OLD NEIGHBOURS – NEW POLICIES
IN THE COUNTRIES ALONG THE DANUBE
AND THE BLACK SEA REGION

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PREFACE OF THE EDITORS

Launching an event and not knowing for sure that it will be sustainable for many years—in itself—is a challenging act. It is rewarding at the same time, as plenty of ideas and a bulk of efforts are channeled into the creation of something new and exciting. All these are couple with the act of founding something that is intentionally constructed to last longer than a 'simple' one-time show.

It was truly a great moment when the idea of the Summer School for the network of the Danube Rectors' Conference (DRC) popped up in 2003, coming from two young scholar-managers from Pécs and Vienna, but immediately receiving support from three well-established and highly respected rectors from Pécs, Bratislava and Vienna. All were enthusiastic about the project, and they were right! The DRC Summer School has truly become the flagship project of the Rectors' Conference.

We have been over the first ten years of the Summer School and could celebrate the tenth anniversary in one of the cultural-scientific capitals of our region, Budapest, Hungary. Our host, Andrássy University Budapest, proved to be a great partner, providing us with ideal premises and atmosphere. Our long-lasting supporters have been with us for so many years that we understand each other easily, which truly offers a firm and calm background for the organizational work. Our institutes and colleagues are grateful for all the positive attitudes, academic and financial contributions!

As we indicated in a little booklet about the 30-year-old DRC and its 10-year-old 'child', our Summer School, we are convinced that the first ten years is a proof of the relevance of the project among academic communities. There is a need for such interactions and constant flow of ideas, in particular, when all are framed in a joyful intercultural activity in the form of a summer event. We are proud of all our speakers, experts and obviously, young scientists and researchers, who so far have contributed a lot to add to the corpus of knowledge about what a 'View from the Danube Region' means when any highly topical issue of regional cooperation is addressed in a scholarly way.

For the continuous encouragement within our network to let scholars engage in academic discussions and presentations of research results, we consider our series of edited volumes an important tool. Beyond its primary mission to be a stable outlet for sound academic thoughts and products, our publication intends to serve the very heart of scientific work: the debate over policies, outputs, methodology, theories, data and social achievements in general, which can further how people across the Danube Region view their place and role in our global world.

The present book—our tenth edited volume—contains eight papers connected to the central theme "Old Neighbours – New Policies" in the Danube and the Black Sea regions. *Tatjana Slijepcevic (1)* gives an overview of the concepts and aims of the European Neighbourhood Policy (ENP) and its relation to the Lisbon Treaty allowing the EU to enhance cooperation with its neighbours and to shape its foreign policy so as to include a wide range of issues, but in a more cohesive and efficient manner. She addresses the revision of the ENP and the new approach of the EU with the introduction of the European Neighbourhood Instrument (ENI) from 2014, which will provide increased support, accompanied with stricter conditions and closer progress monitoring, to the sixteen countries at the Southern and Eastern borders of the European Union. *Mihai Bogdan Popescu (2)* investigates the countries of Eastern Europe and the Southern Caucasus and how they came closer to the EU as their security, stability and prosperity have a direct impact on the EU. He looks at the Eastern Partnership (EaP), as a regional cooperation initiative addressed to Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, with the purpose to further enrich and complement the European Neighborhood Policy launched in 2004. His paper uses the newest "new institutionalism", discursive institutionalism, as labeled by Vivien Schmidt, explaining Ukraine and Moldova's approximation with the European Union norms. *Alexandra Tieanu (3)* draws attention to the Central European Security Identity, having been developed at the beginning of the 21st century and especially after the accession of the Czech Republic, Hungary, Poland, and Slovakia to the European Union on 1 May 2004 starting from previous regional affinities and ties. She thinks that this emerged as part of the

states' membership in NATO and the EU, possessing such a characteristic that the four Central European states created their own community within these structures on the basis of their regional interests and sensitive issues which led to their activism in certain areas in view of promoting and maintaining security in the wide geographic space of Eastern and South-Eastern Europe. As a special and crucil aspect of security, *Plamen Petrov (4)* tackles energy security in the Danube Region, and discusses the question of natural gas. His paper is focused on the EU's strategy how to diversify natural gas deliveries and to achieve a single liberalized energy market. It analyzes the ideas of creating two new gas corridors – the North-South and Southern gas corridors.

Galya Vladova (5) presents the Black Sea region as an intersection of civilizations, competing interests and struggle for influence, which is therefore characterized by ongoing fragmentation, historical rivalries and heterogeneity. She writes about the Black Sea as the newest neighbour of the European Union, a border to major security threats, a transition corridor of important transport and energy routes and a scene of pressing environmental and economic problems. Her paper provides an overview of the state and dynamics in the region with reference to the development of its cooperation process. *Martin Malek (6)* stays in the Black Sean basin, home to several conflict zones and recent conflicts, and focuses his arguments on Moldova and the South Caucasus. In the last two contributions we learn about certain sector-related issues across the focal regions of the 10th Summer School. *Svetla Boneva (7)* presents the essence and importance of industrial clusters for regional development, discusses the competitivenenss of the companies in the cluster and how it is possible to improve the business climate at regional, local and national levels. She offers Austrian examples to show effective and successful clusters in the Danube region. *Gabriela Cretu (8)* examines the health policy in three countries of the European Union, France, Italy and Romania, by exploring the mechanisms that influence the management of health policy.

Let us present the tenth DRC Summer School edited volume and wish all our readers to join our debate and series of events in the forthcoming years.

Please, also visit our official website, where you can download all the published papers of the Summer School volumes since 2004: http://drcsummerschool.eu/proceedings.

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Section I

Studies

IMPROVEMENTS AND ADJUSTEMENTS OF EUROPEAN POLICY THROUGH THE APPLICATION OF THE "MORE FOR MORE" PRINCIPLE AND PARTNERS' MUTUAL ACCOUNTABILITY

Tatjana Slijepčević

INTRODUCTION

The European Neighbourhood Policy was introduced in 2004 after the EU was enlarged with ten new member states[1] with the aim of avoiding the creation of new borders and establishing, deepening and extending cooperation, partnership and bilateral relations with sixteen countries to the Eastern and Southern borders of the European Union. The sixteen countries include: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova, Morocco, the occupied Palestinian territory, Syria, Tunisia and Ukraine (European Commission, 2006). All the countries have privileged relationship with the EU based on sharing common vision of building democratic and prosperous societies.

The European Neighbourhood Policy (ENP) should not be understood as an enlargement tool. It does not mark the beginning of the accession negotiation process nor does it offer the participating countries the possibility of accession at all. The primary goal of the European Neighbourhood Policy is to bring Europe and its neighbouring partners closer to each other and to enhance achieving mutual interests and

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[1] The 2004 enlargement of the European Union was the largest single expansion of the European Union, the countries that joined the EU were: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia (European Commission, 2006).

benefits. "The ENP supports political and economic reforms in sixteen of Europe's neighbouring countries as a means of promoting peace, stability and economic prosperity in the whole region. It is designed to give greater emphasis than previously to bilateral relations between the EU and each neighbouring countries" (European Commission, 2013). Its objectives are to promote and support good and democratic governance and socio-economic development in its immediate neighbourhood through:

- Closer political relations
- Support to meet the EU standards
- Partial economic integration
- Assistance with economic and social reforms

Map 1: Territorial coverage of the ENP members

Since it was launched, the European Neighbourhood Policy has enabled the EU and its partners to cooperate in a number of areas ranging from the economy, trade and employment, education, innovation and research to the environment and energy efficiency. The ENP has brought significant changes and improvements to the partner countries, which, among others, include development of democracy and the rule of law, recognition and protection of human rights, introduction of market economy principles, sustainable development, enhanced people-to-people contacts and educational exchange. In addition to providing necessary support to the neighbouring countries, this partnership has been very beneficial for the EU as number one trading partner for most of these countries. Economic boost, inclusive growth and job creation as well as better-managed movements and exchange of students and workers have been interests of all partners.

Even though the results and achievements have been considerable and of mutual benefit to all parties, further improvement is still needed. One of the very clear signals that the ENP needs to be revised, modified and improved was regime change and following democratic reforms in the neighbourhood which required prompter, more flexible and better-adjusted response and support by the EU.

The Lisbon Treaty has allowed the EU to enhance cooperation with its neighbours and to shape its foreign policy so as to include a wide range of issues, but in a more cohesive and efficient manner. All of this was an impetus to the revision of the ENP in the summer of 2010. A new approach was to "strengthen the partnership between the EU and the countries and societies of the neighbourhood: to build and consolidate healthy democracies, pursue sustainable economic growth and manage cross-border links" (European Commission, 2010). Within the process of improving the relations with the neighbours, providing better adjusted and targeted support the European Neighbourhood Policy (ENP) will be replaced with the European Neighbourhood Instrument (ENI) from 2014 which will provide increased support, accompanied with stricter conditions and closer progress monitoring, to the sixteen countries at the Southern and Eastern borders of the European Union.

THE EUROPEAN NEIGHBOURHOOD INSTRUMENT (ENI)

Based on accomplishments, experiences and lessons-learned of the European Neighbourhood and Partnership Instrument (ENPI), the European Neighbourhood Instrument (ENI) is to contribute to facilitating bilateral relations between the EU and its partners and bring concrete and visible benefits to each party. The ENI aims at providing increased and better-targeted support to the partner countries in the areas identified as key priorities—political reforms, economic integration, good governance, respect of human rights and freedoms and better mobility of people. Moreover, cooperation and dialogue will be intensified on a number of sectoral issues and implementation of the reforms processes. The reforms focus at the institutional capacity building, inclusive socio-economic growth, enhanced dialogue in the key policy areas and among all concerned stakeholders, bigger number of foreign investments and subsequently increased socio-economic growth, employment boost and poverty reduction.

The new approach is to ensure the following:

- Greater support to partners' efforts in democracy building and sustaining, strengthening the rule of law, human rights respects and fundamental freedoms

Taking into consideration differences in progress the partners countries have made in regards with political reforms and democratic transition, the EU will adjust tools and support to specific needs and capacities of individual partners, adapt levels of EU support to partners according to progress in political reforms and democratic transition (European Commission, 2011). A special attention will be paid to cooperation and partnership with civil society as an integral and indispensible part of each properly functioning democracy and a key channel through which citizens can have their voice heard and take part in decision-making processes, particularly on the issues of their direct interest and concern.

- Greater support to inclusive and sustainable economic growth and development

The economic sector in the neighbouring countries remains quite underdeveloped. A number of people is severely stricken with poverty and social exclusion, unemployment, particularly among youth is high while women are greatly excluded from political and economic life. The primary objectives are therefore stimulating economic growth, attracting foreign direct investments (FDIs), simplifying procedures to be able to start a business and developing small and medium enterprises. Strengthening the rule of law, good governance and fighting corruption are closely linked and are one of the main prerequisites for economic prosperity.

- Strengthening trade ties

Taking into consideration that the majority of the countries in the neighbourhood heavily rely on the EU both in terms of export and import, mutually beneficial and all-encompassing trade agreements between the EU and each of the partner countries are crucially important. Since trade is key for economic recovery and growth, the EU will be working on two tracks to boost trade in goods and services—conducting negotiations on Deep and Comprehensive Free Trade Areas with interested and capable partners and continued development of trade concessions particularly in the sectors that have the most potential to ensure economic boost of the partner countries. The other direction is towards economic integration of the region, which will ensure that trade ties among the partner countries themselves are improved and that they develop economic networks and community. Such a community would form a very solid basis for introducing a common regulatory framework, greater exchange of goods and services and better market access among the partner countries themselves and with the EU as well.

- Intensifying political and security co-operation

The existence and continuation of conflicts in the neighbourhood seriously affect the stability of the region, the security of the EU as well as the economic interests of both partners. The persistence of the Israeli-Palestinian conflict and other conflicts in the Middle East, in the South Caucasus, the Republic of Moldova and Western Sahara are having highly negative effects on economies, the implementation of reforms, and people's mobility along with the drain of domestic and international resources. Due to the Lisbon Treaty the EU is able to act more actively in the neighbourhood, but the current and possible upcoming challenges demand that the EU and Member States coordinate their policies and deliver their actions in a more coherent and aligned manner. This will also enable the EU to take more active approach to combating terrorism, organized crime and drugs smuggling, non-proliferation and other security concerns.

- Enhancing sector cooperation

Renewed ENP envisions strengthened cooperation in specific sectors, which are of mutual importance and benefits to the EU and its partners. In the energy sector, for example, the emphasis will be placed on energy efficiency, relying more on the sources of renewable energy and developing necessary infrastructure, energy security as well as market integration. The environment protection will include a range of areas such as forest and nature, management, air and water pollution, better control of the usage of pesticides, waste management, promoting sustainable usage of natural resources. Cooperation will also be enhanced in agriculture and rural development, urban planning, social and employment policy, maritime and fisheries, transportation and telecommunications, climate change, innovation, research and other. Sector cooperation will be improved through jointly prepared strategies and legislation, as well as concrete measures and projects aimed at solving challenges and problems existing in these areas.

- Mobility and migration

Contacts between people precondition progress in each area is among the focal activities of the ENP. They are an imperative in the services, business and trade sectors, education[2] and exchange of ideas for research innovation. Labour mobility is a field where the EU and neighbouring countries have overlapping interests.[3] Moreover, the EU's immediate neighbourhood is usually where most of irregular migrants are coming from. Therefore, intensified cooperation on tightening border control and security, reducing illegal entries and smuggling of people and goods is among priorities. On its side, the EU will continue with the process of visa facilitation or liberalization for the partner countries. In regards with mobility and migration, the objective of the ENP is to enable better organizing and management of legal migration so as to have maximally positive effects on development, better border management accompanied with asylum and effective law enforcement.

A major tool for translating the set goals and objectives into concrete steps are bilateral ENP actions plans, which are agreed between the EU and a partner country. The content of the Action Plans varies from country to country depending on the needs, priorities capacities of a partner country. However, common areas all Action Plans contain are the following:

- Political dialogue and democratic reforms
- Social development and economic prosperity
- Cooperation on justice, liberty and security

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[2] Several educational and research programs such as Erasmus Mundus, Tempus, Youth in Action and Marie Curie for which participants from the neighbouring countries are eligible have greatly contributed to intellectual and academic exchange, the mobility of students, teachers, researches and innovators, and the modernization of university education in their home countries.

