textsuperscript{14} E. Rogan, The Fall of the Ottomans: The Great War in the Middle East, 1914-1920, Basic Books, 2015
\textsuperscript{15} S. Plokhy, The Last Empire: The Final Days of the Soviet Union, Oneworld, 2015
world influenced the mentality and the practices followed in the nation-states of the Black Sea region. This changed when again the Black Sea region decided to become more introvert and Asian oriented. This poses a crucial question; how safe and useful it is to be alone in a globalized world?

During this era of crisis that we are living, one of the most profound and immediate goal is the sustainability of actions, projects and ideas. Sustainability as a term has not been that much used outside of environmental sectors but, nowadays, financial and even social plans are focusing on its achievement. It is obvious that this term contains, in one theoretical and very plain definition, the notions of security and safety and this is completely justified by the need of people to predict and read their future in order to avoid sudden surprises. This need also troubles most politicians and governments which desire a secure and safe place for their citizens’ interests and their own historicity.

A more solid definition describes sustainability as a simple principle: *Everything that we need for our survival and well-being depends, either directly or indirectly, on our natural environment. Sustainability creates and maintains the conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic and other requirements of present and future generations. Sustainability is important to making sure that we have and will continue to have, the water, materials, and resources to protect human health and our environment.* As already mentioned it has been a term connected with the environmental issues and worries caused by the

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19 H. Bhabha, Nation And Narration, Routledge, 1990
20 United states environmental protection agency [http://www.epa.gov/sustainability/basicinfo.htm](http://www.epa.gov/sustainability/basicinfo.htm) accessed on 11/08/2015
unintended social, environmental, and economic consequences of rapid population growth, economic growth and consumption of our natural resources.\textsuperscript{21}

The steps done towards resolving these concerns have been inspiring for other entities or organizations such as the European Union which impose sustainability as one of the most crucial terms before the evaluation or approval of programs and projects of a wide variety, including from the humanitarian to the fiscal and economic ones.\textsuperscript{22} The European Union, though, has been a union of nation-states which share common elements and characteristics, which are oriented most of the times towards the same goals and spread the same beliefs of solidarity and respect. In this case, the nation-states are democratic, stable and well organized as far as their internal and external affairs are concerned.

But one of the major questions that will be discussed in details throughout the present paper is whether a geographical region, with the characteristics of the Black Sea area, can achieve as much as the European area has managed.

1.4 Definitions

In order to understand the importance and the concerns that surround such agreements one should start by defining what a nation state is. According to the UNESCO organization a nation-state "is one where the great majority is conscious of a common identity and share the same culture".\textsuperscript{23}

After the extensive mingling of civilizations and cultures, modern nation-states are characterized as multiethnic and that fact makes theorists wonder whether the term is still valid. Nation, as a term by itself, refers to 'the' political community that ensures the legitimacy of the state over its territory, and transforms the state into the state of all its citizens. Nationality is supposed to bind the citizen to the state, a bond that will be
increasingly tied to the advantages of a social policy. Today, the idea is that nations should be represented within a territorially defined state.\textsuperscript{24}

These plain definitions are helping one to underline the problems that may be found during the process of economic and social development in a region like the Black Sea that has faced multiple times the results of nationalism and is not familiar yet to the notions of self-determination and social security. Even though sustainability is a much needed idea for that specific region, it is not clear yet how the economic sustainability will be achieved in an area where no stability has flourished. But what is economic sustainability meaning? \textit{The general definition of economic sustainability is the ability of an economy to support a defined level of economic production indefinitely.}\textsuperscript{25} Economic sustainability occurs when a political unit, such as a nation, has the preferred percent of its population below its preferred minimum standard of living level. The percent needs to be very low, somewhere around 5\% or less, because everyone below the level is suffering, either physically due to poor health or psychologically.\textsuperscript{26} Economic sustainability is one of the three pillars of sustainability among with social and environmental ones. In the present paper there will be a short chapter devoted to the economic sustainability terms and good practices in order to enhance the necessity of such provisions.

\section*{1.5 Purpose of the paper}

Keeping all these in mind, the present paper aims to examine the possibility to establish a sustainable, strong and human oriented economy in the Black Sea nation-states by turning the energy sector and the EEZ agreements into a useful tool of development and progress in all other sectors. Among the purposes of the thesis is to discuss the terms and the methods of implementation of the abovementioned

\begin{flushleft}
\footnotesize
\textsuperscript{25} Economic sustainability \url{http://www.thwink.org/sustain/glossary/EconomicSustainability.htm} accessed on 13/08/2015
\textsuperscript{26} Economic sustainability \url{http://www.thwink.org/sustain/glossary/EconomicSustainability.htm} accessed on 13/08/2015
\end{flushleft}
agreements and also, to list the characteristics of each state that receive the consequences.

Besides the theoretical analysis and the bibliographical research about the subject of the paper, there will be a presentation of two case studies regarding the recent contracts signed or to be signed between Black Sea countries only or with an external partner. The case studies aim to provide a solid basis for the sustainability issue regarding the way it is accepted by press, scientists and the local population of the participants and also to analyze the perspectives of a sustainable economy through its application. The absence of literary review in western languages and the restrictions posed by the Black Sea nation-states, regarding the publication of information, are minor obstacles during this research process which can be substituted by the use of articles and publications from well-known and scientifically credible journals.

The method that will be followed is based on the collection of data as far as the energy contracts are concerned and even the use of personal witnesses from local population in order to enhance the social impacts of the agreements. Literary review and articles will be used as a tool of the theoretical research that will be unfolded by the method of correlation analysis.

The paper will offer a mixture of historical information and important events that took place in the nation-states of its specified geographical interest, an extensive analysis of the energy contracts signed there and will seek to criticize the effects of these contracts on the local economy and the social development. Furthermore, the basic axis of the study will be the term of sustainability, as already mentioned above, and in the chapter of conclusions there will be an effort to offer a complete research towards the creation of a sustainable economy, strong and powerful enough to handle the challenges of the modern and globalized world.
Chapter 2: Energy contracts among the Black Sea nation-states

This chapter will pursue to provide a detailed reference to the major energy contracts that have been signed among the nation-states of the Black Sea area mentioning also how the economic sustainability notion has been affected.

2.2: The first steps

The present paper might have been announcing the purposes and the main issues to be discussed as the one and only energy-oriented-agenda but this is not the only topic of interest. The Black Sea region, as it has been and will be mentioned throughout this paper, has been a zone of contrasts, of differences, of instabilities and conflicts. These traits of the geographical region have been depicted in the social needs and the political decisions as well. For many reasons, there have been many types of contracts signed between the nation-states even before they obtain that modern and ‘fancy’ name.

The various ethnicities living in the same area, sharing the constantly moving borders and the common, but unique in its essence, culture have been striving for a peaceful coexistence since the era of the empires. Contracts and treaties of the 17th to the 19th centuries have been signed aiming to the economic development, to the access of the ports and the seas, to the trade interests, to political stability and peace, to the cultural progress and the cosmopolitan attitude of the states. In the 20th and 21st centuries the basis of the discussions has changed radically and the main interests are financial and political setting aside the cultural heritage and the preservation of the national identity.

Differences can be found not only in the context of the treaties and contracts but also to the way they are signed, the etiquette followed for the final signature and the initial

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27 One of the most prominent cases of city-branding has been Odessa, The walks of Odessa, Cultural Tours, T. Richardson, Kaleidoscopic Odessa: History and Place in Contemporary Ukraine, University of Toronto Press, 2008, p.143-148
reasons they are signed (even if they are not taken into consideration when national policies are to be applied. Modern treaties have been more of a “forced action” rather than a pure political move towards a sustainable nation-state. The international judgement and the will to participate in the sharing of the global economy forces nation-states—immature economically and selfish politically—to accept worldwide treaties regarding human rights, peace and collaboration agreements, immigration and labor rules, environmental bibles and youth oriented policies.

For one reason, this need comes from the western world where the dominant European Union and USA have been introducing this habit to the rest of the world. International Institutions and Non-Governmental Organizations, volunteers and social movements have been fighting intensively for a better place to live, which for the present paper is a place where sustainability will be eventually flourishing.

One of the most important past treaties signed between nation-states of the Black Sea region has been the Treaty of Kuchuk Kainarji\(^\text{28}\), which has been signed between the Ottoman Empire and the Russian Empire in order to end one of the many Russo-Turkish wars, on July 10, 1774 in Bulgaria. The pact aimed to control the power of the Ottomans in the region and one of the most important (for the period and the economy) terms has been the territorial expansion of the Russian’s who obtained significant control of the Bug river, the Port of Azov, the Kerch straits and the Crimean Peninsula.

Furthermore, the pact enabled again the access of the Russian steamboats and ships to the seas. It was an important treaty and thus it is mentioned in order to underline the significance of the territorial seas for the empires and their economic activities which by then were done through maritime trade\(^\text{29}\). The Russian Empire has based its


financial development on the creation of major ports in the seas of the region which provided access to the western markets that were the main clients.\textsuperscript{30}

In a quick glance, significant treaties and agreements that have been signed among the Black Sea countries are the Treaty of Bucharest (1812) that ended the Russo-Ottoman war, the Treaty of Edirne (1829) that gave to Russia the right to protect Greece and control the mouth of Danube river, the Treaty of Hünkâr İskelesi (1833) that gave Russia access to Bosporus, the Treaty of Paris, (1856) that ended the Crimean war, the Treaty of San Stefano (1878) that ended one more Russo-Ottoman war, the October Manifesto that ended the Russian Revolution of 1905, the Treaty of Constantinople (1913) that gave to the Ottomans the Bulgarian acknowledgement of Eastern Thrace, the Treaty of Kars (1921) between Turkey and the Transcaucasian Republics of Russia and many more other treaties, agreements and protocols.

The common factor between all these agreements and treaties has not been the energy sector but actually something very attached to this. The geographical reshaping of the region, depending on the winner of each war or conflict, was and still is the most important term of each treaty. The Black Sea nation-states had been always changing this geopolitical situation but the treaties were providing, besides new borders, new routes for the commercial and trading activities with the western part of the world, new natural resources both inland and coastal and finally, new territorial rights.

The signed treaties have also created a new protection shield that has totally changed the modern politics game. The nation-states, the modern ones- are obliged to follow the rules of the international treaties and agreements in order to get more profits from their partnerships. The conformation to the international treaties is nowadays an important factor that regulates also the way energy collaborations and agreements are proceeding.

2.3 Modern agreements: Turkey-as-a-transit-state

The Ottoman Empire was followed by a modern nation state which had replaced many of its old habits and policies in order to approach the western criteria needed for a future collaboration on deeper levels. Nowadays, Turkey is a nation-state with a questioned democracy and human rights agenda but still plays an important role to the energy politics of the Black Sea region, the Central Asia and the Western market. The crucial geographical position of the country, a geostrategic and geopolitical asset, allows Turkey (for reasons that will be discussed on the following chapter of the present paper) to control energy resources and form the energy politics map.

In the Region of the Black Sea, Turkey has only Russia to be afraid of when issues of economic development and energy are raised into awareness. But the specific nation-state has a number of neighbours politically weaker and economically ruined close to its borders and most of these neighbours are willing to collaborate with Turkey.

In the last decade Turkey has started the execution of an ambitious plan, to become the one and only energy hub of the East. This started with the signing of a series of agreements with neighbouring natural gas producers, introduced the Baku-Tbilisi-Erzurum natural gas pipeline, launched the Baku-Tbilisi-Ceyhan oil pipeline and has been discussing and signing projects for energy transport in the European area.\(^{31}\)

It is not only oil and gas that Turkey is interested. After years of discussions on the issue, in 2006 Turkey announced the decision to build a number of nuclear energy plants. The first plants were expected until 2015 but financial and legal difficulties have postponed the nuclear electricity project.\(^{32}\) Later after the announcement of the nuclear plans, Turkey and Russia signed an agreement which would enable Rosatom to build, own and operate four 1.200 MWe units at Akkuyu, located on the Mediterranean coast near the port of Mersin. The agreement financially will provide


\(^{32}\) Currently Turkey has two research reactors, a small scale pilot facility for uranium purification, conversion and production of fuel pellets, a nuclear waste storage facility for low level nuclear waste. Discussion for collaboration have been done both locally, in the area of the Black Sea and Central Asia and abroad, in the USA. T. Findlay, Nuclear Energy and Global Governance: Ensuring Safety, Security and Non-proliferation, Routledge, 2010, ch.3
25% of the total share to Turkey while the state electricity company TETAS will be receiving a fixed proportion for 15 years and then it will be obliged to provide 20% of the profits to the Turkish government. Also, in the same framework, Turkey has signed in 2010 an agreement with KEPCO, the Korean electric power company, opening the markets far more to the East.\(^{33}\)

This extensive production and consumption of energy on behalf of Turkey has raised global awareness as far as the issue of energy security is concerned. The major question for many international players is how sustainable the Turkish energy hub project can be in order to provide energy sufficiency. That is not an unjustified worry of the global community. In the beginnings of the 21\(^{st}\) century the energy market has faced many crises, including the abnormal rising of the prices or the cases of insufficient surplus.