[3] Many EU countries have ageing population and workforce, which will sooner or later cause lack of skilled workers and experts in certain areas. At the same time, a great number of young, educated workers are unemployed in the neighbourhood and they could find employment in the EU. What needs to be paid attention is that such a policy does not cause brain drain and negatively affects the partner countries (European Commission, 2011). See also Mohay's, Bánáti's and Nadjivan's papers and Tarrósy's Introduction about migration-related questions in: Tarrósy, I. – Milford, S. (2013). Challenges for the European Union in the Next Decade. A View from the Danube Region. Publikon Books, Pécs.

- Trade, market and regulatory reform
- The human dimension which refers to contacts and relations between people, civil society, education and public health

Depending on the progress achieved in the target areas, the neighbouring partner are provided with:
- Increased assistance by the EU
- Better access to the market
- Enhanced integration into European programs, projects and networks
- Improved cooperation along the EU's land and maritime borders

The EU has described these bilateral Action Plans as "partnerships for reforms" since they provide each partner country to decide on which areas it is going to cooperate with the EU and up to which extent (European Commission, 2013).

FOUNDING PRINCIPLES AND KEY ELEMENTS OF EUROPEAN NEIGHBOURHOOD INSTRUMENT

Simplification, coherence and value-orientation are the major features of the EU's new approach to the partners in the neighbourhood. As already mentioned, the EU will insist that reforms undertaken in each country reflect commitment to building democratic societies and respecting universal rights, values and freedoms (European Commission, 2011). The renewed European Neighbourhood Instrument is based on the following principles and elements:
- More for more principle—the EU will considerably increase its support to those partners that are truly committed to democratic values and are actively implementing a wide range of reforms and processes aimed at democratization;
- Differentiation of partners—it will ensure cooperation with a range of different partners that will enable better translation of joint initiatives into concrete actions and steps and adjusting assistance and support to fully respond to the needs of the partner countries;

- Promoting closer links with EU internal instruments and policies – this element aims at provide the neighbouring countries and their populations with opportunities to take active part and contribute to the EU internal programs that include support to civil society organizations, youth programs, student exchange and other. A special focus will be placed on pooling the funds from internal and external instruments of the EU budget, simplifying funding procedures and enhancing efficiency of the assistance;

- Reducing the complexity and length of the programming process—this element is to ensure that the aid provided reaches the beneficiary ENP countries in a prompter and less complex manner and to ensure that support and assistance are directed to the areas where they are mostly needed. The implementation provisions will also be simplified and mainstreamed within a new Implementing Regulation which refers to all EU external assistance instruments;

- Streamlining the scope of the ENI—even though the objectives of the ENI will not be much different from the ENPI they will be more emphasized and more closely monitored. The objectives will include recognition and respect of human rights and freedoms, freedom of expression and independent media, as well as economic growth, sustainable development and gradual integration into the EU internal market. New and strengthened security measures will also be introduced and special attention will be paid to prevention and settlement of conflicts. Support will be provided to more frequent people-to-people contacts and exchange, cooperation and partnership in the sectors of common concern and more interaction between civil societies. In order to successfully translate the set objectives into practice, the EU will produce action plans for each area and in consultations with the partners;

- Amending the provisions on the Cross-Border Cooperation (CBC) programs—the main objectives of these CBCs is to strengthen cooperation between the European Union and its partner countries in the border areas. Issues such as secure borders, irregular migration, common seas and rivers can be solved only through joint, cross-

border initiatives and programs. The CBC programs will also focus on economic prosperity, while the new provisions are aimed at ensuring faster implementation and better efficiency that will positively reflect on both EU and its partners in the border areas;

- Responding to the evolving relationship with Russia—amending provisions on Russia's eligibility for ENI funding is to confirm a specific status Russia has as the EU's neighbour and strategic partner. According to the new ENI Russia remains eligible for participation and funding within cross-border and regional cooperation programs, while bilateral cooperation will be considered from 2014 within the new Partnership Instrument (PI).[4]

The renewed neighbourhood policy is primarily founded on the "more for more" principle meaning that the EU will increase its support, both technical and financial, for achievement of the set goals and objectives, but the results and improvements also have to be far more visible and tangible. In brief, the output will need to justify and correspond to the input. The new phase of partnership and cooperation will actually focus on a fewer policy areas, but will target impact increase. The "more for more" principle means that only those partners which demonstrate and repeatedly prove commitment and willingness to embark on political reforms and democracy strengthening will be entitled to the most rewarding benefits of the EU neighbourhood policy. At the moment, the neighbouring countries are on different levels of democratic maturation (or the 'completeness' of democracy). While some of them are implementing reforms aimed at deep and stable democracy at a rather fast pace, some of them are severely lagging behind. The uneven progress in democratic reforms requires the EU to strictly scrutinize this process, keep using high standards and assess the commitment to reforms in a rigorous manner.

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[4] Partnership Instrument (PI) is a major innovation of the 2014-2020 external instruments package, whose budget amounts to 1.13 billion Euros. It aims to promote and facilitate the interests of the Union by supporting external dimension of internal policies (e.g. research and innovation, competitiveness, people's mobility and migration) and to tackle some of the common challenges (e.g. global warming and climate change, environmental protection, energy security and efficiency etc.)

The EU's support will be directly conditioned by the pace and success of internal reforms. The increased support will be provided through funds for socio-economic development e.g. increased funding by the European Investment Bank (EIB) and better access to markets, attracting foreign investments, institution building, enhanced mobility and others. However, closely linked to the "more for more" principle is the 'less for less' principle which means that the EU will have strict treatment of the governments that do not respect human rights and democratic principles. In such cases it will increase support to civil society. The principle of "more for more" will also be incorporated in the new funding scheme for the period 2014-2020 (Ioannides – Schinas, 2012).

Another essential principle of the new policy is enhanced mutual accountability of both EU and partner countries and more interactive and open policy dialogue. Accountability on the partners' side lies in their commitment and ability to facilitate the process of internal reforms, drafting new constitutions, establishing new institutions and implementing other aspects of democratic transformation. On the other hand, the EU needs to provide the necessary support and know-how to its partners to achieve much higher level of democracy, progress and stability in their countries. In this regards, the EU's acts and responses will need to be delivered in a prompter and more decisive manner. Commitment to building and strengthening neighbourly relations are among key criteria for confirming and maintaining the EU's role and credibility as a main player at the international level. In addition, the European Neighbourhood Instrument aims to ensure that relations between the EU and partner countries correspond to the level of partners' reform pace, capacities and ambitions and to further strengthen the link between policy and assistance. It should ensure better flexibility, put in place tailor-made relations and provide support adjusted to the specific country circumstances of each partner.

The renewed neighbourhood policy also places a significant emphasis on the differentiation of partners, which besides the government needs to include civil society, academic community, business and private sector and media in policy formulation and implementation. The new

ENP places partnership with civil society at its core, recognizing it as a driver of democratic change, equality and inclusiveness and overall socio-economic prosperity (European Commission, 2013). Emphasis on increasing support to civil society organizations and activists is also due to serious and persistent obstacles they are dealing with such as limited freedom of movement, freedom of association and speech, lawsuits against NGO leaders and representatives, special authorization procedures of the foreign financial assistance etc. "The EU has continued to live up to its commitment to work with civil society, national parliaments and other key stakeholders such as social partners and business, to ensure that reform objectives agreed with partner countries are a true reflection of their societies' concerns and aspirations" (European Commission, 2013).

The novelty on the EU's side is that the ENPI foresees stronger engagement and advocates for noticeable increase in the frequency of interactions between the neighbouring partners and other EU institutions, namely the European Parliament, the Committee of Regions and the European Economic and Social Committee.

The revised policy is to contribute to ensuring a more coherent approach and deepening bilateral relations of the EU with sixteen partner countries on the Eastern and Southern borders. The scope of the ENI refers to the implementation, monitoring and evaluation of the partnership and association agreements, promotion of good governance and equitable socio-economic development. The ENP still remains "the basis on which the EU works with its neighbours to achieve the closest possible political association and the greatest possible degree of economic integration".[5]

CONCLUSION

The European Union recognizes potentials existing in the neighbourhood that can be of mutual benefit and interest for all the partners, which include,

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[5] The EU's commitment to the new European Neighbourhood Instrument is also underpinned by the increased financial support to the partner countries. Namely, the proposed budget for the new ENI amounts to 18.2 billion Euro for the period 2014-2020. This represents a considerable increase compared to the budget of the previous ENPI instrument, which show the importance the EU assigns to the ENP in the foreign policy and external actions of the EU (European Commission, 2013).

but are not limited to, economic integration and trade, the exchange of qualified labour force, joint research and innovation projects, finding solutions for energy efficiency and security, to name a few major areas and sectors. The EU is highly aware of many cross-border challenges and threats such as terrorism, environmental protection, irregular migration and human trafficking, which require active involvement of all the parties concerned. Moreover, the region is still unstable and faced with various unsettled conflicts. All of this is a requirement and impetus for the EU's continued and strengthened support, partnership and involvement in the region.

Almost a decade ago some of the Eastern and Southern neighbours started a process of transition while some of them have joined this process just recently. Both need the EU's support and assistance to conduct this process and make necessary advancements. While it is primary their own interest to continue with the reforms, the EU's interest to promote its founding values and principle of democracy, rule of law and good governance, the respect for human rights, market economy and sustainable development are of equal importance. The renewed approach to the European Neighbourhood Policy is a confirmed commitment on behalf of the EU of its support and interest in the neighbourhood which was clearly reiterated by the European Commission and other institutions: "We now intend to pursue our consultations with our neighbours on the best way to translate this new approach into each individual partnership. The challenges are many, and fully meeting them may take time. What we are aiming for together is a democratic, prosperous and stable region where more than 800 million people can live, work and shape their own country's future, confident that their freedom, their dignity and their rights will be respected" (European Commission, 2013).

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THE COMMITMENT OF UKRAINE AND MOLDOVA TO EUROPEAN REFORMS: A DISCURSIVE INSTITUTIONALIST APPROACH

Mihai Bogdan Popescu

INTRODUCTION

According to European Union (EU) official documents, what happens in the countries of Eastern Europe and the Southern Caucasus affects the EU (European Commission, 2004). Successive EU enlargements have brought these countries closer to the EU their security, stability and prosperity having now a direct impact on the EU. The export of European Union's core norms, such as democracy, the rule of law, human rights, and market economy is a tool for stabilizing those countries and thus enhancing the EU's eastern border security. The Eastern Partnership (EaP) is a regional cooperation initiative addressed to Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, with the purpose to further enrich and complement the European Neighbourhood Policy (ENP) launched in 2004. It has powerful incentives. It implies new association agreements including deep and comprehensive free trade agreements with those countries willing and able to enter into a deeper engagement and gradual integration with the European economy. It would also allow for easier travel to the EU through gradual visa liberalisation, accompanied by measures to tackle illegal immigration. However, in order to benefit from those incentives, the EaP countries must approximate their domestic policies with the European acquis and adopt the above-mentioned norms. However, despite the fact that the countries listed above have an enthusiastic approach towards the EaP, according to EU documents and reports, their progress in approximating with the EU criteria has been limited. While most

studies focus on the nature of the EaP policy (weak conditionality, small incentives) in trying to explain this puzzle, this article aims to examine the nature of the political factor within those states.

By doing so, the article will use the newest "new institutionalism", or discursive institutionalism, as labelled by Vivien Schmidt. I believe that the theory is useful for explaining the approximation of Ukraine and Moldova with the European Union norms. The theory helps us to identify both formal actors such as politicians who are part of the decision-making process, as well as informal actors such as different interest groups and their role in the shaping of foreign policy. Secondly, it contributes to identify problems connected with state identity and the way Ukraine and Moldova see the EU and the Eastern Partnership, and what interests and expectations connected with this policy they have. The first part of the article will offer a short description of discursive institutionalism, and the difference between this forth "new institutionalism" and the classical rational choice, historical and sociological new institutionalism. The second part will describe the emergence of the Eastern Partnership tracking its objectives, and the EU's attitude towards the region. The third and fourth parts will focus on the commitment of Ukraine and Moldova to European reforms.

THEORETICAL BACKGROUND

The literature focusing on institutional change describes three main new institutional theories: rational choice institutionalism (RCI), historical institutionalism (HI) and sociological institutionalism (SI) whose assumptions have been highly debated. RCI takes into account interests as the location and cause of the decision-making within institutions but fails to locate these individual-level motivations within the less formal organizational context. SI invokes cultural norms and institutionalized social practices to understand institutional processes but in the process can be guilty of excluding the actors involved within the interpretation and reproduction of these practices; leaving action without agents. HI cites the limiting effect of past actions to explain specific moments in the process of institutional decision-making through reference to path-dependence

and transferal costs but fails to properly account for punctuations that see institutions blazing new paths in unexpected directions (Hope, 2011:4).

However, recently a new type of institutionalism called *discursive institutionalism* has emerged. The main theorist of the discursive institutionalism is Vivien Schmidt, but assumptions about ideas, and the way they shape institutions can also be found in the writings of Colin Hay or Mark Blithe. In the case of discursive institutionalism, ideas are more dynamic, they are norms, frames and narratives that not only establish how actors conceptualize the world but also enable them to re-conceptualize the world, serving as resources to promote change such as the reconstruction of one actor's identity or the promotion of international norms (Schmidt 2011:54). Discourse is not just "text" (what is said) but also context (when, where, how and why it was said). The term refers not only to structure (what is said or where and how) but also to agency (who said what to whom) (Schmidt, 2008: 304-305). Institutions are simultaneously structures and constructs internal to agents whose "background ideational abilities" and "foreground discursive abilities" (see below) make for a more dynamic, agent–structure approach to institutional change (Schmidt, 2008: 305). Moreover, the interests are "subjective" and not objective or material such as the RI highlights.

According to the discursive institutionalism theory, institutions are more dynamic, change and continuity occurring through ideas and discursive interaction. Due to this aspect, the explanation of change is not resumed at an exogenous shock as the three "old" new institutionalisms assumed, but is rather an endogenous process through background ideational and foreground discursive abilities (Schmidt, 2010: 5). The *background ideational abilities* are defined as agents' internal capacity to act in any meaning context and to create and maintain institutions. And the *foreground discursive abilities* are defined as people's abilities to think and speak outside the institutions in which they continue to act (Schmidt, 2011: 48). Another aspect that must be highlighted is the fact that discourse might fail or succeed due to several factors such as: relevance of the issue at hand, appropriateness, but also consistency and coherence across policy sectors. Also, consistency may lead to rhetorical entrapment, committing

speakers to action (Schmidt, 2008, 2011). Also, Schmidt distinguishes between two types of discourse: the *coordinative discourse* which consists of the individuals and groups at the centre of policy construction who are involved in the creation, elaboration, and justification of policy and programmatic ideas and the *communicative discourse* consisting of the individuals and groups involved in the presentation, deliberation, and legitimation of political ideas to the general public, who also contributes to it (Schmidt, 2008: 310-311, Schmidt, 2010: 3-4).

While Schmidt tries to explain change and continuity, recent writings focusing on the new institutionalism innovations claim the fact that the theory is also useful in order to explain not only maintenance and change of institutions, but also a *policy stasis* (Hope, 2011). In the next parts, the article will examine the change and continuity/policy stasis in the relation between the EU and Ukraine, and the EU and Moldova.

THE EUROPEAN UNION

The EU security strategy mentions, "Europe should be ready to share in the responsibility for global security and in building a better world". The document identifies several threats to the EU's security such as energy dependence, terrorism, nuclear proliferation, but also regional conflicts, violent or frozen conflict "which persist on our borders, threaten regional stability". Moreover, the document specifies that "the integration of acceding states increases our security but al so brings the EU closer to troubled areas" (European Council, 2003: 7). Other documents related to the European Union's foreign policy towards its eastern and southern neighbours, describe the EU as having a duty towards its citizens and its neighbours (European Commission, 2003) or as having the task to promote a ring of friends and share the benefits of enlargement with neighbourhood countries and preventing new dividing lines on the continent (European Commission 2004). However, the documents do not mention anything about any further integration perspective into the EU.

The Eastern Partnership represents the backbone of the EU's foreign policy towards Eastern Europe and Southern Caucasus countries as a specific Eastern dimension of the European Neighbourhood Policy. Launched in

May 2009 at the Prague Summit, the EaP fosters the necessary conditions to accelerate political association and further economic integration between the European Union and Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. This new policy would imply new Association Agreements including a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and the EaP members, and it would also allow for an easier travel to the EU through the visa liberalization process. The Partnership will also promote democracy and good governance, strengthen energy security, promote sector reform and environment protection, encourage people to people contacts, support economic and social development and offer additional funding for projects to reduce socio-economic imbalances and increase stability (European Council 2009). The policy has both a bilateral track and a multilateral track emphasizing four thematic platforms focusing on democracy and human rights protection, economic approximation with the EU, energy security and people-to-people contacts. The members of the EaP have to fulfil several tasks in terms of approximation with the EU standards in order to qualify for the signing of a new Association Agreement and be part of the DFCTA.

After reading the above-mentioned EU key documents some conclusions can be drawn. First of all, it can be said that the EU has built its policy towards the Eastern borders according to a security vision on the area, the EU being surrounded by countries easily prone to internal and external conflict. Secondly, in order to tackle those security challenges the EU decided to export its set of core norms (democracy, rule of law, human rights, market economy) towards this space and to attract those countries into a greater economic integration project.

THE DISCOURSE ABOUT THE EUROPEAN UNION AND THE EAP IN UKRAINE AND MOLDOVA

Ukraine represents a key partner for the European Union and within the framework of the Eastern Partnership. The relations between the EU and Ukraine started at the beginning of the 1900s. In 1994 Ukraine signed a Partnership and Cooperation Agreement with the EU, which came into force in 1998. From 2004 the country has been included in the European

Neighbourhood Policy programme, and starting from 2009 is part of the EU's newest initiative towards the Eastern Europe and South Caucasus, the Eastern Partnership.

The analysis of key documents on Ukraine's foreign policy is relevant for highlighting the country's identity in terms of foreign policy and its interests and preferences. According to the "Law of Ukraine about bases of domestic and foreign policy", the country's foreign policy will be based on principles such as the sovereign equality of the state, abstention from threat by force, or political independence of any foreign state; respect for territorial integrity. It also mentions the fact that Ukraine has to make use of its international potential in order to develop itself as a sovereign, independent and democratic state (Ukrainian Parliament, 2010: 1-2). Unlike the 2003 Law on Fundamentals of National Security, which declared full NATO membership to be Ukraine's foreign policy goal, the present law speaks about the non-allied status of Ukraine, bans Ukraine's admission to NATO, but on the other hand states that the country's major foreign policy priorities are the integration with the European Union and closer cooperation with Russia, both Russia and the EU being called Ukraine's strategic partners (Ukrainian Parliament, 2010: 9-12).

Furthermore, the National Security Strategy of Ukraine from 2012—"Ukraine in Changing world"—also backs the cooperation with both the EU and Russia but additionally it mentions that Ukraine has to pursue a balanced foreign policy in relations with key international partners (Ukrainian Presidency, 2012). The document mentions the following as the main threats for Ukraine's security: the deterioration of the regional security environment around Ukraine, due to the existence of frozen conflicts near its borders, and internal instability in many countries from the region; terrorism and the spread of nuclear weapons; unresolved border issues, but also vulnerabilities stemming from the domestic policy such as the lack of an effective government or the systemic corruption within the institutions, or lack of scientific or technological innovation (Ukrainian Presidency, 2012). Also, threats to economic security such as the dependence of the domestic market on the foreign economic situation, as well as the combat of smuggling, threats related to energy

security such as "excessive dependence on imported energy, unresolved problem of diversification of sources and routes of supply, insufficient use of its energy resources, but also "inefficient use of energy resources, the relatively slow pace of introduction of new technologies"; are mentioned as vulnerabilities for the country's national security (Ukrainian Presidency, 2012). Ukrainian decision makers recognize the fact that "Ukraine sees the process of European integration as a tool for systemic domestic reforms intended to draw our country closer to European standards, secure a decent place in the European economy and help the country become a powerful, advanced and high-tech state". (Bilorus, 2012: 56), thus the European integration is a strategic goal for Ukraine and the European vector remains a foreign policy priority (Yefrenov, 2012: 57).

In the case of Moldova, the first important institutional contact between Brussels and Chisinau is based on the Partnership and Co-operation Agreement signed in 1994, and came into force in force in 1998. In 2004, the country was included in the European Neighbourhood Policy, and in 2009 in the Eastern Partnership initiative. In the 1990s, Moldova opted for "permanent neutrality" in order to calm down both Transnistria and Russia so as to minimize the threats to national security (Kyrvelite, 2009:165). However, the hopes attached to neutrality have not been realized, and today Moldova encounters the same security problems. Analyzing the state's key documents, it could be observed that the integration into the EU was not a top priority in the 1990s. For example, the 1995 National Security Concept did not mention anything about the European Union (Parliament of the Republic of Moldova, 1995). However, in 2005, the political discourse from Chisinau has changed and EU membership became the country's strategic goal (Chirila, 2013). Vladimir Voronin, Moldova's communist president, stated that if Russia does not want to help Moldova solve the Transnistrian conflict, then the EU might do that, and declared the European integration as a foreign policy objective (Interview with a political expert, September 2012). But, in practice the Communist Party's EU policy was implemented in a formalistic manner, and the country's foreign policy vector fluctuated between Russia and the West (Kyrvelite, 2009:166). Moldova's commitment to EU values became

clearer in 2009. After the early parliamentary elections, which took place on 29 July 2009, four pro-European parties got the majority in country's legislative (they have formed the alliance "For European Integration"), and Moldova firmly turned towards pro-Western orientation.

EU integration was a top priority for the coalition, which obtained power in 2009 – the Alliance for European Integration. Also, for the Iurie Leanca's cabinet, which took office in 2013, after a political crisis within the AEI, the EU was considered to be a stabilizing factor in the area, and this is why the Republic of Moldova will struggle to integrate into the EU. This type of discourse is best highlighted and detailed in the country's National Security Strategy for the period 2009–2013. According to Moldova's 2008 National Security Strategy (which was updated in 2011) one of the country's main objectives is to accelerate the political, economic and social reforms, especially those connected with the EU's standards in order to further qualify for integration into the EU (Parliament of the Republic of Moldova, 2011). The greatest challenges to the country's security are connected to the Transnistrian conflict and the illegal presence of a foreign army on Moldova's territory, and the lack of control over the Transnistrian segment of the Moldovan–Ukrainian border, which favours organized crime. At the same time, the threat of foreign coercion, "political or other, in order to influence the foreign and domestic policy of the Republic of Moldova is real." There are also threats associated with domestic vulnerabilities such as unilateral dependency on foreign monopolistic energy systems, corruption and management deficits within the state administration, but also economic migration, unemployment, population aging and low birth-rate phenomena. (Parliament of the Republic of Moldova, 2008, 2011). The European Union has been described as a "factor that stabilizes the European security system and broadens the geographic area in which political, economic and social developments on the basis of democratic principles…. The national security of the Republic of Moldova may not be conceived separately from the European security", and the process of "European integration and acquiring of EU membership will positively influence and consolidate the security of the Republic of Moldova and will bring stability and prosperity to the country" (Parliament of the Republic of Moldova, 2011).

It could be concluded that there is a compatibility of interests between the parties. On the one hand, the EU wants to export its set of norms in order to stabilize its Eastern Neighbourhood, and on the other hand, both Ukraine and Moldova seek to tackle several vulnerabilities in different areas such as the economy, energy, scientific and technological innovation but also the delicate Transnistrian dossier in the case of the former state.

WHAT IS BEHIND THE POLITICAL DISCOURSE?

Despite the above-mentioned aspects, according to the European Commission's progress report for 2013 there is still a lot of work to do in terms of approximation with the EU standards for both countries. Ukraine stepped up its efforts to implement the priorities of the Association Agenda. However, much remain to be done. Corruption perception remains very high and Ukraine is invited to implement several reforms in areas such as the country's electoral system, judiciary system, it has to ensure that the constitutional reform process is carried out in an inclusive and transparent way, it should refrain from introducing protectionist measures in breach with its WTO commitments, and it should comply with its obligations under the Energy Community Treaty, as reflected in the Association Agreement and the Association Agenda (European Commission 2013a). Moldova, on the other hand, addressed most of the key problems but still has other problems related to corruption and the justice and law enforcement systems (European Commission 2013b).

Ukraine

When speaking about background ideational abilities one must take into account several aspects according to Schmidt's three levels of ideas, ranging from visions about the world, ideas, values, frames of analysis, to policies and policy solutions (Schmidt, 2008: 307-308). In the case of Ukraine, president Yanukovych[1] seemed to have returned to the multi-vector policy, more specifically to balance the influences of the West and

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[1] *The manuscript of this paper was closed and submitted in the course of the autumn of 2013, and obviously did not have the chance to reflect upon the still ongoing crisis in Ukraine as of spring-summer 2014. (The editors)*

Russia and to draw benefits from both. As it has been shown in the first part of the article, as the Ukrainian law on foreign policy mentions, the country has to use its international potential in order to develop as an independent and sovereign state. This might mean that the decision makers from Kiev were aware of the country's status—the so-called geopolitical pivot, as Brzezinski described it (Brzezinski, 1997: 40), and this is why might have their own requirements for the EU. Moreover, in the domestic political discourse Ukraine is often described as a civilizational bridge "between Russian and the EU, and even more between European and Eurasian spheres" (Yefrenov, 2012: 58). However, those aspects do not fully explain the country's foreign policy conduct, and a deeper examination of the actors involved in the discourse is necessary.

This is why we should look at the foreground discursive abilities, which explain through the "logic of communication" how the institutions change and persist. At the level of the communicative discourse, the political decision makers prefer to keep a status quo, rather than push for political liberalization (Interview with NGO expert, October 2012; Gnedina – Sleptsova, 2012: 3). At this communicative discourse level we have to take into account the influence of interest groups, namely the Ukrainian business elite. However, it is difficult to place the business elite only at the level of the communicative discourse, due to the fact that some of them are or were part of the decision-making process.

First, one should look at the country's business elite. The business elite from Ukraine has a clear influence on the foreign policy conduct. Some experts even consider that these business elites treat political parties as tools, the same situation was under the Kuchma and Yuschenko presidency but now it reached its peak (Matuszak, 2012: 13). For the small business elites, which focus mainly on the internal market, foreign policy has no great importance unless these relations result in increasing competitiveness on the internal market. But for the big players the access to foreign markets is of key importance. The Ukrainian exports are strongly diversified towards both the EU and the Commonwealth of Independent States (CIS), being difficult to indicate a predominant direction because they are distributed almost evenly. According to statistics, in terms of imports the EU 27 is

Ukraine's main partner with a percentage of 39%, while the Russia, Belarus and Kazakhstan represent the source of almost 30% of the Ukrainian imports. In terms of exports, the EU 27 represents the destination of 21.8% of Ukrainian exports, while Russia, Belarus and Kazakhstan represent the destination of 26.8% of Ukrainian exports (European Commission, 2013c: 5). Russia is offering Ukraine a regional integration project, which is competitive to that of the EU, namely membership of the Customs Union of the Russian Federation, Belarus and Kazakhstan, and at further stages also of the Eurasian Union, where a common market based on the principles of the four freedoms – the movement of goods, services, capital and labour – would operate. In addition to lifting customs tariffs, Russia offers lower prices for oil and gas (although no precise promises have been made in this context). The DCFTA might bring several benefits however. Some Ukrainian businessmen have made investments in the West, and some of their companies are listed on the Western stock exchange, and they also purchased expensive properties there. For the business elite is less about ideology and more about economic interest (Gnedina – Sleptsova, 2012: 16).

Second, we have to speak about the present political class from Ukraine, which tends to oppose the process of political liberalization, being rather interested in preserving the status quo and preferring to maintain a monopoly to power. A clear example is the action from 2010 when the Constitution of Ukraine was amended in order to boost president Yanucovych's powers, thus transforming the country into a full presidential system (Kuzio, 2012: 561). Yanukovych was neither a democrat nor a reformer; rather he was convinced that his career and future would rely on the monopoly of power which he tries to maintain (Gnedina – Sleptsova, 2012: 3). This idea is also confirmed by, the Freedom House Freedom in the World 2013 report considers Ukraine a partly free democracy with a freedom rating score of 3.5 out of 7, a civil liberties score of 3 out of 7 and a political rights score of 4 out of 7; 1 being the best score and 7 the worst (Freedom House, 2013). Ukrainian foreign policy is not driven by the state's national interests, is rather a "prisoner" of the domestic policy rhetoric (Interview with a political expert, September 2012).