These were the basis for the creation of an energy hub and Turkey’s proximity to the Middle East, Russia, and the Caspian states is estimated to offer 70% of the world’s proven oil and gas reserves.\(^{34}\) It is obvious that Turkey also depends on the neighbouring agreements on energy. Since it possesses few indigenous sources of energy, it imports almost 90% of the energy resources that it is consuming.\(^{35}\)

Turkey is reaching the highest economic rates among the OECD states aiming until now to the short-term energy supply more than the long-term energy efficiency. The majority of the energy companies has been owned and ruled by the state while only recently there has been an opening of the market to the private investors but still under great pressure from the Turkish government.\(^{36}\) The opening was an initiative of the Turkish parliament in 2001 aiming to end that irrational monopoly of the state and


\(^{34}\) A. Klieman, Great Powers and Geopolitics: International Affairs in a Rebalancing World, Springer, 2015, p.79

\(^{35}\) The amounts of oil and poor quality coal are also small, accompanied by small marginal amount of natural gas and no nuclear energy at this stage. The amount of hydroelectricity is expected to be increased as the amounts or renewable energy sources (wind, geothermal and solar power), too. B. Shaffer, Turkey’s Energy Policies in a Tight Global Energy Market http://belfercenter.hks.harvard.edu/files/insight_turkey_shaffer_energy.pdf, accessed on 01/09/2015

\(^{36}\) A. Nachmani, Turkey: Facing a New Millennium : Coping with Intertwined Conflicts, Manchester University Press, 2003, p. 77-80
the additional legislation on the Petroleum Market Law was introduced in 2003 in order to remove the controls on the oil sector and lift the price ceilings and thus making the market more profitable and elastic. 37

2.4 Turkey and the Azeri

Agreements in the energy sector between Turkey and the other Black Sea nation-states (or its satellite states) currently include major imports of oil from Russia (Iran and Iraq), natural gas again from Russia (and Iran, while LNG is imported to Turkey from Algeria or Nigeria). From 2006 Turkey announced a possible in the near future cooperation with the neighbouring to the Black Sea (also, a culturally, politically, historically, geographically and economically member of it) state of Azerbaijan 38. This collaboration has been an indication of the Turkish vision towards a close cooperation and strategic partnership with the neighbours.

The common characteristics between the two nation-states have been the basis for series of collaborations in all sectors of economic life. Azerbaijan is a large oil and gas producer and this facilitates Turkey’s lack in energy resources while on the other hand Turkey provides to Azerbaijan a way to the western market since it is landlocked in the interior part of the Black Sea with no access to sea routes. This win-win situation is a sign of sustainable cooperation that is difficult to be interrupted.

The first act that sealed the cooperation between Turkey and Azerbaijan has been the participation of Turkey with the representation of the Turkish company TPAO (Türkiye Petrolleri Anonim Ortaklığı) in the Azeri’s International Oil Company (AIOC) 39 with eleven more companies from eight different countries and at the same time establishing the first participation of TPAO in production of crude oil outside the

Turkish borders. Other important projects have been the participation of TPAO in a synergy with the Shah Deniz gas field deposit which, according to the research held by BP in 1999, contains reserves of 1.2 trillion m³ of natural gas and 240 million tons of gas condensate. In 2014, TPAO gained a stake of 19% in total from TOTAL and become the major stakeholder.41

The gas that was produced during the first phase of this collaboration was exported to the Turkish and the Georgian markets and a second expansion is expected by the end of 2018. For this, the two states, Turkey and Azerbaijan, have been collaborating also on the means of transport of the energy sources to the global markets. The oil (an amount of 50 million tons) from the Azeri, Chirag and Guneshli fields is pumped from Sangachal Terminal via Baku-Tbilisi-Ceyhan pipeline and transferred to the global markets including the local market of Turkey and Georgia.

Before this, the two countries had to agree upon this project and the discussions started in 1992, followed by the signing in 1993 of a framework document regarding the construction of the Baku-Tbilisi-Ceyhan pipeline. In 1998 the presidents of Azerbaijan, Turkey, Georgia, Kazakhstan and Uzbekistan signed the Ankara declaration, underlining the significance of this project for the wider region. The construction started in 2002 and ended in 2005 providing a share of 6.87% to TPAO.43

Though many of Turkey’s neighboring states desire a collaboration in order to gain the much needed access to the seas, there have been also discussions that never ended with an agreement, like the development of the Araz, Alov and Sharq offshore field. This deposit reserves around 7 million barrels of oil and 400 billion cubic meters of natural gas but Iran believes that these deposits are laying into its territorial waters.

40 This consortium was established with the aim of exploiting Azeri, Chirag and Guneshli offshore oil fields. Hydrocarbon deposits are estimated up to 1 billion tons of oil and about 130 billion m³ of gas in those fields. R. Ibrahimov, Azerbaijan Energy History and Policy: From Past Till Our Days, Baku, SAM, 2013, p. 24
42 The US synergy secretary Bill Richardson participated in the signing ceremony.
43 Turkish-Azerbaijani energy relations: basis for pragmatic relations between the two countries, http://www.naturalgaseurope.com/turkish-azerbaijani-energy-relations-25168, accessed on 05/09/2015
This project led to the construction of another pipeline in 2007 the known as South Caucasus gas pipeline or Baku-Tbilisi-Erzurum gas pipeline, which aimed to facilitate the transportation of the resources to Georgia and Turkey.\(^{44}\)

Continuing with the Turkish-Azeri collaboration, one more important agreement is the signing of a protocol between the President of Azerbaijan’s state oil company SOCAR and the Chairman of the Turkish oil company Turcas Erdal Aksoy in 2007 that established a new joint company which acquired 61.32% of Turkey’s largest petrochemicals company Petkim Petrokimya Holding which is the only producer of plastic packaging, fabric, PVC, detergents in Turkey.\(^{45}\)

The number of Turkish-Azerbaijani pipelines is expected to grow. The two countries have decided the construction by the end of 2018 of the Trans-Anatolian gas pipeline (TANAP) which will enable the transport of energy far to the European continent. In this pipeline, the collaboration involves also Georgia and Greece and the estimated volume will reach 31 billion cubic meters in 2026. The companies that will undertake the construction are the Turkish BOTAŞ, SOCAR and the British BP. The official ceremony for the beginning of this project was held in Turkey, in the President’s presence in 2015, March 17.\(^{46}\) The TANAP pipeline is going to be connected with the TAP, Trans-Adriatic Pipeline that will transfer gas from western Turkey to Greece, Albania and across the Adriatic, to Italy.\(^{47}\)

\(^{44}\) Turkish-Azerbaijani energy relations: basis for pragmatic relations between the two countries, [http://www.naturalgaseurope.com/turkish-azerbaijani-energy-relations-25168](http://www.naturalgaseurope.com/turkish-azerbaijani-energy-relations-25168), accessed on 05/09/2015

\(^{45}\) ГНКАР Намерена Приобрести Нефтеперерабатывающий Завод в Европе, 2008, [http://www.1news.az/economy/20080925104535367.html](http://www.1news.az/economy/20080925104535367.html), accessed on 05/09/2015


2.5 Central Eastern Europe and South East European region agreements

This project, mentioned on the title of this subsection, has been an effort to create a common market of energy and increase the energy security in the area. Also, it is expected that a collaboration of so many states in the energy sector will facilitate the transport of energy, while further discussions between the producing or the providing states and the clients will finally lead to a decrease of the prices. Last but not least, it is expected to improve the existing infrastructure and add new pipelines that will provide access to more remoted areas aiming to provide each country with at least three sources of gas and achieving the goal of energy sufficiency.

The agreement was part of a Memorandum of Understanding and was signed in Dubrovnik in 2015, July. Among the infrastructure plans one may find the Trans-Adriatic Pipeline (TAP), an LNG terminal in Croatia and evacuation system, a system of reinforcement in Bulgaria and Romania, interconnectors between Greece and Bulgaria and between Serbia and Bulgaria.\textsuperscript{48}

\textsuperscript{48} This was signed by the Vice president of the European Commission and by the energy Ministers from Austria, Bulgaria, Croatia, Greece, Hungary, Italy, Romania, Slovakia, Slovenia, Albania,
2.6 Russian energy controls and resources in the Black Sea region

Russia is one of the wealthiest countries in the world as far as energy resources are concerned. The major control of these reserves lays on the hands of Gazprom, the biggest energy company in Russia. Russia in fact, has the largest known natural gas reserves on Earth (32% of world’s known reserves) and the second largest coal reserves too (10% of the already explored reserves).49

It is due to the nationalistic and restrained politics of Russia that not many agreements have been signed on the energy sector. The wish of Russia to control the majority of the area’s resources has been set aside for the time after the phenomenal two agreements that have been signed with Turkey and China (as presented in details in the case studies section of the present paper). Gazprom is controlling almost 95% of the world’s known reserves in natural gas and these resources are reaching each year for the last decade many European and Black Sea households, from Germany, Italy, and France to Ukraine, Belarus, Hungary and Turkey.50 It is a belief of the Russian government that the energy sector can be used as a powerful weapon against the Europeans who even in 2014 were facing the possibility of higher gas prices that would stabilize the Russian economy after the sudden shock of the ruble’s fall.51

Turkey might want to be an energy hub but Russia is the largest oil producer in the non-OPEC countries and is the main transit country for oil from Kazakhstan, a nation-state of the Central Asia that collaborates intensively with the European Union with relative bilateral agreements. The control of these reserves belongs to the biggest oil Russian company Rosneft while Gazprom Neft and Transneft follow by operating and owing pipelines. Transneft is now working on the construction of the Eastern Siberia


Pacific oil pipeline that will facilitate the transport of oil to the Asian markets of China, Japan and Korea.  

In the abovementioned amounts of resources and reserves, the unexplored reserves of Siberian Lena and Tunguska basins are not included since the commercial exploitation would not be easy or profitable.  

Among other types of energy, Russia owns reserves of Uranium concentrated on three east-of-Urals uranium districts (Transural, West Siberia and Vitim), has an estimated potential for solar energy of 2.3 trillion tce (at the North Caucasus, the Black Sea and the Caspian Sea areas, and southern parts of Siberia and the Far East) and has high quality wind resources (in east of Sakhalin Island, the south of Kamchatka, the Chukotka Peninsula, Vladivostok, the steppes along the Volga river, the northern Caucasus steppes and mountains and on the Kola Peninsula).  

### 2.7 Other nation-states of the Black Sea region

Bulgaria is another nation-state that has attracted the international interest when it managed to establish an almost stable economy by turning into an outsourcing area where taxation is in favor of the investors. It might be a paradise for industries and companies, but as far as energy is concerned it has some issues to resolve. The location of the country allows the creation of oil and natural gas routes that transfer resources from the Black Sea to Europe. Two of the most important projects have been the Burgas-Alexandroupoli pipeline and the South Stream pipeline (now Bulgaria’s involvement is cancelled).

Both of these projects have been significant for the development of the energy network in the southeastern part of Europe but Bulgaria is no more an “independent”

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52 T. Moran, China’s Strategy to Secure Natural Resources, Peterson Institute for international economics, 2010, p.23-24  
54 E. Douraeva, Renewables in Russia: from opportunity to reality, OECD/IEA, 2003
player, since it joined the European Union. This means that Bulgaria has to follow all the rules and regulations the European agreements are mentioning regarding energy and natural resources use and management. This left a less significant financial profit for the Bulgarian state but made it clear that it was more of a political project rather than an economic one.

Besides that, Bulgaria faces problems with the management and implementation of these projects and this is a problem that shadows the future projects as well. The corruption level in this country is extremely high (actually Bulgaria, followed by Romania, are two of the most corrupted nation-states and at the same time member-states of the European Union) and makes difficult the evaluation and transparency policies these projects demand. The lack of strategic planning is augmenting the problems of poor management and the need for a good governance policy is immediate. Also, high quality standards are necessary for the success of the projects and the signing of more, something that will lead to the creation of a sustainable national economy appealing both to the Black Sea countries and the rest of the European members, too.