However, the political nature of the EaP should not be neglected either. According to one point of view, Ukraine is less interested in the EaP, because this project is too small for its interests (Interview with a political expert, October 2012). For example, The ENP/EaP lacks an integration perspective into the EU. They promise only a political association and an economic integration on the EU market. Due to the denial of a membership perspective, despite explicit requests from the Ukrainian leadership, the EU's norm promotion has several limits. As the study of Gawrich, Melnykovska and Schweickert (2009) for a county pursuing European integration but which is only an ENP member state might determine the political leaders within those states to adopt a relaxed implementation of EU standards.

Moldova

In Moldova, similar to the situation in Ukraine, there is a discontinuity between what the politicians from Chisinau declare and what they practically do. Also, regarding the country's political regime, Moldova is considered a partly free country but with a better score than Ukraine of 3 in all three fields, freedom rating, civil liberties and political rights (Freedom House, 2013).

However, the problems were generated at the level of the coordinative discourse, the political leaders did not reach a common ground and seemed like they fought for political powers. On 5 March 2013, the deputies from the Chișinău Parliament gave a vote of no confidence to the government lead by Vlad Filat. According to Republic of Moldova legislation in force, the government that receives a vote of no confidence from the deputies must resign in three days. The Alliance for European Integration was governing since 14 January 2011 and was formed by the Liberal Democrat Party (LDP), to which the Prime Minister Filat was part of the Democratic Party (DP) its leader was also the President of the Parliament, Mihai Lupu, and the Liberal Party (LP), led by Mihai Ghimpu. The political crisis from the Republic of Moldova has produced uneasiness in Brussels because it came at a moment when it was expected to sign the DCFTA with the European Union. At the basis of the actual crisis it seems to be more an

adjustment between different groups inside AEI. Experts consider that corruption and the fight for political power was the main reason behind the political instability. The Prime Minister depends on the parties inside the coalition because they hold important positions inside the ministers, through the people that he has named in the management. Every AEI leads the minister in his/her own feudal way through a system of connections and personal loyalties and not according to the law (Minazarari, 2013).

TOWARDS THE VILNIUS SUMMIT AND BEYOND –
WHAT IS NEXT?

The communicative discourse, on the one hand, consist of individuals preoccupied with the legitimization of political ideas to the general public, but on the other hand, encompasses other political actors such as political opposition, experts, think tanks, organized interests or public intellectuals, and finally the general public of citizens and voters to whom this discourse is directed to contribute. Thus, one key actor in this case is public opinion in general. In the case of Ukraine, public opinion towards the European Union shows a rising trend. If in May 2010 only 26% citizens were in favour of a pro-European policy and 40 % preferred a closer association with Russia[2] in May 2013 the percentage is reversed, with 42% Ukrainian citizens preferring the entrance into the EU, while only 31% preferred the entrance into the Customs Union[3]. Experts consider that public opinion has the ability, by putting pressures on the decision makers to push the country towards the EU (interview with NGO expert, October 2012). But if in Ukraine the number of those who prefer the integration into the European Union is increasing, in Moldova is exactly the opposite situation. According to a survey from May 2013, 57% of the citizens prefer the EU to the Eurasian Union, but this number is on a downfall compared

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[2] Razumkov, "Which foreign policy direction should be a priority for Ukraine? (recurrent, 2002-2012)" available at http://www.razumkov.org.ua/eng/poll.php?poll_id=305 accessed on 30.09.2013

[3] Interfax Ukraine (2013). Poll: 42% of Ukrainians support entry to EU, 31% prefer Customs Union. Available at http://en.interfax.com.ua/news/general/158688.html   accessed on 06.10.2013

for example with 2009, when around 62% of the citizens would have opted for the EU[4].

If the public opinion might not be a strong argument, such as in the case of Ukraine, the discourse in Moldova is caught in what it is called "rhetorical entrapment" meaning that once they engaged on the path of European integration they cannot go back, and the cost of changing the commitment for a discourse will be too great. Moldova is a small state and it needs the EU in the case of Transnistria but also due to the economic assistance. However, the speed of the approximation with the EU standards remains unknown and unpredictable events might happen anytime, which means that Moldova's European way might be a bumpy road.

But the European Union's policy within the EaP must also be taken into account. According to the EU's official communiqué, the Association Agreement between the EU and Ukraine was planned to be signed, possibly at the Eastern Partnership Summit in Vilnius, but only if Ukraine created the necessary political circumstances.[5] Also Moldova will have to draw lessons from its previous political crisis (European Commission, 2013d). The way the decision makers will see the pressures and messages from Brussels will be decisive in the long run. The EU has to combine a system of sticks and carrots in order to put pressures on the domestic factors from Ukraine and Moldova but should also develop a more clear strategy after the Vilnius Summit. For the moment, it is not known what will happen in the case both Moldova and Ukraine will sign the Association Agreement.

CONCLUSIONS

Analyzing the background ideational abilities helps us explain how the institutions were created in a certain meaning context. In both the Ukrainian and Moldovan cases, the EU has been seen as a source of stability in the area, and EU integration has been interpreted by decision makers from

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4   IPP Moldova (2013). "Public Opinion Barometer – April 2013", available at http://www.ipp.md/libview.php?l=ro&idc=156&id=655 accessed on 02.10.2013

5   *As the BBC reported on 29 November 2013, "Ukrainian President Viktor Yanukovych abruptly froze plans to sign the trade and reform deal last week, under pressure from Russia. The Ukraine agreement, the summit's centrepiece, would have been a major step towards eventual integration." (The Editors)*

both states as a means to tackle several security vulnerabilities in different areas. But some of the Ukrainian decision makers portray their country as a civilization bridge between Europe and Asia. The foreground discursive abilities, on the other hand, explain through the "logic of communication" how the institutions change and persist. In the Ukrainian case, as it has been shown, due to business elite and politicians' preferences, but also as a result of the fact that the EaP is not a sufficient tool for Ukraine's interest, the process of approximation with the EU standards has its limits. In the case of Moldova, a struggle for power inside the ruling coalition has stalled the country's approximation with the EU standards. While in the case of Ukraine, the public opinion might put pressure on the decision makers and push their countries towards the EU, Moldova rather seems to be caught in a rhetorical entrapment. However, Eastern Europe represents a very dynamic geographical area and unexpected changes might happen.

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REGIONAL COOPERATION AND PROMOTING STABILITY IN THE NEIGHBOURHOOD: A CENTRAL EUROPEAN SECURITY IDENTITY AFTER 2004

ALEXANDRA TIEANU

INTRODUCTION

Timothy Garton Ash wrote in 1986 that "[i]n the last few years we have begun to talk again about Central Europe, and in the present tense. This new discussion originated not in Berlin or Vienna but in Prague and Budapest." (Garton Ash, 1986: 1). During the 1980s, Central European intellectuals have constructed a certain cultural representation of their region as a response to a repressive and closed Communist regime by adapting its characteristics to the external and domestic circumstances. The moral victory of these dissident intellectuals over the local Communist regimes in 1989 brought the discussion on Central Europe from the cultural realm into the official political narrative of four states that were now returning to democracy. The political dimension of Central Europe drew back on themes and ties created first at cultural level, and then evolved to comprise the new challenges of the 21st century, i.e. the Euro-Atlantic accession of the Central European states. What was constant during these decades were the limits given to the Central European region, by intellectuals writing about its culture, or by politicians planning its common development, as they referred only to three, and then four, states: Czechoslovakia (later the Czech Republic and Slovakia), Hungary, and Poland, or as they were known from the 1990s on, the Visegrád states.

During the 1990s, the Central European states reconfigured themselves as a region by integrating a series of political and economic elements as the newly democratic states were trying to address and adapt to the attraction of Western Europe. And since the West was to a great extent preoccupied

with maintaining and perpetuating the security and stability of the European continent, Central Europe transformed the representation it projected outwards from a cultural identity into the image of a group of states that had successfully applied the economic, social, and political reforms of transition. Moreover, as they were narrowing the gap towards NATO and the European Union, preparing themselves to become full members at the beginning of the 21st century, a new discussion emerged in the field of regional and European security as Central Europe was becoming the Eastern most region of the Euro-Atlantic institutions and was bordering both candidate and non-candidate countries.

This paper focuses on how a Central European Security Identity has appeared and was developed in the four Visegrád states (the Czech Republic, Hungary, Poland, and Slovakia) after their accession to the European Union in 2004, and how it was envisioned within the framework of both the EU and NATO. The regional perspective through which the Central European states understood European security after 2004 capitalises on their common traditions and efforts, and especially on their success story of political and economic transformations from Communism to democracy. We will start our analysis from two research questions. First, we will study how the Central European Security Identity was formed and adapted after the 2004 EU enlargement, by taking into consideration the cultural, historical, and political ties that exist between the four Visegrád states and how their mentality lead to a common objective also in this field. We will discuss here not only the cultural background that created a common regional identity, but also the political narrative of the 1990s that focused on common goals and strategies towards the Euro-Atlantic institutions. Second, we will analyse some outcomes of the Central European Security Identity in terms of successful common strategies starting with 2004, presenting how it was institutionalised within the Visegrád Group or the European Union and giving some examples of its practical application. In order to analyse how the Central European security identity was understood, the paper discusses several relevant official documents issued by the Visegrád Group and the European Union. Also, we will take into account statements made by the heads of state and

government from the four countries when addressing a certain regional or European potential threat, or when discussing their state's foreign policy strategies towards the near vicinity. As this analysis is intended to have a regional perspective, the focus of the paper will be on Central European perceptions of its security, its initiatives towards promoting stability and cooperation at its south and east, and its regional common interests.

A CENTRAL EUROPEAN REGIONAL IDENTITY
IN TERMS OF SECURITY

As a cultural or political representation, Central Europe has always depended on the external context to which it referred, constantly seeking to reposition itself more or less closely to Western Europe. Creating a regional identity was not a new idea as for Central Europe it was a discussion that started to shape itself during the entire 20th century as an adapted response to a certain situation that was occurring in Europe. When after 2004 the idea of a Central European Security Identity was envisioned as part of the Euro-Atlantic environment, it was based on previous cultural, historical, and political ties between the four Visegrád states.

First of all, the dissident intellectuals from Czechoslovakia, Hungary, and Poland, constructed during the 1970s and 1980s a cultural representation of Central Europe in their literary, philosophical, and auto-biographical works by using common ideas, values, or symbols in order to respond to the official rigidity of the local Communist regimes. Focusing on the specificities of the Central European region not only created a common stand against Communist, but also developed a shared mentality and way of perceiving the world (Kundera, 1984; Konrád, 1986: 109-121; Miłosz, 1981: 24-45). But regardless of Central Europe being Kundera's tragic destiny, Konrád's dream, or Miłosz's utopic project, it was an intellectual discourse that dominated the last decades of the 20th century and suggested the mental existence of a regional community with a characteristic identity that challenged the political division of Europe.

Second, the cultural perspective on Central Europe's specific identity relied also on its shared historical experiences and the particularities that have differentiated it from the other areas in Europe. Central Europe as

a historical macro-region relied on the argument that history was the determining factor in its evolution between an Eastern and Western Europe regardless of the time period (Halecki, 1944: 18; Havel, 1992: 125-126). Therefore, Central Europe has developed in a specific manner due to its shared history and positioning at the crossing point between the spheres of interest of several Great Powers (Bibó, 1986: 155-158, 193; Szűcs, 2000: 109-191). And one of the definitory elements that shaped Central Europe in terms of identity and culture was the common Habsburg experience as a catalyst of a particular tradition and mentality (Hanák, 1998).

After the fall of the Communist regimes in 1989, Central Europe became a political concept that was built on its cultural and historical specificities. The Post-Communist discourse on Central Europe adapts itself to the new European circumstances of transition and Euro-Atlantic objectives. This European discourse in Central Europe focused on a region that has certain cultural and historical particularities, but its political future lies in the 'return to Europe', a larger entity understood as civilisation and coherent political organisation. Václav Havel, the freely elected president of Czechoslovakia presented the common future of Central Europe in his first official address in a foreign state: "We have an opportunity to transform Central Europe from what has been a mainly historical and spiritual phenomenon into a political phenomenon. We have an opportunity to take this wreath of European states – so recently colonized by the Soviet Union and now attempting to build a relationship with the nations of the Soviet Union based on equality—and fashion it into a special body. […] This authentic friendship—based on a proper understanding of the destiny imposed upon our countries, on the common lessons it taught us, and above all on the common ideals that now unite us – should ultimately inform a proper coordination of our policies in a process we both refer to as 'the return to Europe'" (Havel, 25 January 1990). Creating the new Europe of the future, became the political objective for the Central European states as it translated into implementing successful economic, social, and political measures meant to ensure stability and security in the region. This could best be done by coordinating their policies and adopting common positions in most areas of interest, an

aspect underlined also by the diplomacies of Hungary (Antall, 27 July 1991) and Poland ("Fragmenty sejmowego wystąpienia ministra Krzysztofa Skubiszewskiego: Trzeźwa postawa w trudnych czasach", 15 February 1991). Politically, this lead to the establishment of the Visegrád Triangle in 1991 between Czechoslovakia, Hungary, and Poland, which later became the Visegrád Group (V4) after Czechoslovakia's separation (Fawn, 2001: 66), and mentally to the projection of a representation of Central Europe as an example of successful economic and political transition from Communism to democracy.

Another condition that favoured the shift in the discussion on regional identity from a cultural point of view to a political and security perspective was that concerning Central Europe's possible role in Post-Communist Europe. If during the 1980s a significant part of the Central European narrative stressed its in-between-ness, its intermediate position between Eastern and Western Europe (Konrád, 1984: 91; Kundera, 1984), the new political representation of the region is centred on the similarities and closeness to Europe. This intermediate perception of the Central Europeans that was for a long time considered the main source of their geopolitical vulnerability could be now transformed into an advantage in the mid-1990s, as the Central European buffer zone could become a bridge between EU member-states and an Eastern Europe struggling to overcome the challenges of transition. Central European states could provide a model for the rest of the Post-Communist countries (Konrád, 1999: 9-13) in order to adapt and transform themselves, and later also negotiate with and join the Euro-Atlantic structures.

From a security point of view, Central Europe felt always vulnerable due to its geographic proximity to hot zones or possible conflict areas. And therefore, the idea of ensuring regional security through cooperation was paramount for the Central European states during the 1990s and early 2000s as the way to ensure the Euro-Atlantic institutions of their genuine goals of fostering stability and democratic values in their region (Tökés, 1991: 104-105). Hungary's Prime Minister József Antall brought into discussion the need for European security and cooperation as early as 1990 (Antall, 7 July 1990) and the Visegrád Group also had meetings

between Defence Ministers (Fawn, 2001: 62). The first challenges to regional security that the Visegrád states had to address were the possibly instable domestic situation in Russia in the mid-1990s and then the wars from Yugoslavia (Valki, 1994: 108-120). But however destabilising these circumstances threatened to become, the Visegrád states opposed the idea of developing regional military structures and underlined the need to strengthen their cooperation with NATO in order to promote and maintain stability in their region and in Europe. This came from their desire to not derail their Euro-Atlantic objectives and from their efforts to associate their states with NATO and EU structures also in the field of regional security (Tökés, 1991: 111-113).

At the beginning of the 21ˢᵗ century, as new forms of global threats started to emerge and the Central European states were on the short track to becoming full members of both NATO and the EU, a new concern towards regional security started to be discussed. After their accession to the EU on 1 May 2004, the four Visegrád states would become a considerable part of the Eastern most border of the Euro-Atlantic institutions and would be faced with dealing with a series of more or less destabilising threats coming from non-member states. The interest that arose in the Central European states in the years immediately before 2004 about creating a security identity focused on addressing the challenges derived from being a member state of both NATO and the European Union, in order to regionally respond to potential threats in its near vicinity. This initiative was envisioned within the framework of these two institutions, by using their capabilities and guidelines, and therefore fully integrated and compatible with their Security Strategies. This common security identity (Samson, 2009: 6-7) capitalised on the previous perception of Central Europe as a model for economic transformation and fosterer of democratic values in the countries from its vicinity, and sought to present some strategic regional objectives in view of the future EU accession (Dunay, 2003: 49-50). Its main goals would thus refer to promoting regional stability through cooperation within the Euro-Atlantic structures.

After 2004 when the Czech Republic, Hungary, Poland, and Slovakia became full members of both NATO and the EU, the main objectives

of the Central European Security Identity involved addressing regional, European, and global potential threats as a common approach within both structures. This common strategy implied a strengthened cooperation between the four Central European states within EU and NATO organisms in view of managing possible instable situations in their near vicinity. The focus for their efforts was to create relations of cooperation, as well as to promote democracy and stability in the regions situated south and east of Central Europe (i.e. the Balkans and Eastern Europe). A secondary aim was to strengthen ties with the prospective candidates to the European Union and NATO, in order to further their democratic transformation and economic development for a smooth future accession, by using the past tradition of Central Europe as a bridge between east and west, as a promoter of dialogue and peaceful partnership between all sides.

INSTITUTIONALISATION OF A CENTRAL EUROPEAN SECURITY IDENTITY

Immediately after the fall of the Communist regimes in 1989, all decision-making actors from the Central European states noted the paramount need to maintain regional stability and project guarantees towards Western Europe that the situation in Central and Eastern Europe will not degenerate into potential threatening circumstances. They also stressed their main objectives as they entered the transition to democracy to be those of the Euro-Atlantic integration and thus all their efforts will be oriented towards cooperation and transformation. The first official documents that took into account the common approach of cooperating and maintaining stability in view of Euro-Atlantic candidacy and negotiations were those drafted within the Visegrád Triangle in the early 1990s. The 'Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration' signed in Visegrád in February 1991 (Jagodziński, 2005: 236-237) starts from the historical, cultural, and spiritual similarities between the three states as the basis for a close cooperation with interests both at regional and at European level. Although quite general at first, a common strategy in terms of security developed in the Central European states later

that year when faced with the internal events from the USSR and Yugoslavia that needed a regional response. The Cracow Declaration published by the Visegrád states in October 1991 (Tökés, 1991: 112-113) referred to the need to strengthen the partnership with NATO and to closer involve the latter's structures in the region. The documents that followed focused mainly on cooperation and coordination in view of fulfilling the criteria and preparing to accede to NATO and the EU (The Tatra Statement given by the President of the Czech Republic Vaclav Havel at the Visegrád Group Summit, 3 December 3 1999).

In the following years and up to the official accession to the European Union in 2004, the Central European states converged their interests in the field of security to adapt to, implement, and support NATO policies and the EU security and defence policy in order to foster stability in their region and fulfil the criteria for integration. The joined actions between the Central European states and the Euro-Atlantic institutions were directed at assuring both institutions of their commitment towards integration, as well of their full interest and support in managing potential threatening situations in their close or far vicinity (Declaration of the Presidents of the Visegrád States, 19 January 2001). As new global threats emerge (especially after the attacks of 11 September 2001), the Central European states stress the importance of their cooperation as a vital factor in the stability and integration of the region, an objective they will continue to further after NATO's enlargement (Joint Statement adopted at the 8th Meeting of the Chairmen of Foreign Affairs, Defence, and European Integration Committees of the Parliaments of the Czech Republic, Poland, Slovakia, and Hungary, January 31-February 1 2002).

In 2004, after becoming full members of the European Union, the premises of a Central European Security Identity can be observed in the documents of the Visegrád Group, as well of the EU. The common security identity took into account the nature of regional and global threats and the manner in which they were perceived by the EU and NATO (in which the Central European states were members), but also the way in which the Central European states related themselves as individuals and as a group to certain threats (Samson, 2009: 8). This common strategy also reflected

the pro-Atlanticist orientation of Central Europe (Hynek, Střítecký, 2009: 19-30), as they followed the US and NATO's initiatives in foreign policy and military actions. But most importantly, it gave them a common position in certain issues of regional interest that could transform itself into a pressure group in sensitive areas (Wagrowska, 2009: 33). The most important document that institutionalises a common security identity for the Central European states within NATO and EU structures is the 'Declaration of the Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland, and the Slovak Republic on the Cooperation of the Visegrád Group Countries after their Accession to the European Union' from May 2004 (The Kroměříž Declaration, 12 May 2004). Besides stressing the specific regional identity of Central Europe, this Declaration underlined the strengthening of cooperation within the Central European states within the Euro-Atlantic structures as full members even after achieving the goals of integration in order to foster stability and provide an example for the other Post-Communist neighbours. The guidelines set by this Declaration refer not only to the close cooperation between the four Central European states, but also to the full cooperation and action within EU and NATO institutions, especially in what cross-border cooperation and addressing regional or global threats are concerned. As they became the Eastern border of the Euro-Atlantic institutions, the Central European states developed a common strategy in terms of identity in order to assure the two organisations that they can efficiently maintain regional stability and establish a productive dialogue with the candidate states in view of the next waves of enlargement. As a group, they could rely on their previous experience of cooperation in order to act together within NATO and EU structures to promote issues of regional interest.

After the EU 2007 enlargement, Central European states adapted their interests in terms of security as they no longer were the Eastern most border with the accession of Romania and Bulgaria. What became the main interest was first Eastern Europe (the Ukraine, Belarus, and the Republic of Moldova) and then the Balkans, in an effort to promote political and economic reforms in order to stabilise the region. The focus on achieving and maintaining security in the wider region of Central,

Eastern and South-Eastern Europe translated in the active involvement in different EU initiatives by presenting themselves as an indicator of successful transformation and integration (Chiantera-Stutte, 2003: 327). Central European states become active partners on behalf of the EU in the European Neighbourhood Policy addressed to Eastern Europe drawing back on their perception as a bridge between integrated and non-integrated Europe (Joint Political Statement of the Visegrád Group on the Strengthening of the European Neighbourhood Policy, 22 January 2007). Also, they were also involved in the EU Strategy for the Danube Region (European Commission, 2010), as it covered a wide range of areas and implied a dialogue between member states, candidates, and non-member states fostering economic cooperation, the development of infrastructure and communications, as well as providing financial and logistical support for future integration within the EU.

OUTCOME OF THE CENTRAL EUROPEAN SECURITY IDENTITY

When taking into consideration the outcomes of a common strategy put forward by the Central European states in terms of European security and regional stability, we should study the period following their EU accession in 2004. Although the Central European Security Identity was constructed by the four Visegrád states as part of their membership within the EU and NATO and thus using their structures, three observations can be made on its purpose and outcome.

First, the common security identity, like the cultural and historical specificities before, maintained and consolidated the perception of a group mentality for the four Central European states within the Euro-Atlantic institutions. As a group they could act in favour of promoting certain issues of interest such as cross-border cooperation and environment, the fight against organised crime and illegal immigration, or infrastructure (Guidelines on the Future Areas of Visegrád Cooperation, May 12, 2004). Also, they could act as a pressure group in specific areas of regional interest, especially in those that involve cooperation with Eastern or Balkan neighbours.

Second, after 2004 the Central European states supported the accession of candidate and prospective countries by sharing their experience and working together in different areas for a smoother transition once the EU decided to enlarge. They built a productive dialogue with Romania, Bulgaria, and Croatia as they were preparing to become member states of both NATO and the EU, cooperating with these states within different initiatives (for example, the EU Strategy for the Danube Region). This strategy of supporting the EU applications of their neighbouring states was based on the mentality the Central Europeans were projecting of themselves as an example of political and economic transformation during the transition from Communism to democracy and as a bridge between a developed and integrated West (to which they now belonged) and a less developed and potentially unstable East. It is a perspective they promoted since the mid-1990s as they economically surpassed their Eastern neighbours and created the Central European Free Trade Agreement, but then supported the most developed neighbouring states to gradually join them.

Third, as part of both NATO and EU structures, Central European states provided a common response to global and regional threats, as well as an engaged participation in the joint operations deployed by these organisations. As such they contributed with troops to NATO military interventions in Afghanistan and Iraq, or to peacekeeping operations in the Balkans. As well, they took act of the internal evolutions from the Eastern European countries (Belarus, the Ukraine, and the Republic of Moldova) and offered formal or informal support, as well as observatory assistance during political events.

CONCLUSIONS

The Central European Security Identity developed at the beginning of the 21st century and especially after accession of the Czech Republic, Hungary, Poland, and Slovakia to the European Union on 1 May 2004 starting from previous regional affinities and ties. It was based on cultural and historical arguments of a Central European regional identity, as well on the Post-Communist political discourse of cooperation and dialogue in order to

'return to Europe' and to integrate in the Euro-Atlantic institutions. After 2004, it preserved in a certain manner the regional character and mentality of the four Central European states, as they often acted together as a group on issues of regional interest.

Its main objectives were to address the immediate geopolitical challenges in the Central European region and its near vicinity that could affect the Visegrád states' road to accession. Therefore, Central European states promoted cooperation, peaceful partnership, stability and democratic values in their dialogue with other candidate or non-member states. Since Central Europe bordered two potentially unstable regions (Eastern Europe and the Balkans), the efforts made by the Visegrád states were essential for European stability and needed to be synchronised with NATO and EU initiatives.

But most of all, the Central European Security Identity developed as part of the states' membership in NATO and the EU. It was, therefore, completely integrated within their structures and envisioned to function within the Euro-Atlantic initiatives and areas of interest. Its main characteristic, however, was that the four Central European states created their own community within these structures on the basis of their regional interests and sensitive issues which led to their activism in certain areas in view of promoting and maintaining security in the wide geographic space of Eastern and South-Eastern Europe.

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ENERGY SECURITY IN THE DANUBE REGION: THE NATURAL GAS ASPECT

PLAMEN PETROV

INTRODUCTION

The EU energy strategy is based on three main pillars: boosting energy efficiency; creating a single liberalized energy market and the diversification of natural gas deliveries. This paper is focused on the third and partially on the second of these goals, together with the ways the EU intends to achieve them. We will analyze the European ideas for creating two new gas corridors: the North-South and the Southern gas corridors.

Oil and gas fields are usually situated in close proximity to each other. Oil is mainly delivered in tankers by the sea, while gas comes mainly via pipelines. In the course of the recent years the volume of Liquefied natural gas (LNG) has been rapidly increasing, but its share in the overall gas deliveries is still much under 50% of the total volume—25% of the total gas import in the EU in 2011 (Eurogas Statistical Report, 2012).

The geographical focal point of this analysis is the Danube region, and more precisely: Bulgaria, Romania, Serbia, Hungary, Slovakia, Austria and Ukraine. Germany is a Danube state too but because of its gas market size and specifics it is in a position much different from that the above-stated seven countries. Germany is the biggest gas importer in continental Europe but its North Sea outlet offers the country the possibility to diverse its gas supply sources. Besides, Berlin maintains special relations with Russia in the field of the gas business. In view of all this, Germany will not be subject of consideration in this article

REAL AND POTENTIAL PLAYERS ON THE DANUBE REGION GAS MARKET

The main players on the Danube region gas market can be divided into two groups: the importers represent the first one, and the producers and exporters of natural gas, the second one. All seven Danube states belong to the first group, while Russia and the Caspian Region gas producers possessing a position to supply the Southern Corridor: Azerbaijan, Turkmenistan, Iran and Kazakhstan, form the second one. Two transit countries—Georgia and Turkey, have their part to play in the future gas business between the Caspian republics and Europe.

Proven natural gas reserves, gas production and gas consumption in the countries of the Danube-Black Sea and Caspian regions (2012)

	Proven reserves(tcm)	Production (bcm)	Consumption (bcm)
Russia	32.9	592	416
Turkmenistan	17.7	64.6 (66.1 in 2008)	23.3
Kazakhstan	1.3	19.7	9.5
Azerbaijan	0.9	15,6	8.5
Iran	33.6	160.5	156.1
Ukraine	0.6	18.6	49.6 (67 in 2006)
Romania	0.1	10.9	13.5(18.1 in 2006)
Bulgaria	Insignificant	0.68	2.7
Serbia	Insignificant	0.263	1.84
Turkey	Insignificant	0.684	32.1 (36 in 2008)
Slovakia	Insignificant	0.104	6.26
Hungary	Insignificant	2.87	12,05
Austria	Insignificant	1.71	9.48

Source: Statistical Review of World Energy, June 2013
*http://www.bp.com/content/dam/bp/pdf/statistical-review/statistical_*
review_of_world_energy_2013.pdf

Russia is the chief gas player in the Black Sea-Danube region. The EU countries and Turkey are Gazprom's main export market. Russia also exports gas to the ex-Soviet East European republics but they are not very reliable as payers. For several years already there have been talks about building two new gas pipelines to export Russian gas to China but for the time being Russia cannot count on a market better than the European one.