56 EU raises alarm on Bulgaria corruption, [https://euobserver.com/justice/127402](https://euobserver.com/justice/127402), accessed on 01/09/2015
Georgia is, despite the conflicts on its territory, a state that uses its role as an energy hub as fully as possible comparing to Turkey. The neighboring state of Azerbaijan is rich in natural gas and oil and it uses Georgia in order to transfer it. Major energy routes are the three oil pipelines following: the Baku-Tbilisi-Ceyhan pipeline, the Baku-Supsa-Western Route Export Pipeline and the Baku-Novorossiysk pipeline. Besides these, Baku uses three more pipelines for the transfer of its natural gas resources and the routes are the North Caucasus, the South Caucasus and the Baku-Astara pipelines. Georgia is also the transit for Armenia who imports natural gas and oil from Russia through it.58

Armenia, on the other hand, has nothing to be jealous of Russia or Turkey since it is exploiting and importing natural gas that is controlled also by Gazprom, nuclear energy which it exploits through a thermal plant and electricity, a hot topic during last June when the government decided to increase prices (mostly due to the Nagorno Karabakh conflict) causing protests. The ministry of energy on its official website presents a series of strategic plans regarding the energy resources of the country.

58 A. Ergun, Security and Cross-Border Cooperation in the EU, the Black Sea Region and Southern Caucasus, IOS Press, 2013, p. 168
Romania is another case of a “dependent state”, as far as energy is concerned. It might have sufficient oil and gas reserves but for reasons of management and governmental indecision, it imports its energy resources from Russia. This dependency is planned to be over, since Romania also owns two nuclear reactors and aims to replace the electricity system that currently has with nuclear energy. The energy strategy of Romania has been slowly shaped. The production of energy has been decreasing while the rest of the Black Sea nation-states are mostly trying to create an economy based on energy exports and pipeline’s construction.

The government in Romania is not only slowly moving towards this direction, but the country also has no proper infrastructure to start exporting the natural sources it could exploit. Also, the planning and management of the energy policies is insufficient. A plan of Transgaz to connect Romania with the Southern Gas corridor and the Greek LNG terminals has been presented. That plan changes the plan for Bulgaria, too. It is actually a new South Stream (which has been cancelled lately as will be discussed below in the present paper) and it replaces Bulgaria with FYROM. Finally, the role of Gazprom will have to be smaller and less intervening since Romania is a European Member state and for this reason is by principle obliged to follow the European rules on energy decisions and policies. The funding is also more likely to come from European funds rather than Russian cashiers as it used to be the case.

Last but not least, a Eurasian organization has appeared. The Eurasian Union came into force only just on January 2015 and it is an effort to create a similar union of nation-states as the European Union did. Many of the European Institutions are found in the structure of the Eurasian Union with most prominent the Eurasian Economic Union. The member states come from the Black Sea region and the Central Asia area.

61 N. Popescu, The Eurasian Union: the real, the imaginary and the likely, Chaillot papers, 2014, p.10-17
The Eurasian Union is focusing on issues of trade, economy and energy while it is considered to be the “personal project of Vl. Putin”\textsuperscript{62}. If this Union tries to establish a common set of values and interests and finds a way to balance the differences that separate the Black Sea region it will be a very promising project that will allow the economic sustainability of the area in the long term. Furthermore, it will become a useful partner for the USA and the EU when international decisions are to be taken and will be at the same time an equal participant. The energy efficiency and security issue will be stable and the economic profits will make the quality of life in the area more advanced.

\textsuperscript{62} N. Popescu, The Eurasian Union: the real, the imaginary and the likely, Chaillot papers, 2014, p.10-17
Chapter 3 Energy contracts between the Black Sea region’s states and the world

The second chapter aims to discuss the presence of the Black Sea region in global or transnational agreements and analyze the prospects of a sustainable Black Sea economic plan able to stand among the other global economies of the Western or the Asian part.

3.2 EU-Russia friction

To begin with, one of the most prominent issue and exhaustively discussed by the international media has been the crisis in Ukraine followed by the bailout for the annexation of Crimea from the Russian nation-state. This tragic- from sociological and humanitarian point of view- event has been a significant political trigger on the Russian hands and a very stressful situation on behalf of the Ukrainian government. The benefits and the losses of that event have been mostly connected with the energy policies and the exclusive economic zone agreements as it is analyzed below in the present paper on chapter 4. But how does this affect the foreign affairs of the two nation-states and the global opinion for their actions?
It does not come as a surprise to the political analysts or economists dealing with the region the fact that this crisis has completely changed the bilateral relations between the Black Sea region (especially Russia) and the European Union. It has been the European Union that first sought to come closer with the neighboring state of Russia in order to stabilize the situation in the wider European area and create new roads of cooperation and mutual benefit for the people and their economies. During the same period of time, European Union’s interest for the Central Asian states has been raised.

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63 Briefly, the situation in the Central part of Asia, a region attached to the Black Sea area and influencing its economic and political status, is neither stable nor homogeneous but European Union has sought and achieved several agreements. Some of the most important reasons are presented here: Kazakhstan and Mongolia have demonstrated among the highest economic growth rates of the world, Kyrgyzstan and Mongolia have the most developed democracies, all Central Asian nation-states are international power-game players creating foreign affairs with Russia, China and the West, Turkmenistan is permanent neutral, Kazakhstan and Turkmenistan have trade relations with the EU already and Kazakhstan is a founder of the Customs Union with Russia and Belarus. Most of these states face serious human rights issues and lack of fundamental freedoms parallel to the risk of Islamic expansion and extremist movements, [http://www.europarl.europa.eu/RegData/etudes/fiches_techniques/2013/060603/04A_FT(2013)060603_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/fiches_techniques/2013/060603/04A_FT(2013)060603_EN.pdf), accessed on 01/09/2015.
and thus initiating discussions and a “revival” of the existing Partnership and Cooperation Agreements.⁶⁴

Some of the most important parameters, posed for the continuation of the discussion and the signing of further agreements have been the amendments on the human rights condition, the adoption of good governance policies and the regional social development. The lack of a common status and of a common level of democratization to these nation-states leads to tailor-made approaches on behalf of the European Union in order to achieve the best out of the energy and security agreements.⁶⁵

The crisis in the political and social scene of Ukraine and Russia has eventually led to a new crisis on international level. The former partner and neighbour of the European Union has become since 2014 alienated while European Union has decided the cancellation of EU-Russia summits and the suspension of the visa liberation process.⁶⁶

Furthermore, legislation voted by the Russian government and regarding civil society’s issues (registration of non-governmental organisations, demonstrations, internet use, libel and slander, and matters of high treason) has challenged the European Union’s opinion on Russia’s democratic values along with corruption and human rights’ breaches in the Caucasus region. This has a severe impact on the economies of both states keeping in mind that the European Union is Russia’s first trading partner and Russia is European Union’s third.⁶⁷ The Russian state answered to the European Union’s cancellations in August 2014 with an embargo on agricultural and food products from the European Union.


⁶⁶ According to the Treaty of Lisbon the European Parliament has the right to cancel discussions, procedures, decisions that have not been voted based on the democratic scrutiny. For more details, R. Holzhaecker, E. Albaek, Democratic Governance and European Integration: Linking Societal and State Processes of Democracy, E. Elgar Publishing, 2007

The EU-Russian relations start from the last period of the USSR era, when the two entities signed the Agreement on Trade, Commercial and Economic Cooperation\(^68\), on December 1989 which was followed by the Partnership and Cooperation Agreement, signed on June 1994\(^69\).\(^70\) Almost a decade after, the two entities agreed on the concept of the four Common Spaces, during the Summit in St.Petersburg, May 2003\(^71\). Later, on 2006, a political agreement has been achieved on the mechanism of implementation of the strategic partnership\(^72\).

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\(^68\) About all the Treaties and Agreements signed by the EU and information on economic activities of the period, The European Union Encyclopedia and Directory, Psychology Press, 1999

\(^69\) Initially was signed for 10 years but in 2005 EU and Russia started negotiations on a new agreement that would replace PCA. For more information A. Boute, Russian Electricity and Energy Investment Law, BRILL, 2015


\(^71\) A Common Economic Space, a Common Space of Freedom, Security and Justice, a Common Space of External Security and a Common Space of Research and Education, including Cultural Aspects

Further negotiations in 2008 aimed in a plan for the social development of the region until 2020 while the 25th Russia-EU Summit in Rostov-on-Don, May-June 2010\(^73\), introduced the "Russia-EU Partnership for modernisation" which was a framework of several policies among which the need for sustainable low-carbon economy and energy efficiency. During the next (26\(^{th}\)) Summit held in Brussels on December 2010\(^74\), a rolling Work Plan was added in the Partnership containing a new legal basis for international cooperation in the energy field and the joint proposal by Russia and Germany for the establishment of a Russia-EU Committee on External Policy and Security (the Meseberg memorandum)\(^75\),\(^76\).

To this point it is crucial to refer to the basis of the energy agreements between the Black Sea region and other international participants. The entitled Energy Charter Treaty\(^77\) has been a significant agreement that provided a minimum standard of liberalisation for its members and a legal framework that protects the rights and the interests of the energy related partners. The terms of the specific Treaty have been


\(^74\) 26\(^{th}\) EU Russia Summit on [https://www.youtube.com/watch?v=7yf0dqlUbLY](https://www.youtube.com/watch?v=7yf0dqlUbLY), accessed on 01/09/2015

\(^75\) About the Meseberg memorandum, G. Diesen, EU and NATO Relations with Russia: After the Collapse of the Soviet Union, Ashgate Publishing, Ltd., 2015, p.97-98


also used as the basis of the discussion for the renewal of the PCA\textsuperscript{78} (procedures that are on hold after 2014 when the crisis in Ukraine started).

The Energy Charter is an open process that aimed to the creation of an international and secure energy market which came into force on April 1998. The enlargement of the initially European initiative has been an indication of the modern need for a unified Eurasian energy market that would create a safe and peace geographical space for the people.\textsuperscript{79} This is also an important Treaty because all of the coastal Black Sea nation states are participating to showing “bits and pieces” of cooperative and neighbouring spirit.

The idea of an energy market was appealing enough that nowadays the European Union is examining and discussing the establishment of a similar common energy market for its member-states and the external partners. The sustainability of this European project is threatened by the significant refugees’ crisis that has emerged during the last months of summer of 2015 fleeing from Syria and the financial crisis already existing.\textsuperscript{80}

3.3 USA the nuclear partner

The Black Sea region has been always an important area for several reasons and from many different aspects. For that, it is not strange to find collaborations and agreements even with partners from other continents, even with the USA with which the relations have not always been tensionless. Since America exploits oil and energy resources from its close geographical territory and is energy sufficient by its own, this part of the paper will discuss the older nuclear agreement between the USA and Russia.

\textsuperscript{78} D. Böhme, EU-Russia Energy Relations: What Chance for Solutions? A Focus on the Natural Gas Sector, Universitätsverlag Potsdam, 2011, p. 251


\textsuperscript{80} Immigration crisis, as it is called by the MEPs of the European Parliament has been a humanitarian phenomenon that is still under discussion seeking for solutions. For more information: State of the Union debate: Juncker touches upon the challenges ahead, http://www.europarl.tv.europa.eu/en/player.aspx?pid=4c79ba04-9e65-4eaf-ac0e-a50700989c6e, accessed on 20/09/2015
The two entities have signed an agreement, the known as Plutonium Production Reactor Agreement (PPRA) in 1997, aiming to the cessation of plutonium production that would be used in nuclear weapons. The agreement monitors the closure of plutonium reactors and ensures that the weapons that would be produced by the remaining resources in Russia would be at least nine metric tons, placed in secure storage and will remain accounted until their transfer to a disposition regime.\textsuperscript{81}

But it is not only nuclear power that the USA seeks to take remoted control of in the area of the Black Sea. During the last year, the American oil companies Schlumberger and Baker Hughes bided for new contracts in the Russian Arctic waters, an area much desired from many countries. Earlier, in 2014, the European Union and the United States had to face sanctions against their involvement to the Russian Arctic oil industry that are banning cooperation in energy, technology and services but still oil companies such as the ones abovementioned try to find loopholes, this time without any success.\textsuperscript{82}

\textit{3.4 Turkey and the EU}

The other significant nation-state of the Black Sea region, Turkey, has been lately a changing, oriental state that is been looking with persistence towards the West since it remains a candidate member-state for the European Union. To be more specific, the European Union is negatively replying to an enlargement including Turkey, who has done important amendments to fulfil European Union’s criteria. A string denominator can be the energy sector. The two entities have discussed and worked on several agreements that refer to energy and this can be used as a further step towards a future membership of Turkey.\textsuperscript{83}

\textsuperscript{81} Information as presented by the executive agent between the Defense Threat Reduction Agency of USA and the Russian Government, \url{http://www.dtra.mil/}, accessed on 01/09/2015
\textsuperscript{82} “The EU and U.S. sanctions introduced in September 2014 ban companies from providing services necessary for deep-water oil exploration and production, Arctic oil exploration or production and shale oil projects, including drilling, well testing and logging services.” A. Staalesen, US companies bid for contracts in Arctic Russia, Observer, 2015, \url{http://www.adn.com/article/20150219/us-companies-bid-contracts-arctic-russia}, accessed on 01/09/2015
\textsuperscript{83} “At a meeting in Brussels, EU Energy Commissioner Günther Oettinger criticized last year the slow and long drawn-out process of Turkish accession to the EU. He said “one day in the next decade a
As far as energy shares are concerned, Turkey’s fossil fuels will continue to account more than 80% of energy mix and their share in EU’s mix will remain above 70% (reaching 78% in 2030)\(^8\). Russia will most likely remain a strong player in the energy game providing the largest oil and gas supplies to both the EU and Turkey. Those facts indicate the size of European Union’s dependency to non-Member States which creates a sense of insecurity for the future. For this reason, on May 2014, an Energy Security Strategy was proposed and thus making Energy Security one of the top strategies in the European agenda.