Romania is the first Black Sea country, which in 1979 began to receive gas from the USSR. Presently, through it, Russian gas is transported to Bulgaria, Greece, Macedonia and Turkey.

Russia has at its disposal another export gas pipeline (Blue Stream) which crosses the Black Sea and through which gas is delivered to Turkey directly without passing through the transit countries. Russia's main purpose is to keep and if possible to increase its share at the European gas market. During the recent years the positions of Russia were eroded by the increasing deliveries of LNG as well as by the deliveries of such traditional gas producers as Norway. Russia is unable to affect in any way either the Norwegian or Algerian deliveries of gas to the EU. Russian chances to stop the LNG deliveries are even smaller. That is why Gazprom is concentrating its efforts toward the Black Sea region, more precisely—the Wider Black Sea is the geopolitical zone in which Russia can prevent the appearance at the European market of a new and dangerous competitor—the Caspian gas.

The Caspian country having the richest natural gas deposits is Iran. The Iranian portion in South Pars gas field is estimated to contain some 14 tcm of gas reserves (Alexander's Oil & Gas Connections, 2009). In theory this quantity would be enough to feed a pipeline of the capacity of Nabucco for a period of 467 years. However, the Iranian gas fields are in the Persian Gulf which means it is too far from Europe. There are two main reasons because of which Iran will not be able to export gas to Europe. The first of them is that Iran has no surplus of gas as its production is practically equal to its consumption. The second reason is that the USA has put Iran into a tight belt of political isolation. A USA veto quickly and efficiently discourages any European company that might show an interest to do gas business with Iran. There might be a change in this situation as a result of the Geneva interim agreement signed at the end of 2013 according to which Iran agreed to a freeze of portions of its nuclear programme in exchange for decreased economic sanctions. But even if the economic sanctions were fully lifted, Iran would not be in a position to begin exporting gas to the Danube region countries before the third decade of the 21st century.

Another gas-rich Caspian republic is Turkmenistan. Because of its intermediary geographical position, Turkmenistan has many alternatives

for gas exports and can turn its pipelines to all four directions of the world. At the same time the country is landlocked and situated far away from the big gas markets, which is the reason for the high transportation costs of the Turkmenian gas. By the beginning of 2009 nearly all gas export from Turkmenistan was orientated to Russia. But in the beginning of 2009 the re-export of Turkmenistan gas became unprofitable for Gazprom. In the recent years Gazprom has bought only 10 bcm of Turkmenistan gas annually – almost 5 times less than the quantities Russians bought before 2009 (РБК Daily, 2009). Meanwhile at the end of 2009 the Turkmenistan-China gas pipeline was set into exploitation. Nevertheless, Turkmenistan has a very serious incentive to work on the opening of a route to the West for its gas export—through the Caspian Sea and the Caucasus toward the EU. At the moment Turkmenistan is building the East-West trunk gas pipeline with its own funds; it will be completed by the middle of 2015 at the earliest (RIA Novosti, 25/01/2008).

Regarding its export of natural gas, Kazakhstan is also nearly fully dependent on Russian routes. Kazakhstan can participate in the Trans-Caspian pipeline and in Southern corridor only if Turkmenistan participates in them, too.

Azerbaijan is the only country that can be a supplier and transferor of gas from the Caspian Sea region. For the time being Azerbaijan is connected via gas pipelines with three of its four neighbours—Russia, Georgia and Iran. Until the beginning of 2010 all Azerbaijani gas export was transported along the pipeline from Baku through Georgia to Turkey.

At the end of June 2009 the gas deal between Baku and Moscow was finalised. Gazprom and the State Oil Company of Azerbaijan Republic (SOCAR) signed an agreement under the terms of which the Russian company purchased at least 500 million cubic meters of gas from Azerbaijan in 2010 (Reuters, 2010). From a strictly economic point of view Russia has no need of Azerbaijani gas, either now, or in the next few years. From a strategic point of view, though, it is very important for Gazprom to direct the Azerbaijani gas to the North and to prevent its enter into the Southern gas corridor passing through Turkey. Though Turkey has nearly no gas production of its own, it is one of the key players in the Black Sea gas game

of patience. Turkey is not only one of the three largest foreign customers of Russian gas, but it is also an inescapable transit territory through which the pipelines carrying the Caspian gas to Europe must necessarily pass. The Turkish programme-maximum is to start transferring to Europe the gas coming from all of its three present suppliers—Russia, Azerbaijan and Iran, plus Iraq and possibly Turkmenistan.

There is an important difference in the standpo1int of the EU and that of Turkey with regard to the gas pipelines role. The EU insists that they are to be supranational technical facilities to be used by any company that pays the relevant gas transportation fare. Turkey, however, views the gas pipelines as an important geopolitical trump card for the country through whose territory they pass (Dimitrov, 2012).

Georgia is an important transit corridor for the Caspian gas. Its attitude is rather predictable—Tbilisi supports all projects of gas pipelines to pass through its territory but it cannot take part in their financing.

Rumania and Bulgaria in particular are dependant on Russian gas and that is why they are looking for diversification in regard of their gas suppliers. For this reason they have showed a full support to Nabucco but have had neither geopolitical nor financial power to be a decisive factor for speeding up the implementation of this project. A plan-minimum for Bulgaria and Romania, in case they will not be able to diversify their suppliers, is to at least diversify the delivery route of the Russian gas. And that can be achieved by means of the South Stream pipeline. Though they have sea outlets, the two countries' possibilities to import LNG are limited because the Black Sea is a semi-enclosed sea. The likely passage of gas-tankers through Bosphorus is difficult and expensive and that is why to build its own LNG terminals for Bulgaria and Romania is justified but the gas should come from another Black Sea port.

Hungary and Slovakia are also very much dependent on their gas import from Russia but unlike Bulgaria and Romania it is not a 100% dependence. Both these states are showing their willingness to cooperate with Russia in the field of energy supply.

Austria is situated in the very centre of Europe and it cannot have gas delivered through LNG terminals, but it has a comparatively well-

diversified import of which Gasprom's share is approximately 50%. At the same time Austria works as a gas hub transiting most of its imports to various (neighbouring) countries.

Gazprom would very much like to expand its business in Austria by acquiring storage and trading facilities. On 25 January 2008, Gazprom and Austria's OMV signed an Agreement of Cooperation. Through this agreement, Gazprom acquired a 50% stake in the Central European Gas Hub (CEGH) at Baumgarten in Austria (RIA Novosti, 25/01/2008). But in 2011 the European Commission blocked Gazprom's acquisition. In consequence of that decision Russia changed the route of the South Stream gas pipeline, and now its terminal point will be not in Austria but in northern Italy.

Ukraine is the most important corridor of the Russian gas export intended for the EU. At the same time Ukraine is one of the major buyers of Russian gas. During the last several years the Russian-Ukrainian relations in the gas business field were subject to dramatic changes. After the Orange Revolution in Kiev in the beginning of 2r005 Russia has gradually given up its former policy of selling Ukraine gas at preferential pices. Now, after Russia has launched the South Stream project, Ukraine is also threatened with losing the bigger part of the transit stream passing through its territory. That is why at present the main target in the gas strategy of Ukraine is obstructing the construction of the South Stream and convincing Russia that a modernization of the Ukrainian gas transporting network is a much cheaper alternative to the project of building a new gas pipeline passing under the Black Sea. From a strictly financial point of view it is true, however, the issue is not only economic but also geopolitical. The gas business has always been one of the key sources of financing Ukrainian political parties and their campaigns. For that reason Ukrainian politicians are rather unwilling to allow a foreign control over the gas-transporting network of their country. On their parts, both—the EU and Russia—would not accept to invest billions of Euros without obtaining such control as a guarantee for a return on their investments.

CERTAIN SPECIAL FEATURES OF THE SOUTHEAST AND EAST-EUROPEAN GAS MARKET

As a whole the EU cannot boast of having a common energy market. However, its weakest point is the gas import because it is hardly dependent on trans-border pipelines and very often it originates from a single supplier, i.e. Gazprom.

It was declared by the leaders during the EU summit in Brussels from February 2011 that "the internal market should be completed by 2014 so as to allow gas and electricity to flow freely". A new North-South energy corridor should be created. The strategic concept behind the North-South natural gas interconnection is to link the Baltic Sea area (including Poland) to the Adriatic and Aegean Seas and further to the Black Sea, covering Poland, the Czech Republic, Slovakia, Hungary and Romania, as well as possibly Austria and Croatia.

In the longer term, the European Commission foresees an extension of this integration process to non-EU signatories in the Energy Community Treaty—Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and Kosovo (EurActive.com, 2011).

Thanks to the North-South corridor, the Commission expects the region of Central and Eastern Europe to become less vulnerable to a supply cut through the Russia/Ukraine/Belarus route. Among the projects mentioned are planned Croatian and Polish Liquefied Natural Gas terminals, the Constanta LNG terminal in Romania and other LNG and compressed natural gas (CNG) projects in the wider Black Sea region. Other projects cited are plans to further promote Nabucco and NETS, a Hungarian project to unite Central and South-Eastern Europe's natural gas transmission networks by creating a common gas transmission system operator (TSO).

All these intentions of the EU seem very good but they will probably fall through when the matter of financing is raised. As a matter of fact the observation made at the EU summit in Brussels in 2011 regarding the new projects of the future corridor North-South can be applied to those projects as well: they are "justified from a security of supply/solidarity perspective, but are unable to attract enough market-based finance" (Pop, 2011). The point is who and why will choose to cover the financial shortage.

It should be made clear that though the EU has a Commissioner for Energy, it does not either buy or sell or transport natural gas. It is not done by the individual countries, EU members either. This is carried out only by trade companies, some of which are subject of state control, while others are private. At the same time the responsibility for the gas deliveries at national or all-European level cannot be only trade companies' responsibility. Here is the main contradiction: the energy security can be guaranteed only with enough auxiliary infrastructure which is to play the part of insurance in case of force-majeure circumstances like the cutting of the Russian gas transit via Ukraine in 2009. Business is unwilling to invest in the construction of pipelines or LNG terminals which serve as insurance policy and under normal conditions do not work to full capacity. Most of the facilities of the planned new North-South gas corridor are a kind of insurance policy and not a main route for gas supply to Central and South-Eastern Europe. The East-European and the Balkan countries are not rich enough to pay such insurance and because of it they appeal to the "solidarity" of the EU. German officials have already said that the private sector should foot the bill, with the EU role to be limited to "smart regulation". Former European Parliament President Jerzy Buzek who is from Poland, one of the beneficiaries of the potential corridor North-South, claimed precisely the opposite. He declared that "smart regulations" are not enough, money is needed too because the new projects cannot be financed by the private sector only.

The problem has geopolitical dimensions, too. Up to now East and Central Europe was supplied with gas through pipelines orientated to direction East (Russia)-West. Promoting the North-South corridor means appearance of vertically situated transferring infrastructure and a possibility to include in it gas of North Sea origin and LNG produced by Arab and African producers. It is logical for Russia to oppose this alternative, relying also on its strong energy relation with Germany.

Another initiative, one announced at the EU summit of February 2011, might prove to be of more important consequence to the EU gas market. According to this initiative EU member states are to inform the commission from 1 January 2012 "on all their new and existing bilateral

energy agreements" with foreign countries. "The commission will make this information available to all other member states in an appropriate form, having regard to the need for protection of commercially sensitive information. The high representative is invited to take fully account of the energy security dimension in her work. Energy security should also be fully reflected in the EU's neighbourhood policy," EU leaders said (Pop, 2011).

This formulation is rather cautious but the exchange of such information among the EU states may deprive Gazprom from its privileged position to negotiate with each of the countries separately, refusing reductions already granted to some others of its customers.

PROJECTS FOR GAS TRANSPORTATION IN THE BALKANS-DANUBE REGION

Nabucco (Nabucco-West)

Like all major pipeline projects Nabucco is not only of economic but also of geopolitical importance. Though Nabucco is favoured with the strong support of the European Commission, it is not a project of the European Union. Nabucco's shareholders were five commercial companies from five EU countries and one from Turkey. It is important that Nabucco could transport gas to the countries of Southeast and Central Europe, which now are with the lowest level of diversification of the deliveries. On the other hand this fact is also a shortcoming of the project since the biggest and most influential EU countries have no direct interest in the construction of Nabucco. But it will be hard to complete the project without an institution to pay a certain "geopolitical bonus" which will make the pipeline's total value acceptable for the investors.

The Russia-Ukraine gas crisis of the beginning of 2009 stimulated the search for new gas resources for deliveries in Europe but this stimulating effect was to a significant degree neutralized by the raging world economic crisis at the same time.

It is a well-known fact that Nabucco has a big problem with securing its sources of gas. For the time being, gas from Turkmenistan cannot reach Nabucco because the unregulated legal status of the Caspian Sea makes

any laying of pipelines on the seabed rather risky (Ibrahimov, 2008). There is no doubt whatsoever that because of the obstruction on the part of Iran no agreement in regard of the legal status of the Caspian See would be reached in the foreseeable future. Such an agreement would also be against the interests of Russia. It is very unlikely that the tension in the Caspian region would escalate to a military conflict but still the fact to be taken into consideration is that the countries with the strongest naval forces on the Caspian Sea are no others but Russia and Iran, both opponents of the Trans-Caspian pipeline projects. The second important obstacle for the Trans-Caspian pipeline is bad bilateral relations between Turkmenistan and Azerbaijan. The two countries had old disputes concerning unshared oil and gas fields along their sea borders.

The main hope for Nabucco was Phase Two of the development of Azerbaijani Shah Deniz gas field but in June 2013 the members of Shah Deniz consortium chose to transfer their gas via the Trans-Adriatic pipeline. Recently, Iraq, and more precisely the gas deposits in the Kurdish area of the country, is stated as a second (in importance) potential gas source for Nabucco. However, it is not clear who has the right to enter into exploitation contracts for these gas fields—the leaders of the Kurd autonomic region or the central authorities in Baghdad. Plans to export natural gas remain controversial due to the amount of idle and sub-optimally-fired electricity generation capacity in Iraq—much a result of a lack of adequate gas feedstock (EAI, 2010).

Turkey is willing to include Iran and Russia in the Nabucco project and thus to diversify the supplies for this pipeline in a way most convenient for itself (Socor, 2009). The EU, on the other hand, because of the American embargo, is unwilling to do business with Teheran. Also, including Russia in Nabucco looks illogical, as one of the purposes of this project is to decrease the EU's dependency on the Russian gas.