The geographical position of Turkey allows to its government the realisation of an ambition to turn the nation-state to an energy hub. This can be supported by studying the image that follows and identifying the characteristics that make Turkey a possible Anatolian energy hub or transit state.

It is undoubted that the country lacks the infrastructure to become a transnational energy provider but this is not impossible in a long-term basis.\(^8\)\(5\) Turkey not only has a crucial geostrategic location but also has the fortune to be the neighbouring state of many other states that are rich in energy resources.\(^8\)\(6\) This makes the plan of the energy hub more likely to happen considering also the difficulties that have appeared through the EU and Russian relations.

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\(^8\) German chancellor and his or her counterpart in Paris will have to crawl to Ankara on their knees to beg the Turks, ‘Friends, come to us.’” He expressed his personal view based on a widely shared assessment of Turkey’s role and potential.” European Parliament, Joint answer given by Mr Oettinger on behalf of the Commission, Written questions :E-002319/13, E-001845/13, 6 May 2013, http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2013-001845&language=EN, accessed on 01/09/2015


\(^8\)\(6\) The Caspian region or the Middle East for example.
Chapter 4: EEZ agreements

This chapter will present shortly the meaning of the delimitation of an exclusive economic zone and specifically how this national decision has affected the nation-states of the Black Sea area.

4.2 EEZ agreements

The exclusive economic zone agreements have been a constantly upcoming issue for discussion. It is absolutely necessary to research its aspects while studying energy cases and especially when focusing on the region of the Black Sea. First there will be a short presentation of what that important and particular zone is, about the relevant legislation that still causes disputes over its validity and the major discussions about its nature and prospects. Then there will be a detailed reference to the disputes over the delimitation or the exploitation of the exclusive economic zone in the Black Sea region which threaten any plans for stability and peace in the area.

The sea shelf might be different from the exclusive economic zone but still is a crucial part of it and, partially, the exploitation of the available in each region resources is attached to the issues of national sovereignty. But what is an exclusive economic zone and what role does it play in the international politics scene?

An Exclusive Economic Zone (EEZ) is a concept adopted during the Third United Nations Conference on the Law of the Sea (1982), whereby a coastal State assumes jurisdiction over the exploration and exploitation of marine resources in its adjacent section of the continental shelf, taken to be a band extending 200 nautical miles from the shore. Specifically: The Exclusive Economic Zone (EEZ) comprises an area which extends either from the coast or in federal systems from the seaward boundaries of the constituent states (3 to 12 nautical miles, in most cases) to 200 nautical miles (370 kms) off the
coast. Within this area, nations claim and exercise sovereign rights and exclusive fishery management authority over all fish and all Continental Shelf fishery resources.\textsuperscript{87}

The abovementioned Convention was concluded in 1982 but came into force in 1994 while today is counting 160 countries and the European Union as joint members. The result of this Convention has formed a framework that constitutes a legal basis on which each state can define its territorial sea and all the procedures or projects that can take place in that (custom’s regulations, fiscal or immigration regulations, sanitary issues, exploration/ exploitation/management of the living and non-living natural resources).\textsuperscript{88} The abilities and the various possibilities this framework offers are included in the name of the zone that expressly mentions the “exclusiveness” and the “economic outlook”. Exclusiveness has be the main reason for various disputes since it creates the sense of property on the sea and the economic outlook is a great motive to fight for this exclusiveness.

According to theorists of the exclusive economic zone, such as Th. Kariotis, there are four points in the convention that are not only significant but, also, undeniable. Firstly, according to the case of the sea shelf between Tunisia and Libya, 1982, the delimitation of the zone is a customary international institution that is valid even if the convention is not signed or approved. Secondly, the exclusive economic zone is not a part of the coastal states ipso jure like the sea shelf, so for its existence it should be defined clearly otherwise it remains part of the open sea.

Thirdly, the coastal states cannot overdraw the restrictions mentioned in the 5\textsuperscript{th} part of the Convention regarding their rights, jurisdictions and obligations. This means that “other” states may have and exert rights on the exclusive economic zone of a coastal state and the coastal state cannot create an exclusive economic zone larger than 200nm. Last but not least, no state or group of states has the right to deny to a coastal


\textsuperscript{88} United Nations Convention on the Law of the Sea, 1982, UNCLOS art. 33 (a) and (b)
state the delimitation of its own exclusive economic zone. The delimitation depends only on the jurisdiction of each coastal state.\textsuperscript{89}

Regarding the benefits the delimitation of the exclusive economic zone can offer to a state, those are multiple and significant compared to those of the Convention of 1958\textsuperscript{90} about the sea shelf, ranging from the rights to research and the ability to exploit the natural resources.\textsuperscript{91} Its legal status is causing troubles and disputes over the lack of clearance in the documents. One of the basic questions is whether the area defined by the EEZ agreement is an open sea or it is a new, third sea zone between the sea shelf and the open sea?

In the Black Sea area, five of the coastal states have delimitated their EEZ boundaries with only the exception of Turkey.\textsuperscript{92} It would be no surprise to mention that even the EEZ has caused conflicts and disputes between the nation-states of the Black Sea area, many of which have been discussed and presented internationally while seeking a solution. Some of these cases have become models for other states aiming to establish their exclusive economic zone or initiative to start thinking about it.

\textsuperscript{89} Theodore Kariotis is a Professor of Political Economy at the University of Maryland, USA and Member of the Hellenic Delegation to the UN Conference for the Law of the Sea. T. C. Kariotis, A Greek Exclusive Economic Zone in the Aegean Sea, Mediterranean Quarterly, Volume 18, Number 3, Duke University Press, 2007, pp. 56-71.
\textsuperscript{90} Until the first United Nations Conference on the Law of the Seas (1958) fishing rights for the coastal states was exercised only inside the territorial waters, which in no case were extended beyond 12 nm. This led to the need of establishment of an economic zone within the coastal states would have the possibility of exploitation of their sources, while the other states will not be excluded from exercising their basic rights deriving from the establishment of freedom of the seas.
\textsuperscript{91} The importance of the Exclusive Economic zones for the global economy and the international economic relations is undeniable. Briefly, if all the coastal states were using their rights on the EEZ 200nm then 37,7 mil. Sq. nm or the 35,8% of the global sea surface would be covered including more than 90% of the global fishery, more than 87% of the oil and around 10% of manganese nodules. V. Kikilias, Exclusive Economic Zone (EEZ): From strategic move to economic solution, Kastaniotis Publications, 2012, p.21
\textsuperscript{92} Five of the six Black Sea coastal states have ratified the Convention on the Law of the Sea. Turkey is the only exception. Nevertheless, it has delimited its maritime boundaries with all neighboring countries. In 1973, 1978 and 1987 Turkey and the Soviet Union agreed upon their territorial see, continental shelf and exclusive economic zone boundary. After the dissolution of the USSR, Georgia, the Russian Federation and Ukraine confirmed the validity the USSR-Turkey maritime boundary delimitations. In 1997 Turkey and Bulgaria agreed upon their boundary. Romania and Ukraine resolved a long-standing dispute on the delimitation of the continental shelf and their exclusive economic zones through the International Court of Justice in 2009. The boundaries between Romania and Bulgaria, Ukraine and Russia and Russia and Georgia are not agreed upon and are drawn on the map as median or equidistant lines.
At the end of 1986 Turkey declared its exclusive economic zone in the Black Sea and reached an agreement with Russia (at the time USSR) using the method of the “midline” a very common and fair according to the law method.\(^{93}\) Later Turkey used the same method and agreed its exclusive economic zone with Bulgaria and Romania as well.\(^{94}\)

4.3 *Romania-Ukraine case on the EEZ*

Besides Turkey, there have been many cases over the exclusive economic zone among the nation-states of the Black Sea area. One of the most significant was the case of the maritime delimitation in the Black Sea between Romania and Ukraine. On February 2009 the International Court of Justice had to decide according to what the applicable law for maritime delimitation already contained and provisioned. The procedures for the delimitation started earlier than that.

It was during June 1997 when both states, following the Additional Agreement to the Treaty on Good Neighborliness and Co-operation\(^{95}\), decided to negotiate an agreement on the delimitation of the continental shelf and the exclusive economic zone in the Black Sea.\(^{96}\) After an exhaustive negotiating agenda the two states failed to reach an agreement\(^{97}\) and Romania applied against Ukraine based on art. 36.1 of the Statute of the court and par. 4 of the Additional Agreement that allowed parties to submit cases seeking for reconciliation or compromise, if the bilateral negotiations remained uncompleted for more than two years.

\(^{93}\) Description of the methods followed for the delimitation of the various zones including the exclusive economic zone at S. Wu, K. Zou, Securing the Safety of Navigation in East Asia: Legal and Political Dimensions, Elsevier, 2013


\(^{95}\) The Additional Agreement signed between Romania and Ukraine in 199 represents a special agreement between the two States, and the delimitation requested of the Court must be determined with the five principles of Article 4 of the Additional Agreement taken into consideration. [http://www.amun.org/final/06/ICI_Romania.pdf](http://www.amun.org/final/06/ICI_Romania.pdf) accessed on 25/08/2015


Furthermore, Ukraine who agreed with the submission of the case, expressed its strong disagreement on the jurisdiction of the Court under the Additional Agreement. On the other hand, Romania was expecting an establishment of her continental shelf and its exclusive economic zone that would not coincide with Ukraine’s limits. It is crucial to note that the two states have signed a number of treaties and agreements regarding their nation-state borders and the territorial seas.

After careful examination of all the treaties, the Court announced the decision of delimitating the territorial sea between both States to the extent these overlapped following the provisional equidistance line. The geographical coordinates of the new exclusive economic zones have been defined in the article n.1 of the Treaty on the Romanian-Ukrainian State Border Regime, Collaboration and Mutual Assistance on Border Matters, which was signed in 2003.

4.4 Russia-Ukraine-Crimea case on the EEZ

The Black Sea region has been again on the foreground regarding a new dark period of its modern history: the political crisis in Crimea and its will to be annexed to the Russian State. Besides the humanistic aspect and the political consequences of this action, there were plenty of advantages for Russia who turned out to be significantly

98 The major point of the dispute between Romania and Ukraine has been a small island, known as “Serpents’ Island” located in the Black Sea and covering 0.17 sq km and having a circumference of 2000m, in front of the Romanian coast. Romania declared that “uninhabited islands without economic life can in no way affect the delimitation of the maritime spaces belonging to the mainland coasts of the coastal States”. But the court was applying the relevant provisions of the Convention in accordance with the 1969 Vienna Convention on the law of treaties which considered the declaration of Romania as irrelevant. For this Romania also declared that Ukraine was excluded from claiming a continental shelf and exclusive economic zone to the south of this line. Finally, the provisional equidistance line was chosen as the proper method of resolving this disagreement. The basepoints have been calculated by the Court based on the Sulina dyke and thus disregarded as part of the relevant baseline. Also, the Court concluded that only the presence of Serpents’ Island required a minor adjustment of the provisional equidistance line. A. O. Elferink, Maritime Delimitation in the Black Sea (Romania v. Ukraine): A Commentary 2009, http://www.haguejusticeportal.net/index.php?id=10407 accessed on 25/08/2015

99 The abovementioned treaties have been signed between Romania and the Soviet Union before the annexation of Ukraine in 1991. On December 1991, a referendum was held on the confirmation of The Act of Declaration of Independence of Ukraine which had a positive response from 90.3% of the participating population. http://wwu-ukraine.com/about-ukraine/history/ukrainian-independence/ accessed on 25/08/2015

100 S. P. Kim, Maritime Delimitation and Interim Arrangements in North East Asia, Martinus Nijhoff Publishers, 2004, p. 28
benefited by the revolutionists. Ukraine’s waters are limited only around the area of Odessa and the north coast of the Azov Sea. Negotiations will be much needed in order to define the limits of the new exclusive economic zones and the continental shelf but it is beyond any doubt that the Russian state will be in position to claim more than twice as much area as its national waters and sea bed for its preferential or even exclusive use.¹⁰¹

The decision of the Peninsula to secede the Ukrainian state and the referendum held in order to join the Russian Federation have been the most important historical and political highlights of 2014 and have created many hypotheses regarding the future of the Black Sea and the Mediterranean, mostly because of the consequences these two events would have on the international scene of politics and geostrategic issues. For Moscow the positive outcome of this referendum (and even the expression of the theoretical Crimean wish to join Russia) would have been a mean to expand the naval presence in the two seas.

According to theorists, in the case of a merge (Ukrainian/Crimean and Russian fleet) the Russian Black Sea Fleet will outpace the Turkish fleet in the Black Sea, becoming a major military power in the basin.¹⁰² This means and evinces multiple things about the Black Sea nation-states, including turmoils on the sustainability of their economies which is also the main question of the present academic research.

Sovereignty is one of the most important issues concerning both the land and the seas. Besides this huge profit for Russia, there is the immediate need for Russia to reshape its territorial sea limits and adjust its exclusive economic zone in the northern part of the Black Sea. This new and expanded Russian delimitation has created a very stressful and vulnerable position for Ukraine.¹⁰³ Economically, militarily and politically the

Ukrainian state has to cope with a crisis that threatens not only the life of the local population but also their existence and the ability to improve their status in the region. As far as the local population is concerned, the truth is that they already have to deal with dozens of problems regarding their living, unemployment, poverty etc and this social stagnation leads to a decrease of interest when it comes to such matters. In these problems one may add the loss of Ukraine’s piece on the “energy pie”. Plentiful resources such as oil and gas are available in the undersea of the Black Sea, in the region of the Crimean peninsula too, and Ukraine is probably losing the ability to exploit them. Basically, this exploitation could lead to independence from the Russian gas.

The energy resources are not the only thing Ukraine is losing because of the Russian dominance. Ports such as Mariupol, Berdyansk and fishery areas are automatically passing into Russian control. The same will apply for the Ukrainian ships which will be free to move from ports like the historical Odessa or Mykolaiv to the open Black Sea but will have to cross through the new Russian jurisdictional waters where Russia will control any economic or research activity.

All the above mentioned problems are not only politically caused but are more of a geographical and natural barrier because of the Crimean coastal line which is not straight. The fact that it is a peninsula makes the situation even more complexed not only for the Black Sea but also for the neighboring Azov Sea and makes the reshaping of the area and the territorial jurisdiction immediate and unstable. In the framework of this paper, sustainability of projects and economic activities is the main compass. Keeping in mind all the facts above mentioned, one can understand how difficult it is

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105 The trading relations regarding the gas provided from Russia to Ukraine have always been in crisis. http://www.nato.int/docu/review/2014/nato-energy-security-running-on-empty/Ukrainian-conflict-Russia-annexation-of-Crimea/EN/index.htm accessed on 26/08/2015

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to achieve peace, prosperity and long-term agreements in an area where no limits can be standard for a certain period of time and where the political decisions of a state usually lead to a significant loss of sovereignty.

Another issue that makes economic sustainability -for the region as a unity-, a difficult project, is the military presence and organization of states such as Turkey or Russia. After the Ukrainian crisis with the referendum in Crimea, the Russian government decided to include not only the Ukrainian fleet into their existing one, but also to order the construction of new ships under the project No. 1156M.  

These facts and events mentioned on that section are an indication of how sustainability and economic development are being perceived by the nation-states. It is the need to have a strong political presence in the area that makes the smaller nation-states to behave spontaneously based on short term plans while Russia and Turkey are mostly concerned on their financial prosperity rather than the development of the whole neighborhood. Exclusive Economic Zones has been a significant source of wealth and resources that allows to the nation-states that are benefited by its delimitation to be sufficient, to create sustainable national economies and strengthen their political profile internationally.

108 “Admiral Grigorowicz” in the Kaliningrad Jantar Shipyard and the Admiralty Shipyard – St. Petersburg is also set to deliver six “Warszawianka” class submarines under Project 636.3 to the Sevastopol navy base. M. Dura, “Nowy kształt wod terytorialnych i wylacznych stref economicznych Morza Czarnego, Defence 24, 2014
Chapter 5: Case studies

During this chapter two case studies will be presented aiming to provide solid evidence of how the energy contracts have influenced the interstate affairs in the Black Sea region.

5.2 Russia-China

The route of history has registered many dark events in the relations between the modern Russia and China. Starting from the beginning of the first millennium the two areas named as Central state (China, Zhongguo) and Rus Khanate (Russia, Русь) had experienced many significant changes in their geopolitical status, the composition of their population and their territorial sovereignty mostly because of the numerous conflicts and wars that accompanied the expansive tendencies of the era. It was the Hans, the Mongols or the Rus that ambitioned the formation of an unlimited empire under their submissive rule that would be based on fear and power.

The centuries have passed and the empires or the dynasties have fallen apart but some residues remain and shadow the modern politics of both states. China has become an economic “raising horse” during the last decade expanding on multiple economic sectors and thriving in the global financial scene while alongside tries to hide its BRICS\footnote{109} origins by correcting defaults on social sectors such as the extensively discussed human or labor rights\footnote{110} and using its capacity as a miraculously emerging

\footnote{109} Brazil, Russia, India, China and South Africa: acronym describing emerging economies used by J. O’neill in 2001, \url{http://www.economist.com/blogs/economist-explains/2013/03/economist-explains-why-south-africa-brics}, accessed on 19/08/2015

\footnote{110} Accidents in the Chinese factors, industries, working places have been promoted regularly in the western media. The Chinese have tried to cover the tragic events by raising the salaries or changing the safety conditions in the working place. Some of the recent accidents can be found here: \url{http://www.theworldofchinese.com/2014/08/chinas-shocking-record-on-industrial-accidents/}, accessed on 19/08/2015 and \url{http://www.dailymail.co.uk/news/article-2103798/Revealed-Inside-Apples-Chinese-sweatshop-factory-workers-paid-just-1-12-hour.html}, accessed on 19/08/2015
economy\textsuperscript{111} in order to gain the position of the global hegemon that has been occupied for many decades by the USA.\textsuperscript{112} The Republic of China has been studied recently from the Western world but the communistic\textsuperscript{113} and censorious state of mind even today does not allow the discursive dissemination of information.

Among the most important and energy oriented achievements of the Chinese state are the foresight to obtain absolute control of the rare elements\textsuperscript{114}, the nano-technological advance\textsuperscript{115}, the consolidation of thousands of patents\textsuperscript{116} and the investment in qualified and well educated manpower that studies abroad in order to be recruited in the advanced Asian laboratories and import the know-how they have learnt.

On the other hand, Russia, which is still an emerging economy, and recently experiencing threatening fiscal and financial turmoils, has been a strong, communistic and introvert entity for a long period of time. The russification processes and the exertion of unreasonable violence towards the population has not been enough in order to hold the former USSR together and even parts of the Russian state today. Russia has always been located on a geopolitical spot on the map and gained early the ability to control the natural resources (land and sea) of Central Asia and South East

\textsuperscript{111}Emerging economies, for a definition see T. Khanna, K. G. Palepu, Winning in Emerging Markets: A Road Map for Strategy and Execution, Harvard Business Press, 2010
\textsuperscript{112}J. Mearsheimer, Is China going to be the next global hegemon?, speech, 2011
\textsuperscript{113}Communistic China has not been published in details but the Chinese communism differs from the communism around the world, mostly because of its blind adherence to the personality of Mao Zedong. Characteristic folklore stories describe people dying in his name or even less. There has been mentioned that a worker was drown in a river in his effort to grab an antenna that was falling during the emission of Mao's speech.
\textsuperscript{114}China until recently has been exerting control on 97% of the rare elements' resources worldwide (2012), which dropped to a production of 86% (2014) and has limited the exports in order to raise competition. Rare elements or rare earths are seventeen chemical elements that are used for the production of many technological products used in our everyday life (Apple, Toyota are already using them) and their sparseness refers to the quantities they are found.
\textsuperscript{115}http://www.rareelementresources.com/rare-earth-elements#.VdR6YPmqkko, accessed on 19/08/2015 and State of natural resources Vs the social welfare state http://waset.org/author/nikoloudi-anastasia accessed on 19/08/2015
\textsuperscript{116}China’s future in Nanotechnology, http://www.china.org.cn/opinion/2014-02/17/content_31478994.htm, accessed on 19/08/2015
\textsuperscript{116}The foresight of the Chinese to ensure their patents (and even patents that they have stolen i.e the cases of Louis Vuitton and Apple) is a very useful tool in their developmental process. For example here: http://www.reuters.com/article/2014/07/09/us-apple-china-idUSKBN0FE0DR20140709 accessed on 19/08/2015. The number of patents they guarantee each year has been larger than any other country's or entity's (Comparative analysis between the economies of EU and China, 2012, Nikoloudi A.)
Europe. As far as Russian science and technology are concerned, the trigger has been given centuries earlier by Peter the Great who founded the Russian Academy of Sciences and the Saint Petersburg State University. Neighboring states (once part of USSR or under the soviet control), for example Kyrgyzstan, Kazakhstan, Azerbaijan and even Uzbekistan have been places of investments related to energy and technology.

The Sino-Russian relations started to normalize and constrict during the 90s and after the dissolution of the Soviet Union. Both states have found on each other a willing partner and a promising ally that share common political values and regional interests. The ice broke in 1992 when Boris Yeltsin as the Russian President made his first official visit to China. The two nation-states have signed since then a “Treaty of Good Neighborliness and Friendly Cooperation” and created the ‘Shanghai Cooperation Organization’ including junior partners.

118 Signed between the Russian Federation (V. Putin) and the People’s Republic of China (J. Zemin) on July 16, 2001 and ensuring to each other as following “forever be good neighbors, friends and reliable partners and never be enemies”, Joint declaration by the Russian federation and the people’s republic of China, http://csis.org/images/stories/taiwan/russia_2002_jointstatementprc.pdf, accessed on 20/08/2015
119 Based on the “Shanghai Five mechanism”, this organization was founded on 15 June 2001 in Shanghai, aiming to bind deeper the following states: by the Republic of Kazakhstan, the People’s Republic of China, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan. For further details on the purposes and the actions: http://www.sectsco.org/EN123/index.asp, accessed on 20/08/2015
The latest discussions between China and Russia—initiated by Russia—that started late in 2014 were surprising despite the good intentions of the two participants for several reasons that will be discussed in order to examine the prospects of a sustainable relative project. First of all, China has a strong and unbreakable tradition that covers any aspect of life there. It is part of this tradition not to commit to discussions or agreements on the first part. During the meetings with the Russian missions the Chinese not only reached a verbal agreement with the Russians but also they settled a later appointment for further discussions both of which are considered to be a taught procedure according to the Chinese etiquette.\textsuperscript{120} Besides that issue, the bureaucratic procedures in China are exhausting and laborious in such a degree that any minor detail has to be examined and approved by highly positioned magistrates that define the wit of the law.\textsuperscript{121}


Also, Russia is an emulous and proud partner that would not accept anything less than expected, so any effort on behalf of the Chinese to agree on a junior partnership of Russia will be made in vain. This is mostly because of Russia’s fear not to be overshadowed by its partners. Besides that, another myth regarding the stability of the agreement-to-be-signed is the immigrations problem that might be caused by the constant flow of Chinese immigrants in Siberia. Finally, Russia is also worried about losing its independence because of the cooperation with the Chinese and hinging too much both economically and developmentally to them. Both of them are aware that their alliance will change the world order and the Eurasian profile will be significantly upgraded.

Although this is a worldwide accepted statement, the Chinese are questioning the profits of such a partnership mostly because of their galloping economy compared to the stagnated Russian one that keeps losing gas market share in Europe. Even if this is the case, the trade between the two countries has reached $100 billion a year (May 2015) and this initiated the infrastructure discussion aiming to improve the transportation of the Chinese goods to Russia, Europe and Middle East.