It became obvious by 2010-2011 that till the end of the 2010s at least no more than 10 bcm per year can enter the EU's Southern Corridor. That was the end of Nabucco, planned to supply 31 bcm per year. Later on this project was transformed into Nabucco-West, a pipeline to start at the Turkish-Bulgarian border and reach Austria transporting the additional

10 bcm annually promised by Azerbaijan. But the Trans Adriatic Pipeline (TAP), which is to pass through Greece and Albania and end in Southern Italy was contending for the same 10 bcm.

2. Trans Adriatic Pipeline (TAP)

TAP is supported by the EU as a TEN-E project (Trans European Networks – Energy). The project is designed to expand transportation capacity from 10 to 20 bcm per year depending on throughput.

TAP is the Southern corridor's cheapest and shortest pipeline with comparatively modest initial transportation capacity – 10 bcm per year. In addition, TAP will offer an underground storage facility, which it is currently investigating in Albania, as well as reverse flow capability of up to 8.5 bcm (TAP web-site, 2011). TAP's strongest card in the game was possibly the fact that one of its three initial shareholders was the Norwegian company Statoil holding a share of 42.5%. It is Statoil that is the biggest shareholder in the Shah Deniz project (together with BP) and holds the position of Chairman of the Shah Deniz Gas Commercial Committee.

In order to reach Europe, the gas of Shah Deniz-2 should at first unavoidably cross the whole territory of Turkey from Georgia-Turkey border to the Turkey–European Union border. In 2011 Azerbaijan and Turkey signed an agreement about the construction of Trans-Anatolia gas pipeline (TANAP). Presently, Turkey holds 20% of TANAP while the remaining 80% are meant for the Azerbaijan's State Oil Company (SOCAR) which however declares that it will decrease its share (but will keep not less than 51%) in favour of BP, Statoil and Total. According to Baku's and Ankara's plans, the first gas flow will enter TANAP in 2018 (when Shah Deniz-2 production is due on stream). It is possible afterwards to scale up TANAP's capacity to 16 bcm per year by 2020, 23 bcm by 2023, and 31 bcm per year by 2026, at an estimated cost of $7 billion for reaching the 31-bcm capacity (Socor, 2012).

Azerbaijan-Georgia-Romania Interconnector (AGRI)

The agreement for AGRI was signed in September 2010 in Baku. It is not a viable business project but a geopolitical instrument for Azerbaijan to exert

pressure on Turkey. The gas transfer via AGRI would be very expensive. To the present day there has never been in the world gas business a case in which the gas was transported through a long terrestrial gas pipeline and then liquefied and loaded in tankers. This is why the projects for transfer of LNG and/or CNG from Azerbaijan through the Black Sea to Romania, Bulgaria or Ukraine are rather exotic wishful thinking and geopolitical bluff than anything else.

White Stream (GUEU)
The intention of the project is to transport gas from Azerbaijan and other countries in the Caspian Region via Georgia directly to Ukraine through a pipeline that will cross the Black Sea. This project is economically unfeasible, especially in view of Ukraine's signing in 2010 a long-term contract concerning the price of the Russian gas it buys.

After it had become clear that Nabucco (Nabucco-West) pipeline would not be realized, the only possibility to deliver Caspian gas to the Danube region remained the interconnector pipelines: Greece-Bulgaria, Bulgaria-Romania and Bulgaria-Serbia. For the time being only the short connector between Bulgaria and Romania, passing under the Danube, is in an advanced stage of construction. For the interconnector between Greece and Bulgaria in January 2011 a company, "ICGB" AD, was formed between "Bulgarian Energy Holding" EAD and IGI Poseidon (50% EDISON and 50% DEPA) (Euroactive, 2014). The construction of ICBG is expected to begin in 2014 and the project could be completed in 2016.

South Stream pipeline
During the last years Russia has had serious problems with its transit gas pipelines passing through Ukraine. This is why Russia has been adopting the so-called "alternative route strategy". In order to guarantee the secure deliveries of Russian gas to Central and Western Europe two new undersea routes for the Russian gas are to go round Ukraine, Belarus and Poland. They are the North Stream going along the bottom of the Baltic Sea and the South Stream passing under the Black Sea towards Bulgaria. It is wrong to believe that South Stream was promoted only because Victor Yushchenko

was the President of Ukraine between 2005 and 2010. This project will not be abandoned though there was for some time in Kiev a president with pro-Russian sympathies. The gas pipeline exploitation period is many times longer than that of any political cycle in Kiev. Russia believes that the problems related to the gas transit via Ukraine are structural and not personal and this is why it will never give up the South Stream.

After a year of hesitations at the end of 2010 the new Bulgarian government agreed to take part in the South Stream project and the gas pipeline route has now emerged clear—through the Black Sea, coming out in Bulgaria and branching there toward Central Europe and Italy. If Bulgaria had refused the project, it would not have been possible for the South Stream to come out of the sea in Romania as it would have meant its passing through the territorial waters of Ukraine.

By the end of 2013 it seems the routes of Southern Corridor and the South Stream will not cross each other. Nabucco (Nabucco-West respectively) failed and Caspian gas will not go to Central Europe. At the same time the southern branch of South Stream (Bulgaria-Greece- Italy) without a word disappeared from the official website of the project (South Stream website, 2013)

At the end of 2013 it became clear that the European Commission had serious objections against the Intergovernmental Agreements signed by several European states with Gazprom for the construction of the South Stream. European Commissioner for Energy Oettinger declared the agreements in question as breaching EU law and threatened with infringement procedures. He then summoned ministers from Austria, Bulgaria, Croatia, Hungary, Greece, Slovenia and Serbia, and was mandated to renegotiate the IGAs in conformity with existing EU rules (Betchev, 2014).

The fate of the South Stream project will to a serious degree depend on the outcome of the controversy on matters of principle between the Commission and Gazprom concerning the conditions in observation of which the Russian company will operate on the gas market of the EU.

On 4 September 2012, the European Commission antitrust branch opened formal proceedings against Gazprom for allegedly violating

European Union competition rules, in particular, blocking rival suppliers, preventing re-export of its gas, overcharging customers.

The gas market of the Danube region will probably be influenced also by the LNG terminal designed to be built on the northern Adriatic island of Krk in Croatia. It is included in a list of 250 priority projects of common European interest that are supported by the European Commission. The projects will be able to count on a financial support from the new Connecting Europe Facility of the EU (Independent Balkan News Agency, 2013). In the best-case most optimistic scenario the island Krk terminal will become operational by the end of 2016. This project will not only be of national but also of regional significance as through this terminal the natural gas could be delivered from Croatia to Hungary and Western Ukraine, and subsequently to other Danube states.

CONCLUSIONS

The Danube-Black Sea region is the zone where the export routes of the Russian and the Caspian natural gas cross. In regard of the natural gas the Danube states have two main objectives: 1. to secure for themselves stable and advantageous gas deliveries; 2. to attract transit gas streams through their territories.

The struggle among the different projects for transfer of gas in the Danube region is an equation with many unknown quantities. Purely economic arguments cannot answer the question which of the projects will be accomplished and which one will not. Some of the projects have negligible chances for fulfilment but even the discussions on it influence the plans and the actual moves of the geopolitical players in the region.

In the circumstances of stagnation at the EU gas market that was going on after 2008 the project for new gas pipelines from Russia and the Caspian region are gaining an increasingly stronger geopolitical ingredient while the strictly economic considerations loose some of their importance.

The increasing LNG and CNG deliveries further the globalization of the gas market and begin to influence the new regional gas pipeline projects. The prices at the gas spot-market in Europe will be an important indicator of the feasibility of the major gas pipeline projects.

In the nearest and foreseeable future (till 2020 at least) Russia will preserve its position of domination in regard of the gas deliveries to Central and Southeast Europe, and will prevent the appearance of its competitor, Caspian gas, at these markets. However, the long-term perspectives are that Azerbaijan and Turkmenistan will attain the possibilities for direct sales at the EU gas market.

Map 1: South Stream Pipeline

Map 2: Nabucco-West Pipeline

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A REGION AT A CROSSROAD: NEW REALITIES AND POLICIES FOR THE BLACK SEA REGION

GALYA VLADOVA

INTRODUCTION

Situated at the crossroad between Europe and Asia the Black Sea region has always been an intersection of civilizations, competing interests and struggle for influence and is therefore characterized by ongoing fragmentation, historical rivalries and heterogeneity. In the last twenty years the region has witnessed major transformations leading to changes in its context and dynamics, to increasing geo-strategic importance and shifts in the balance between regional and external actors. Today, the Black Sea is the newest neighbour of the European Union, a border to major security threats, a transition corridor of important transport and energy routes and a scene of pressing environmental and economic problems. It is the interplay between regional and international factors and the increasing influence of the policies and objectives of external actors that determine the current complex context in the Black Sea area and that call for increasing cooperation between the Black Sea states for the achievement of stability, sustainable development and integration in the region. Viewed against this background, the current paper intends to provide an overview of the state and dynamics in the Black Sea region with reference to the development of its cooperation process.

OVERVIEW AND DELINIATION OF THE BLACK SEA REGION

Placed on the margins of historically important regions like the Danube region to the West and the Caspian Basin and Central Asia to the East the Black Sea has for years served both as a bridge and a division between them. In the Black Sea area converge the major regional players Turkey and Russia and Ukraine, the Eastern Balkans and the Caucasus (Figure 1).

Figure 1: The Black Sea region at a crossroad. Source: Author's visualization

It is an intersection of civilizations where the Orthodox, Muslim and recently also the Western cultures meet each other. (Tassinari, 2006: 1) The long-standing political fragmentation of the area, together with its territorial variety and cultural diversity are often reasons for its description as a divided land or a serious of territories. Presently, there still exists an ambiguity about its definition as a regional entity. (Manoli, 2012: 3; Manoli, 2010: 7) While some authors argue that historically the Black Sea has not represented an integral region in cultural, economic and political terms (Minchev, 2006: 18), other state it has not been coherent economic and political entity, but has still been a distinct region with own dynamics defined by the attempts to build bridges to neighbouring countries and to develop mutually beneficial relations with them (King, 2004: 7f).

Currently, there are several definitions of the region depending on who defines it or drafts a relevant policy. The main distinctions are between the six Black Sea littoral states Bulgaria, Georgia, Romania, Russia, Turkey

and Ukraine and the wider Black Sea area, consisting of the 12 BSEC (Black Sea Economic Cooperation) member countries Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Turkey and Ukraine. (Manoli, 2012: 2) The term 'wider' Black Sea first appeared in the BSEC programme for 2004 as an attempt to reflect the BSEC's position regarding possible membership in the organization of non-littoral countries. According to this notion, the region should "extend beyond the littoral territories to include adjacent areas that are culturally, politically or economically linked" (Manoli, 2010: 8). Since 2007 the EU has also adopted the definition of a wider Black Sea region excluding Albania and Serbia and placing them in the Western Balkans sub-region (Manoli, 2012: 2). For the purposes of its security policy NATO in turn considers the wider Black Sea area as a part of an even broader region including the Caspian Sea region and Central Asia (Bocutoğlu and Koçer, n.d.: 1).

In the further course of this paper the term Black Sea region (used interchangeably with the term Black Sea area) will include the six littoral states Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine, as well as Moldova. This delineation of the region reflects the interconnectivity of the included countries in terms of their geostrategic, socio-cultural, political and economic situation. In the paper the connections of the Black Sea region with the Balkans and Central Asia will be put in the background.

Under the current definition of the Black Sea region its composition proves to be highly diversified. The different size and power of its countries, their systems of governance (Commission on the Black Sea, 2010: 38) and the discrepancies among them in economic, social and cultural aspects (Aydin, 2005: 3) add to its historical and geographical heterogeneity. In addition, the region is structurally heterogeneous due to the diverse relations of each country with the rest of the countries in the region, with the EU and other international organizations (Manoli, 2010: 9).

HISTORICAL BACKGROUND AND CURRENT DEVELOPMENTS

Throughout history the Black Sea has constantly been a subject of interest for major powers, which struggled to dominate it and to impose their influence in its area. Since antiquity, the Black Sea faced the dominance

of the Byzantine, Ottoman, and finally Russian Empires (Aydin, 2004: 6) and was first perceived as an Ottoman-Turkish lake (Balcer, 2011: 21) and later as a backyard to the Russian Empire. In the context of the Cold War, the Black Sea found itself again on the frontline of the global struggle for dominance (Commission on the Black Sea, 2010: 22). For 40 years the Black Sea was largely influenced by the Soviet Union and its satellite states. Its politics was subordinated to superpower rivalries (Canli, 2006: 3) due to which significant barriers were introduced in the area. As a result two division axes could be recognized in the Black Sea area—an East-West axis illustrating the Communist-Capitalist division and a North-South one representing the Byzantine and Ottoman authorities in the South and Russian and Soviet authority in the North. For many years the balance between these axes has determined the regional political economy in the Black Sea area. (Manoli, 2012: 5)

As a result of the successive dominance of major powers, the Black Sea was closed to the outside world for decades. After the end of the Cold War and the fundamental geopolitical changes that followed it (formation of new sovereign states after the collapse of the Soviet Union and emergence of new political, economic, and social realities), it got, for the first time in its history, the opportunity to open to the international scene (Aydin, 2004: 6). Yet, it has taken years till the West recognizes the importance of the region, a fact that could be explained by a number of reasons:

- the Black Sea is located at the edge of the European, Eurasian and Middle Eastern security spaces and has thus not been at the center of attention of any of them;
- after the collapse of the communist regime the efforts of the West were predominantly oriented towards integration of Central and Eastern Europe and towards managing the Balkan wars, so that the Black Sea region was placed again at the periphery of the political interest and concerns;
- the countries in the region were largely preoccupied with their own problems; engaged in civil wars and armed conflicts they showed little interest for a closer relation with the West, which on its turn saw limited perspectives for successful involvement in the region;

- the Black Sea has always suffered from lack of recognition from the West, which proves to be still largely unfamiliar with the region, its folks, problems and potentials. (Asmus, n.d.: 1)

It was just in recent years that the Black Sea region has been permanently placed in the international policy agenda. Three main reasons have played a major role in this regard:

- the geo-strategic importance of the region as a crossroad of major oil, gas, transport and trade routes, due to which the region has turned into a key area in the competition between major powers like Russia, US and the EU (Commission on the Black Sea, 2010: 12,23);
- the instability and the security problems in the region raised after the end of the Cold War and the collapse of the Soviet Union. Throughout the Cold War, the Black Sea region functioned as a buffer between the Western and the Soviet Block (Bocutoğlu and Koçer, n.d.: 6) and the political and military presence of the superpowers provided stability in it (Aydin, 2005: 1). With the demise of the Soviet Union, ancient sources of tension and grievances have been liberated (Aydin, 2005: 1). As a result, the Black Sea region has faced a number of security questions (energy supply, 'frozen conflicts', trafficking of weapons and drugs, etc.) and has turned into a scene of instability, considered by the EU and NATO as a facilitator of terrorist activities and illegal trafficking and thus as a threat to their own national interests (Bocutoğlu and Koçer, n.d.: 7);
- the EU enlargement, the accession of Bulgaria and Romania in 2007, which turned the Black Sea region into a direct neighbour of the EU and brought the later closer to an area with energy security issues, domestic and inter-state conflicts, non-recognized entities and weak state systems as well as illegal trafficking of various kinds (Balcer, 2011: 8).