Another fold of the discussions is the implementation of a project that will transfer Siberian gas to China that later will be supplying the European market. This will turn China into Russia’s largest natural-gas buyer and this strengthens the Russian worries for financial dependence from the Chinese, too. The Chinese President Xi Jinping declared on the Russian press “Decades ago, the Chinese and Russian nations shared weal and woe and forged an unbreakable war friendship with fresh blood, today, the two peoples will jointly move forward, safeguarding peace and promoting


123 How durable are China-Russia relations http://blogs.reuters.com/great-debate/2015/05/12/how-durable-are-china-russia-relationships/ accessed on 19/08/2015

124 How durable are China-Russia relations http://blogs.reuters.com/great-debate/2015/05/12/how-durable-are-china-russia-relationships/ accessed on 20/08/2015
development, and continue to contribute to enduring global peace and the common progress of mankind.”

It is not only the gas resources that China desires to control through a contract with Russia. It is also the old interest they have in Antarctica that goes back to 1985 since when the Chinese have opened four research bases and have plans to build a fifth, that indicates their vision to exploit the natural resources there after the expire of the Antarctic Treaty in 2048.

Sinopec, China National Offshore Oil Corp. (CNOOC), and China National Petroleum Corp. (CNPC) -China’s state oil firms- have come under heavy scrutiny for corruption; Sinopec’s number two was recently placed under investigation. As Bloomberg noted in its analysis of the news, the new leaders will have less baggage and will be more able to support planned reforms to China’s state-owned enterprises.

In May, Russia’s Gazprom and China National Petroleum Corp. (CNPC) signed finally this historic 30-year contract to supply natural gas to China.

To sum up, both Russia and China have decided to implement this ambitious energy plan. As far as sustainability is concerned, this project seems to be the key to the

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125 China and Russia are more likely to become allies http://thediplomat.com/2015/05/china-and-russia-are-more-likely-to-become-allies-than-you-think/, accessed on 20/08/2015
127 Signed in Washington on December 1, 1959 (into force since 1961) by twelve countries whose scientists had been active in and around Antarctica during the International Geophysical Year (IGY) of 1957-1958. The total number of Parties to the Treaty is now 52. The main purpose is the peaceful exploitation of the region. For more information visit: http://www.ats.aq/e/ats.htm, accessed on 20/08/2015
128 How durable are China-Russia relations http://blogs.reuters.com/great-debate/2015/05/12/how-durable-are-china-russia-relations/ accessed on 20/08/2015
stabilization of both economies with China being the fast-paced economy and Russia the marketing expert behind the project that will gain in exchange an economic boost. The myths and fears mentioned above are still quite possible to exist but mostly they present the western way of thinking and perceiving these decisions which—if successfully handled—will change the geopolitical and geostrategic balance on the other side of the map.

This financial agreement might also be a threat for the global advance and this depends on the reaction of the USA who either sees a great competitor emerging from the ‘land of the dragons’ or a useful counterweight that will make the gap between G8/G20 and the BRICS smaller. Careful financial planning on a long-term basis accompanied by a rational nation-state agenda that would be sensitive to social issues would be the solution and would make the economies of both stakeholders sustainable enough to endure any fiscal or economic difficulty. Last but not least, those two economies are more likely to become sustainable since both states share common political regimes, have strong customs’ protocols and etiquettes and their societal structure does not have significant differences.

5.3 Russia-Turkey

Image 9: EEZ Turkish vision, source www.interpretmag.com, accessed on 09/09/2015
Another interesting partnership that has been seen as a threat mostly because of the dark pages found in the common history of the two countries is the agreement between Russia and Turkey for the creation of a new pipeline substitute to a previous one that failed to reach completion.

To begin with, the sustainability of this project has been doubted due to the historical past of the Russo-Ottoman wars and the hatred based on religious reasons. Both states have a significant and extensively discussed past and have left their marks on the world history both on positive and negative topics. It was the Russian Empire that introduced Orthodoxy to the Slavic world and made many changes in the art, the architecture and the cultural customs of the region. The Georgian, the Armenian, the Bulgarian and the Ukrainian civilizations all have been influenced to a significant degree by the religious change and accepted new tendencies that nowadays constitute a national and ecclesiastical heritage precious and admirable. Still, this intellectual mentality was not enough to stop the violence against minorities (i.e Jews and the Pale of Settlement etc), to allow the local population to obtain a certain quality of life or even to experience freedom of mind and act. The Empire was ruled as a palace and the Tsar was considered to be the only and the undeniable leader.

On the other hand there was the Ottoman Empire, great in size and power, ruling for many years several parts of the neighborhood and having expansive tendencies until its collapse. The Ottoman Empire has been Islamic in its religion and this indicates a strict and extremely opposite state of mind compared to the Slavs. The Islamic rule is inevitable and the punishment is necessary in order to set a paradigm to the

132 A. Bryer, D. Winfield, The Byzantine monuments and topography of the Pontos, Volume 1, Dumbarton Oaks Research Library and Collection, 1985  
unfaithful. The gender issues\textsuperscript{135} that were interpreted from the Koran are still affecting the global opinion about Turkey and the Arab world in general.\textsuperscript{136}

The etiquette was of course proper and severe in the Ottoman world and still is in modern Turkey. The latest development of major cities in Turkey (especially Istanbul\textsuperscript{137}) has attracted the interest of many tourists and investors besides the international anti-terroristic campaign held during the last years against Islam and its irrational actions of violence and hatred.

The two empires have “shared” a number of wars\textsuperscript{138} with each other and this is one of the many reasons that the sustainability of their energy project is suspiciously seen. Besides all the differences on cultural and social aspects, the basic factor that influences the Russo-Turkish relations is the Islamic origins. This has caused a series of xenophobic reactions from the Russian population and even from the Russian President who is accused of having expressed his opinion on the immigrants in Russia coming from the Muslim world.\textsuperscript{139}

The geographical location of Turkey is privileged enough to provide access both to the West and to the East, offers access to the Mediterranean and the Black Sea and allows the establishment of a great exclusive economic zone, basically the passport to unlimited exploitation of a wide range of natural resources. Both the states have been excluded from the western world as the abovementioned ‘Others’ and this leads to partnership with each other against the foreign powers of the world. Energy contracts between the two nation-states, both of them rich in resources and willing to exploit them, mean significant collaborations on economic sectors.

\textsuperscript{136}D. Zartner Courts, Codes, and Custom: Legal Tradition and State Policy Toward International Human Rights and Environmental Law, Oxford University Press, 2014
\textsuperscript{139}http://beforeitsnews.com/alternative/2014/08/vladimir-putin-on-muslims-3011802.html (still under doubt) accessed on 26/08/2015
Early in 2015 Russia announced a shift of billions when it decided the flow of natural gas to Europe through Turkey instead of -since that time-Ukraine. The announcement was done by the head of the monopoly company of energy in the area, Gazprom and created many questions especially to the western partners since they cannot detect any financial benefits from this agreement. It is the crisis in the political scene in Russia and the losses in the European market that make more sense. This creates a dependent relation with Russia, since now Europe will be provided only with Russian gas through Turkey, despite the worsening bilateral relations between the EU and Russia that are leading to a cease of any current agreement.

This is something that Turkey had to think a lot about. Is it more reasonable to provide the European Union with energy sources as an energy hub or as an intermediate transit for Russia?

It is discussed that the new project will absorb money and infrastructure that has been originally planned to be used for the South Stream pipeline. The cost is unknown as it is not sure of who will undertake it; Russia or Europe. It is mentioned although that Turkey will be benefited for this agreement with a discount of 6% on the 2015 gas imports for its domestic use. Ukraine now is importing gas from the West. This is a promising collaboration between two giants of energy and history and as it is expected the world is turning eyes on it.

Another sector that Turkey is going to be benefited from its transit role is her ambition to enter the European Union. The role of transferring the energy resources to Europe is costing more than it would have if Turkey was already a European member-state. The latest immigration crisis that is experienced in Europe has affected also the Turkish state and the way they have managed the flows of immigrants has been appreciated

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by the European Institutions, thus creating a more positive perspective on the accession of the Turkish state or at least to restart the discussions on the issue.

Are these two triggers enough to make Turkey a European state and what consequences would this have on her projects and collaborations with Russia?
Chapter 6 Factors challenging sustainability in the Black Sea neighborhood

This chapter aims to study how several factors affect the plans towards the sustainable development of the Black Sea nation states and to present as many of them as possible, thus creating a basis for the final chapter of the paper which will propose a series of economic sustainability goals and approaches.

6.2 Smuggling energy in the Black Sea region

The treaties and the agreements signed by the governments of the nation-states do not necessarily reassure a sustainable development and an economic boost and for sure they do not promise a better life for the people of each nation-state. This does not apply neither for the energy sector, nor for the social and political ones.

The factors that usually interfere with these plans are various and most of them can be unpredicted, ranging from the political instability of the nation-states, the sudden outburst of a war conflict, the economic stagnation or the unexpected weakening of the national currency, the international relations that might lead to an embargo, the illegal trading or smuggling of the resources or other products even to the often lately and massive revolutions of the people, the foreign exert of power on the national affairs and the international pressure to implement amendments on social and humanitarian issues.

The energy sector is mostly affected by the high politics decisions since it is an area totally controlled by the states or the closely attached to them great private companies. Major problem in this area is the smuggling of energy. Usually smuggling involves weapons, human beings, drugs and any product that can be sold illegally and leaves a good amount of profit. Smuggling and trafficking are different terms mostly describing the same activity but differentiate the way this activity is taking place, for

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instance trafficking involves violence and unwilling participation in the case of humans trafficking. For this paper, smuggling is the necessary term that will be studied following.

The exploitation of resources through smuggling has mostly been focused on the atomic and nuclear energy resources types usually being part of terroristic and war actions. The Middle East and the Black Sea region have always been the centre of these activities not only because of their sufficient resources but also due to the numerous frozen conflicts and the war situations that have been or still are experienced on their territories. To restrict smuggling as much as possible the international community has established the International Atomic Energy Agency\textsuperscript{143} which tries to resolve the situation. The organization is closely working with Russia and USA in order to find solutions.

As the Black Sea region is concerned, there are many cases when the pipeline routes are often being converged with the smuggling routes. The Black Sea region and especially its south-eastern part raises concerns regarding the smuggling of many products like the counterfeit goods (cigarettes, pharmaceutical etc) that allow great profit for the dealers.\textsuperscript{144} The smuggling on the east-western part of the Black Sea is based mostly on drugs (opium from Afghanistan for example) while 80\% of the smuggling activity is in fact human trafficking.\textsuperscript{145}

As energy is concerned, there is a large number of radiological sources in the Black Sea region and most of it is either held unsecured or waiting to be dismantled. Most of these sources are used in mining, scientific researches or medical activities. Of course, there is no doubt that the terrorists can easily find access to these sources and create the well-known Dirty bombs they can easily use. In 2002 the Kremikovtzi case troubled

\begin{flushright}
\textsuperscript{143} The basic idea for this organization has been promoted by the US President Eizenhower in 1953 and is also known as the world’s ”Atoms for Peace” organization within the United Nations. It was established in 1957 aiming to strengthen the cooperation of its members in the nuclear field while safety, security and peace are among the purposes of its establishment. In 1956 the Statute of the organization was unanimously approved by 81 nations. D. Fischer, IAEA: The First Forty Years.
\end{flushright}
Bulgaria when two highly radioactive Cs-137 sources were stolen. In 2004 Russia reported 1,000 radiological border monitoring alarms. Finally, as it is mentioned in the bibliographical resources, only 30% of the trafficking incidents in the area are reported to the IAEA.

Smuggling though is not something that bothers only Russia or Turkey, which are the major geographically and politically entities. Georgia has had some troubles to face regarding nuclear energy smuggling especially after the South Ossetia situation in 08 August 2008. The political instability (or even better to say, the political absence and anarchy) that was created by the self-declared government turned South Ossetia to a smuggling haven for any kind of illegal trade, including human trafficking and nuclear smuggling in “collaboration” with Ajaria and Abkhazia which both have been frozen conflicts zones. Stories mentioned in articles about smuggling in Georgia are evidence of how easy it has become to smuggle nuclear energy.

Though Georgia is providing a slightly secured region where smuggling could take place, many Russians and Caucasians seem to prefer Turkey for their activity and trading possibly because of the common (and too much generalized) belief that Arabs are more interested in nuclear weapons and sources rather than the western part of the world and this could allow higher prices on the sources they are selling. Turkey has

148 during the recent Nuclear Security Summit in Washington. President Mikheil Saakashvili revealed that in March, Georgia had once again intercepted smugglers with weapons-grade uranium, the country’s eighth such bust in the last decade.
149 “Oleg Khintsagov, a Russian smuggler who was caught in 2006 trying to smuggle weapons-grade uranium, was found toting the uranium in plastic baggies, and Garik Dadayan, an Armenian citizen arrested in Georgia in 2003, was caught because he double-crossed his partners.” In another story: “They have no idea about price,” Pavlenishvili said, laughing. “Everything starts with millions, and then finally it’s possible to negotiate for 50 or 60 thousand dollars, especially if you’re dealing with cesium”. (Cesium-137, an isotope used in medicine and industry, can be used to make a dirty bomb.) Sometimes the schemes are pure comedy. “Among the smugglers, there is a rumor about how you identify real red mercury,” Pavlenishvili said. “You take it to a working TV, and if instead of picture you see only lines there, it means it’s strong enough and a really good mixture.” One smuggler went so far with the urban myth that he prepared a red liquid and altered his television so that it could be manipulated with a remote control in his pocket. With the press of a button, he could switch the TV to wavy lines instead of picture”. Abstract from the article, Black hole on the Black Sea, http://foreignpolicy.com/2010/05/05/black-hole-on-the-black-sea/, accessed on 10/09/2015
been facing the smuggling issue mostly on oil products. It is mentioned that oil and oil products have been smuggled in Turkey with tanker trucks from North Iraq and this creates huge losses on tax revenues for the Turkish nation-state. Efforts to control oil smuggling in 1999 were pointless and had little effect but again in 2000 and 2001 new efforts were initiated. First, the state companies imposed controls on petroleum products smuggling from Kurdish areas of northern Iraq, Iran, Georgia, the Azeri enclave of Nakhchevan Syria, Bulgaria but later in 2001 they restricted the petroleum trade in the border gates with Iraq (allowed it again in 2002).\textsuperscript{150}

6.3 Indecisive decision-making policies.

Though many projects have been announced in the Black Sea region, between the nation-states of the area or even with the cooperation of other states, not many have been completed or successfully implemented. The factors that postpone or cancel such projects have been various but one is the most usual for the region; the constant shifting of the political power. Since Russia is the major player in the area it is expected for it to act as the main manager.

One of the most advertised projects of the Black Sea region, on energy matters, has been cancelled lately. The South Stream pipeline has been annulled but the project has been replaced by a similar one that excludes only Bulgaria from the initial plan. As it has already been mentioned, Russia chooses only Russia-friendly-partners a theory that seems valid enough for this case.

But it was the Euro-Russian relations that affected this cancellation. The tension between EU and Russia lately have created an extreme approach on behalf of the Russian President Vladimir Putin who decided to redirect the energy flows to Asia signing a very much surprising 30 years agreement with China. But does this mean that Russia will no longer provide Europe with natural gas and other energy sources? The situation in Crimea in 2014 was the trigger that caused the friction with the European Union and the countries that were involved in the South Stream project (France, Italy

\textsuperscript{150} IBP Inc., Turkey Energy Policy, Laws and Regulations Handbook Volume 1 Strategic Information and Basic Laws,Lulu.com, 2015, p.108
and Germany) as it was decided in 2006 saw the resolution of the agreement in December 2014.\textsuperscript{151}

Another reason was the economic restrictions the EU laws and rules force each partner to apply during a project. Gazprom had an involvement since it asked to be exempted. These series of directives and regulations is offering to the partners the minimum profit and this fact makes the European market less appealing lately. On the other hand, the European market is finding easily new providers of energy in the Central Asian nation-states while researching its own energy sufficiency prospects.

Finally, the Crimean crisis has left some unresolved problems between Russia and Ukraine even on the energy sector, which may affect the transportation of gas and energy to Europe through Ukraine. For this Russia has planned and promotes the Turkish Stream and the European Union aims to establish an agreement between Russia and Ukraine that will reassure the transfer of energy to the European households.\textsuperscript{152}

6.4 Nationalism and political agenda.

The Black Sea has been a region full of contrasts and conflicts on many levels. The main reason for this has been the co-existence of many and numerous ethnic and religious groups on its territories. The movements of violence and the actions against many of these ethnicities and minorities have made it difficult for the modern nations and its people to live in peace.

Many of these historic events against the humanity include the Pogroms, the genocides, the ethnic cleansing, the massacres and the expelling of thousands of people. Turkey and Russia have been the most significant Empires in size of territory and time of duration terms and one can expect that great power comes with many responsibilities and sometimes with decisions that are proven to be wrong. The Treaty

\textsuperscript{151} Why Russia cancelled South Stream, http://mondediplo.com/2015/06/07south-stream, accessed on 10/09/2015
\textsuperscript{152} Why Russia cancelled South Stream, http://mondediplo.com/2015/06/07south-stream, accessed on 10/09/2015
of Lausanne (1923)\textsuperscript{153} has forced a tremendous number of Orthodox people to move to Greece and a great number of Muslims to move to Turkey. The Asia Minor Exchange has been based on religious criteria, thus one can understand how important this factor is for the Black Sea region providing another reason for unreasonable conflicts even today.

The genocides of the Pontic people or the Jews\textsuperscript{154} have been other tragic events to the history of the region. The Armenian case\textsuperscript{155} is still under consideration for being recognized as a genocide based on the reasons of the action and the number of the people who were killed. The Pogroms\textsuperscript{156} have been a Russian effort to reduce the population of minorities living in the Russian Empire and it has augmented the feelings of racism and hatred among the people. Minorities and different ethnicities have faced actions of hate against them or their possessions in the name of the nationalistic sentiments of the time.

The modern world meets no Empires in the Black Sea region but nationalism has obtained another definition, as well. Nowadays, the unification processes have ended but the various ethnic groups, ethnicities and minorities living in the region demand their recognition and this causes conflicts, wars, de facto recognized states, claims for independency and frozen conflicts that never end. This leads to the destabilization of the nation-states and the creation of small entities that cannot survive politically and financially by themselves. Many cases have been registered in the Black Sea region, inland and coastal, for example Nagorno-Karabakh, Crimea, South Ossetia, Abkhazia etc.\textsuperscript{157}

Even though many observatories for the human rights and the democratic stability of the region have been working towards the social and political development of the

\textsuperscript{153} B. Clark, Twice a Stranger: The Mass Expulsions that Forged Modern Greece and Turkey, Harvard University Press, 2006
\textsuperscript{154} S. Totten, W. Parsons, Centuries of Genocide: Essays and Eyewitness Accounts, Routledge, 2012; p.157
\textsuperscript{155} S. Totten, W. Parsons, Centuries of Genocide: Essays and Eyewitness Accounts, Routledge, 2012, p.117
\textsuperscript{156} J. Klier, Russians, Jews, and the Pogroms of 1881-1882, Cambridge University Press, 2011
\textsuperscript{157} E. Jafarova, Conflict Resolution in South Caucasus: Challenges to International Efforts, Lexington Books, 2014
nation-states, nationalism is still causing problems on every level. Especially in the case of the Russian government who is still promoting a nationalistic agenda and retains characteristics of the Tsarist period, this makes the international agreements tougher and sometimes inconclusive.

To conclude with, nationalism has been defined by Weber and later by Smith as a named and self-defined community, whose members cultivate common myths, memories, symbols and values, possess and disseminate a distinct public culture, reside in and identify with a historical homeland and create and disseminate common laws and shared customs\(^{158}\). All the above demand the 'ethnosymbolism' which means that for example in the case of Russia, nation turns out to become the Motherland that protects all.

Image 10: Mother Russia, Source www.liveinternet.ru accessed on 12/09/2015

\(^{158}\) A. Leoussi, Nationalism and Ethnosymbolism: History, Culture and Ethnicity in the Formation of Nations, Edinburgh University Press, 2007, p.4-5
Chapter 7 Economic sustainability, adopting the good practices

This chapter will present in a short but descriptive way the fundamental ideas of the notion and will provide a summary of the good practices used in the world. This will be the basis for the last chapter where proposals and suggestions will be presented.

7.2 The theory behind the notion

Economic sustainability has become a fashionable term which blends notions and ideas from several other disciplines and aims to provide a safe and developing plan. It is an invention of the modern world- which according to the previous chapters of the present paper- faces a lot of severe problems and a variety of political and financial challenges.

At this point one should underline that economic sustainability is not a panacea. It comprises by three pillars, as already mentioned, but the present study focuses only on the pillar of the economic development. The current study, also, considers the implementation of policies in favor of the rest pillars an important strategy and inextricably connected to the economic development.

Nowadays, it is commonly accepted that the societies worldwide have become materialized and base their existence mostly on the economic growth without considering the future generations or the consequences on natural and social sectors. This is how the theory for the economic sustainability evolved. Initially, based on the study of Daly in 1970, a type of steady-state economy was proposed. The basic idea has been the shift towards an economic system that would offer an overall quality of life instead of constant growth on material production.  

In the same decade the environmental economics appeared in order to use mechanisms that would increase profit from the nature and at the same time would resolve environmental issues, for example the pollution, the waste use etc. This led to

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159 S. M. Wheeler, Planning for Sustainability: Creating Livable, Equitable and Ecological Communities, Routledge, 2013, p.68
the creation of a restorative economics plan that was described as natural capitalism.\textsuperscript{160}

So far, sustainable economics remain an experimental discipline since they are accused for creating inequities in the social level. It is important thus for anyone who works as a sustainability professional to have an intense sense of prioritization and the ability to respond immediately to the sustainability opportunities that may arise.\textsuperscript{161}

During the past few years studies have been published regarding the quality of life, economics cab offer to the societies. It has been known as the Economics of Happiness, which created the better-life index and introduced economic indicators that focus also to the happiness and well-being of the people on which a certain economy is based.\textsuperscript{162}

So, to sum up, sustainable economy means the transition from a growth economy to a steady state economy that will target to a qualitative measurement and development.\textsuperscript{163}

\textit{7.3 Good Practices from the Western World.}

Economic sustainability results are not yet available in such a qualitative and quantitative state in order to reassure nation-states for their undoubted success and effectiveness. But it is a series of good practices one can find in such plans that can become useful in other sectors of social and political life.

The western world has been leading such initiatives and there are many cases when this comes after years of struggle and endless discussions. Sustainability has been implemented in environmental issues and has a remarkably positive effect. Proper education and extensive information’s strategies have raised the awareness on

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\textsuperscript{160} S. M. Wheeler, Planning for Sustainability: Creating Livable, Equitable and Ecological Communities, Routledge, 2013, p.68 \\
\textsuperscript{161} S. M. Wheeler, Planning for Sustainability: Creating Livable, Equitable and Ecological Communities, Routledge, 2013, p.79-80 \\
\textsuperscript{162} D. W. Jorgenson, J. S. Landefeld, P. Schreyer, Measuring Economic Sustainability and Progress, University of Chicago Press, 2014, p.17-20 \\
\textsuperscript{163} H. E. Daly, Beyond Growth: The Economics of Sustainable Development, Beacon Press, 2014, p.31-32
\end{flushright}
matters of nature, environment and the negative consequences of the modern lifestyle. The need to create new sustainable methods of approaching major directives has led to the combination of systems and the enhancement of a more stable but secured developmental process. National economies of the western world and especially the nation states, Members of the European Union, spend countless hours discussing, proposing and voting on great changes that are about to come though projects based on good governance and terms of sustainability.

For the energy sector, there are provisions regarding the reasonable and the sufficient use of the resources and the need to expand the sustainability of the sector has made the agreements with external partners a significant goal. The situation and the past events in the Black Sea region nation states does not inspire future collaborations on any sector but the participation of other international institutions or nation-states creates a promising and safe framework of partnership and good will.

Other significant actions, towards the creation of a more environmentally friendly space of living, have been discussed and voted by the European Union and various International stakeholders. The initiation of these discussions, like for example the Paris Conference 2015 or the London Energy Summit 2015 aim not only to change the way people are behaving towards the environment or the energy resources, but also to establish a new way of thinking that will prepare the necessary basis for a sustainable nation-state economy in each of these areas.

In further details, the Paris Conference has focused on how to restrict the environmental pollution that in a European framework is costing great amount of money deriving straight from the common budget of the member-states and in the long-term affects the quality of living worldwide. The Paris Conference outcome is based on the Paris Agreement and the Kyoto Protocol while it aimed to prepare the United Nations Framework Convention on Climate Change (UNFCCC) in 2015, as well.

The main purposes include the creation of climate resilient societies through collective and global actions. In the agenda of the Conference one can find the necessary measures on economic and social sectors such as: *the importance of human rights, gender equality, a gender-sensitive approach, a just transition of the work force, decent*
jobs, education and raising awareness as well as ensuring food security in the context of climate action.\textsuperscript{164}

Furthermore, the above mentioned Energy Summit 2015, which will take place in London, is discussing more about the energy future of the world. It is a Summit that will include participants and speakers from many different scientific fields all of them oriented to the energy efficiency, the environmental development and the sustainability of the relative projects.\textsuperscript{165}

These examples of the western world’s actions regarding sustainability for the environment and beyond, are indicative of the important role energy and climate changes are having in the political agendas of the era. It is not a Black Sea or European phenomenon that needs to be handled, but more of a global issue that demands coordination, collaboration and communication between the nation-states and their institutions.

As far as the economic sustainability is concerned, the western world besides the EU, has decided during the 68\textsuperscript{th} session of the General Assembly on a document known as the Rio+20\textsuperscript{166} the initiation of a series of actions that would assist the creation of future sustainable economies in accordance with the UN agenda for 2015.

Among others, the purposes and the goals of this declaration have been the eradication of poverty and hunger, the promotion of people as the center of sustainable development without distinction of any kind, freedom, peace and security, respect for all human rights, including the right to development and the right to an adequate standard of living, the rule of law, good governance, gender equality, women’s empowerment and the overall commitment to just and democratic societies for


\textsuperscript{165} The Energy Summit 2015, \url{http://www.economist.com/events-conferences/emea/energy-summit-2015}, accessed on 27/09/2015

\textsuperscript{166} F. Dodds, J. Laguna-Celis, L. Thompson, From Rio+20 to a New Development Agenda: Building a Bridge to a Sustainable Future, Routledge, 2014
development. A significant point that needs to be underlined is the recognition of each country’s specific challenges to achieve sustainable development.
8. Conclusions: The way to sustainable nation state economies.

This chapter, the final and conclusive one of the present paper, will present some ideas and measures to be taken from the black Sea nation-states in order to create a strong and sustainable economy that will benefit the political and financial situation of the states and at the same time will improve the state of the people.

8.2 A theoretical approach

It is not easy to propose or predict how a plan can work on a region especially when the area is full of contrasts and conflicts on political or cultural level. But it is important and immediate to struggle on a humanitarian approach that would benefit the neighbourhood of the Black Sea and its close partners on the West and East. An international and globalized scene demands nothing less than a safe and secure place where economic and social projects can flourish and create a more peaceful and equal world. This is the basic purpose of globalization. But what does it really take for a region to become economically sustainable?

First of all, the most important challenge for the Black Sea nation-states is to resolve their frozen and current conflicts. A sustainable development and a sustainable economy demand a peaceful place where a stable and democratic regime can plan and work on the nation’s interest. The nationalistic movements- that this region has met during the centuries- have been causing significant political and financial losses.

The establishment of a strong political government, oriented towards the benefit of the society and setting aside egotisms and personal ambitions, will be the beginning of an era characterized by security and safety. Besides all, each war demands an incredible amount of money and expenses on military equipment, while even if it is over and successful, the damages that have been caused cost even more in order to replace infrastructure, social organization, institutions etc.

It is important to have not only a safe and peaceful environment but also, a place where poverty will be decreased and fought. The right of people to a decent life has been a fundamental one in any relevant declaration or human rights convention
worldwide. The Black sea region has been facing crucial issues regarding not only poverty but all the sectors that eventually raise poverty’s percentage.

It is a common knowledge that Russia does not have a significant middle class. One can find billionaires living a privileged life in, one of the most expensive cities of the world\textsuperscript{167}, Moscow, while at the same time many homeless people are found lying on the cold Siberian streets. This division is not only affecting the Russian market and the economic index of Russia but is augmenting severe problems like corruption, criminality, terrorism etc. The same situation can be detected in the rest of the Black Sea nation-states. And if Russia, that has the strongest and more frightening nation branding abroad cannot handle the situation and create a sustainable economy, how are the rest of the Black Sea countries going to survive politically and economically?

Poverty has created also unemployment. It was the war situation at first that caused a lack of investments and severe loses, as far as infrastructure is concerned. Nowadays, in areas where no more wars are taking place, unemployment and low salaries are a sad reality to be faced. Since energy is a great and promising sector, these nation-states could exploit even the last detail of any contract and agreement they are signing in order to provide a better living place for the future generations. The energy investments could offer thousands of job positions in the area, the international partnerships could be used in order to revive or advertise more the institutions and universities of the area, including more programs related to energy studies, energy law and sustainability.

The introduction of energy in the academic fields can create more job opportunities and can provide a career to the young people of the Black Sea region who are flying to more advanced and suitable for their academic criteria cities of the world. Job positions can be created through the strategic functioning of the organizations that appear in the area and aim to manage and exploit the energy resources. If all these organizations are created on the model of the European Union, why not make them function in the same way? Common decision making policies, open participation and

\textsuperscript{167} The world’s most expensive cities for expats ranked, http://www.atlasandboots.com/most-expensive-cities-for-expats-ranked/, accessed on 14/09/2015
equal representation of the nation-states are some of the European Union’s tools that could be used during this effort.

In addition to the above, the Black Sea region, besides the reforms in education, employment and national politics, needs a great motive. Russia seems to understand this but prefers to walk alone during this struggle; the establishment of its position in the international scene. It is not a pointless fight but in the world we are living in, it would be a wise and rational choice to be surrounded by a number of common allies. This unity could make the Black Sea region an undeniable opponent or a serious partner for the great powers of the modern world. The Empires have fallen and this new world has place for synergies and unions which fight for safety, sufficiency and prosperity.

In the Black Sea nation-states corruption has been another big issue that does not allow policies and plans to be successfully implemented. The lack of transparency and the lack of good governance have been holding the national economies back. A complete change in the mentality of what is called “doing business in the Black Sea”, on the energy sector at least, should include a long term plan, the necessary research for an energy market, the promotion of the coastal nation-states of the area into energy hubs and the extensive exploitation of their Exclusive Economic Zones, the construction of modern infrastructure that will allow the research, the exploitation and the transfer of energy to other regions and the creation of an extensive international network, based on energy and EEZ agreements.

The cancellation of significant projects such as the South Stream pipeline in the south-eastern Europe is a paradigm of bad governance and immature political decision-making on behalf of Russia, who bases all the agreements on a political agenda rather than focus on the needs of the society and the promises of the neighbourhood.

As mentioned before, the present paper does not aim to provide a judgement on the political decisions of the national governments. The basic purpose of the paper is to present how the energy agreements have been functioning until now or how it could function in the future in order to lead to a state of economic sustainability. But, one should ask at this point, why is economic sustainability necessary when the main
subject of discussion remains the energy agenda? A possible answer is the fact that nothing else seems to have worked for the benefit of the Black Sea countries. But this is a superficial approach. Economic sustainability is the ability of an economy to last in time and through crises providing a quality of living for the people and a strong presence for the nation. As history has proved for the Black Sea region, the nation-states are far from being considered as economically sustainable while their presence internationally seems to be worsening.

The lack of infrastructure and the lack of interest to create it are issues that worry the partners but not the nation-states. Besides, the bureaucratic procedures, the various demands of each nation-state and the corruption, Bulgaria and Romania have to face a political unwillingness to promote their energy infrastructure that would appeal even more agreements and further investments. Ukraine has been left on the merciful sentiments of Russia and has lost not only significant political power but also important part of its territorial sovereignty. Armenia is depending only on Russia for the energy decisions to be taken and the initiatives are rarely found. Turkey has marked a crucial progress in many economic and social aspects, remarks that allow the development of its energy plans.

The collaboration between Russia and Turkey has been a step towards the establishment of sustainable partnerships among the Black Sea nation states. A negative aspect of this collaboration is the possibility of marginalizing the rest of the coastal states and turning this bilateral agreement into a projection of political and economic dependency for the other nation-states in the area.

8. 3 What practice has taught us.

The optimism that one might detect in the sustainability projects and promises can be balanced by the knowledge and understanding of the negative aspects and the problems it can also cause to the economies.

Sustainability is a slow process but not static at all. This creates a deep consideration on how the resources- financial, human or natural ones, will be used and exploited, so as to allow to the future generations to benefit from them as well.
The slow speed that sustainability is using does not allow to the existing growth capitalism system to synchronize. This creates a series of different speed economies located all in the same societal network. As one can understand this is expected to augment the inequality between the social classes and to introduce a type of 'sustainable poverty' among them. For that, parallel measures and common actions should be introduced and applied.

As far as energy resources are concerned, the sustainable use and exploitation of the resources has also to keep in mind the future generations. Energy and natural resources can be limited and for this reason, the environmental sustainability should always remain the top priority. Movements and trials to make this happen are found in the Green cities or green houses projects around the world.\textsuperscript{168}

Another factor that can become very useful during the shift to a more sustainable economy is the involvement of the national and international organizations and institutions. Besides the observation of the procedures and the evaluation they can offer to the nation states, they can also become an official partner and companion during the discussions for further agreements and contracts with external partners. The adoption of a legal system that will be strong and well organized improves significantly the profile of the nation states abroad indicating good quality of procedures and transparency.

Furthermore, the institutions could offer the human power with the necessary qualifications and skills in order to examine the agreements and reassure than the nation states interests are not endangered or neglected. The initiation of a institutional network can offer also the ability to examine at the same time any breaches recorded on social level, as far as human rights and civil liberties are concerned. This will establish an equal and efficient relation between the financial development of the nation states and the development of the peoples’ state of being.

Education and formation of people is necessary and must be combined with strategies of promoting the youth of the nation states into the future generations that will receive important economic agreements and energy networks. For a sustainable economy one should set aside any kind of discrimination and thus gender equality, religious freedom, elimination of nationalism etc should be promoted as necessary preliminary steps by the nation states agenda.

Public opinion is vital too and is part of the very constructive open participation. Elections and procedures where decisions are taken should be open to the people and democratically held. A system of monitoring and following the steps towards a sustainable economy should be initiated. This could be achieved first of all via the freedom of speech and the access to official national-level discussions. Freedom of speech, though, is not a well-respected right in the region of this study. The amendments that should be applied would be more effective if combined by the freedom of press and the ability of people to use the new technologies.

The creation of a common space of exchanges, equivalent to the European Shengen area, can become the basis for a more active and productive Black Sea region, creating new job opportunities, improving solidarity sentiments and extinguishing nationalism and racism. The borders and the frontiers of the nation-states should be promoted into lines of collaboration and not lines of separation.

The Black Sea region is an area of contrasts and conflicts of civilizations from its very beginnings. This cannot change in a few days or in the shake of a few energy agreements. The road to a sustainable economy for each one of these states is long and it is even longer for them to reach a common economic sustainability level. The difficulties and challenges should not make this proposal a utopian one.

Step by step changes and the bottom to top approach will allow to the private and governmental initiatives on the energy sector to become a societal mean of progress instead of another tool of exploitation. A stable economic growth will create the necessary framework for a less corruptive and peaceful environment and the collaboration between the nation-states will be harmonized. The energy resources will be sufficiently and reasonably exploited and the region could become a wider energy
hub for Europe and Asia. This will create a significant shift into the geopolitical agenda and the power games will gain one more player to compete with the USA, the European Union and the Asian powers.

The world we are living in has always been generous with its people offering resources and means for a meaningful existence. If humanity manages to redefine peace and solidarity then this precious wealth of the Earth will be a passport to a sustainable development for many generations to follow. One should never forget the social and humanitarian parameter in every little project.

“We are lost because we have been unjust. We must look for man wherever we can find him”. ¹⁶⁹

¹⁶⁹ G. Seferis, Noble prize speech, 1963
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Appendix

Appendix I Images

Image 1: The modern Black Sea region (Map of the Black Sea region https://www.google.gr/maps/place/Black+Sea/@43.768081,34.6096403,6z/data=!3m1!4b1!4m2!3m1!1s0x405db94b77d2f233:0xfe5cd6c659adc698, accessed on 19/08/2015)

Image 3: TANAP and TAP pipelines, hurriyetdailynews.com, accessed on 26/09/2015


Image 6: Russia’s embargo and the possible losses it might have caused on western food industry, CNN site, accessed on 26/09/2015

Image 9: EEZ Turkish vision, source www.interpretmag.com, accessed on 09/09/2015

Image 10: Mother Russia, Source www.liveinternet.ru accessed on 12/09/2015
Appendix II  Treaties mentioned in the paper

Additional Agreement to the Treaty on Good Neighborliness and Co-operation (2001)

Antarctic Treaty (1958)


October Manifesto (1905)


Shanghai Cooperation Organization (1996)

Treaty of Bucharest (1812)

Treaty of Constantinople (1913)

Treaty of Edirne (1829)

Treaty of Good Neighborliness and Friendly Cooperation (2001)

Treaty of Hünkâr İskelesi (1833)

Treaty of Kars (1921)

Treaty of Kuchuk Kainarji (1774)

Treaty of Lausanne (1923)

Treaty of Lisbon (2009)

Treaty of Paris (1856)

Treaty of San Stefano (1878)