MAIN ACTORS AND POLICIES IN THE BLACK SEA REGION

In the context of transformation and increasing significance, the Black Sea region has turned into a scene of interaction of various actors. A diverse set of internal and external stakeholders are currently demonstrating "a

growing interest in or concern for the region's role in matters relating to security, energy supplies, trade routes and economic exchange" (Manoli, 2010: 9). As Balcer summarizes the Black Sea region today "stands at the intersection where Turkey claims its status as a regional power, Russia considers it as a zone of Russian influence, and the EU has been formulating its own policies of transformation for creating a secure ring around its borders" (Balcer, 2011: 21).

As a result of the diverse actors' constellation in the region there currently exist various interests and the Black Sea area is clearly divided between different strategic domains. On the one side it is a sphere of influence of the regional power Russia, whose policy still has an enormous impact on the domestic and foreign policies of the ex-Soviet states in the region (Institute for regional and international studies, n.d.: 3), as well as of Turkey, which perceives itself as a key player in the Black Sea cooperation process. On the other side, external powers are gaining increasing importance in shaping the strategic environment of the Black Sea, among them being the EU, "the newest member of the Black Sea regional complex" (Manoli, 2012: 16), and the US having "strong interests in safeguarding the movement of some goods, preventing the movement of others, and maintaining a presence in the Black Sea region" (Cohen and Irwin, 2006: 1). Following the line of this discussion it could be assumed that the current Black Sea regional agenda is predominantly determined by the search for a balance between the interests and policies of Moscow, Ankara and Brussels—a search, in which the smaller Black Sea states also try to find their place, but are currently playing a rather secondary role. In the following, the EU policies and interests in the Black Sea area and the course of their recent development will be studied in more details.

The EU is getting actively involved in the Black Sea region just in recent years, although its official engagement in the area dates back as early as the beginning of 1990s. The first signs of EU engagement in the Black Sea region could be found out in the post-Cold War period, when the EU Partnership and Cooperation Agreements (PCA) strategy was launched. The PCAs had the characteristics of a framework and were signed with individual countries (among which the Black Sea countries Georgia,

Ukraine, Moldova and Russia) in order to support their efforts towards market transition and democratization and were meant to serve as a basis for cooperation in the fields of trade, culture, science, etc. According to Pop the EU's main driving interests behind approaching the post-Soviet space at this time have been security, energy and democratization (Pop 2009, in Rusu 2011: 55).

In the early 1990s, along with the former Soviet republics, there were a number of other groups of states in the Black Sea, to which the EU needed an individual approach—Greece, an EU member state since 1981, Turkey, an applicant state at this time, as well as Bulgaria and Romania, both of which had already signed association agreements towards EU accession. Not surprisingly, the different types of statuses resulted in EU approaching the countries differentiated and mainly on the basis of bilateral agreements. It was not before 1997 when the EU launched a genuine regional approach to the Black Sea by adopting Communication on Regional Cooperation in the Black Sea Region.

The EU Commission defined then the Black Sea region as Greece, Bulgaria, Romania, Moldova, Ukraine, Russia, Georgia, Armenia, Azerbaijan and Turkey and expressed intensions to develop a new regional cooperation strategy. (Aydın and Açıkmeşe in Balcer, 2011: 11f) Yet, the regional approach for the Black Sea could not get a high priority in the EU agenda, since most of the EU efforts at this time were directed to facilitating the enlargement process.

In the beginning of the new century, the ever-increasing concerns about the external borders of the Union found their expression in the launching of a new policy towards the EU neighbouring countries—the European Neighbourhood Policy (ENP). Officially launched in 2004 it is seemingly located somewhere between the EU foreign policy and the EU accession policy (CoR, 2007: 23f). A main objective of the ENP is the improvement of cross-border cooperation with countries along the EU's external land and maritime borders in order to avoid new dividing lines and to strengthen the prosperity, stability and security of all (EC, 2012). The ENP did not target the Black Sea region as a whole, but included initially only Moldova, Ukraine and Belarus (Eralp and Üstün, 2009: 126) and was later on

extended to cover also the South Caucasus countries Armenia, Azerbaijan and Georgia (Rusu, 2011: 55) (see Figure 2).

Figure 2: Coverage of the EU Neighbourhood Policy. Author's visualization
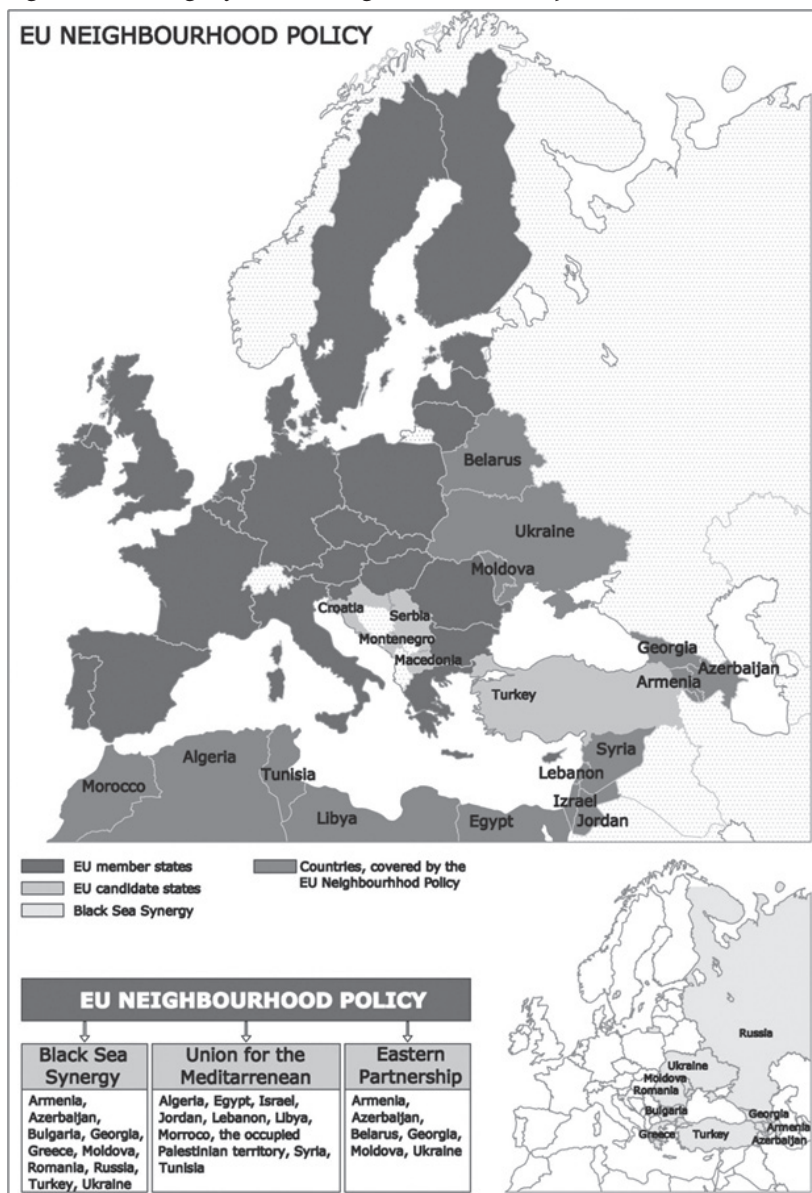
The ENP was based again on bilateral agreements between the EU and each of the states. Its effects were limited by the fact, that contrary to the Southeastern European countries, which were included in the EU enlargement policy, the ENP countries lacked membership incentive (Rusu, 2011: 55). Since Russia refused to be covered by the Neighborhood Policy, the EU adopted a Strategic Partnership with it, within which the four common spaces economy; freedom, security and justice; external security; research and education were created. The cooperation between Russia and the EU has been enriched by a recently launched Partnership for Modernization (2010). This covers cooperation on issues such as fight against corruption, socio-economic development, investment in key sectors, etc. (Aydın and Açıkmeşe in Balcer, 2011: 19).

In 2007, with the accession of Bulgaria and Romania in the Union, the EU became a direct neighbour of a region, characterized by domestic and inter-state conflicts, non-recognized entities, illegal trafficking and energy security issues (Aydın and Açıkmeşe in Balcer, 2011: 8), which imposed the necessity for launching of new initiatives aimed at the region. Thus the EU enlargement happened to be a turning point in perceiving the Black Sea region as such and in permanently establishing it in the EU policies. Since then, contrary to the 1990s when the EU has mainly encouraged sectoral based networks on transport, energy and environmental issues in the Black Sea, an emphasize has been put on the necessity of a more synergetic approach for promotion of regional cooperation in the area (Manoli, 2010: 11f). As a result, two new regional initiatives have been launched in the Black Sea region:

- the Black Sea Synergy (BSS) in 2008 being a part of the European Neighbourhood Policy, addressing the region as a whole and not each single country separately, and aiming at reinvigorating cooperation among the Black Sea countries, and
- the Eastern Partnership (EaP) in 2009, being a new EU's foreign policy instrument targeting only the post-Soviet republics Ukraine, Moldova, Belarus, Azerbaijan, Armenia and Georgia (see Fig. 2), with the aim to bring them closer to the EU through intense bilateral cooperation. (Rusu, 2011: 55, Manoli, 2010: 11f)

The existence of groupings of countries that require different types of EU approach has resulted in the implementation of a complexity of policy instruments, the signing of a huge number of multilateral agreements and the launching of wide-ranging bilateral and sectoral activities in the region (see Figure 3). The focus on bilateral mechanisms and the application of a differentiated approach towards Russia, Turkey and the ENP partner countries are considered main challenges in the future EU's involvement in the Black Sea region. The multitude of EU policies and initiatives creates the impression of a lack of coherence, overlapping of agendas and a fragmented approach towards the area. In this regard it could be argued that the EU still lacks a coherent perspective and a holistic vision towards the Black Sea (Aydın and Açıkmeşe in Balcer, 2011: 7f). Being aware of this situation the EU Parliament passed a resolution on an EU Strategy for the Black Sea in January 2011 (EP, 2010). Up to date, however, no concrete actions have been taken by the European Commission for the preparation of the proposed Black Sea Strategy.

Figure 3: Overview of the EU policies and initiatives in the Black Sea region. Author's visualization
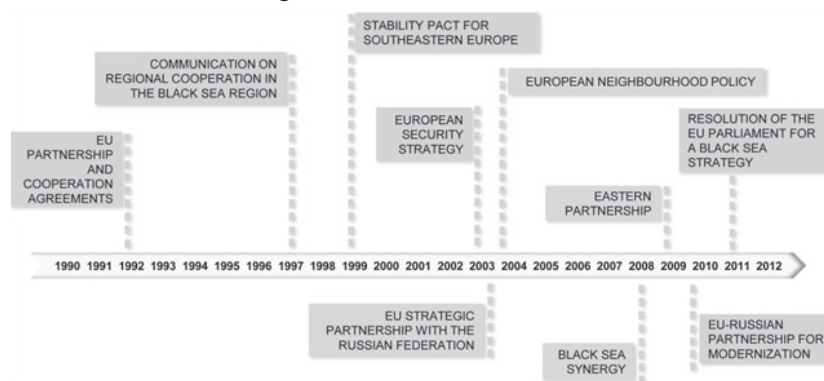
THE BLACK SEA REGIONAL COOPERATION

Since the early nineties, the Black Sea states, facing a number of common challenges and regional interdependencies, have tried to react to the altered circumstances after the collapse of the Soviet Union and to adapt to the

global trends by means of closer regional cooperation. The evolution of the Black Sea cooperation has been marked by constant changes in the political, economic and security landscape of the area and has faced various, often competing interests and policies of the involved stakeholders. The fact that the individual issues in the region have been approached by the various actors in a different way and within the frameworks of different policies has led to the generation of a variety of regional schemes of cooperation—from informal to highly institutionalized ones. Studying these, Manoli comes to the conclusion that their evolution could be categorized in two phases: first phase in the early nineties, considered as a response to the call for 'return to Europe' and focused on asserting the area's post-Cold War international standing, and a second one, taking place after the EU enlargement in 2004, driven by sectoral issues and characterized by external engagement (Manoli, 2012: 2; Manoli, 2010: 5).

A study of the Black Sea regional and socioeconomic context, the regional dynamics, challenges and needs, the available strategic papers targeting the area (Vision for the Black Sea, Black Sea Synergy) and the existing regional potentials shows that four main sectors of regional interest have served as and are still main pillars of the Black Sea cooperation: environmental protection, transport and energy corridors, economic development and trade, security dialogue. This clearly shows an already existing high level of multifunctionality in the region, which has found its formal expression in the establishment of numerous organisations and cooperation initiatives, primary initiated by one of the regional powers Turkey or Russia. Presently, the Black Sea states are involved in several schemes at the same time, cooperating with different partners on different issues, which explain the often duplication and lack of coordination between the different regional formats. Yet, many of the regional institutions and initiatives prove to have insufficient regulatory and enforcement mechanisms as well as financial capacities while the participation of the private sector and the civil society in partnership initiatives in the region is largely limited.

Throughout the time, the cooperation in the Black Sea area has often been limited by the political realities and a series of geopolitical conditions, which undermine the drive for regionalism, weaken the process and limit

its benefits. Here counts for instance the fact that the largest powers in the Black Sea, Russia, Turkey and recently also EU, often pursue different policies in the region and address regional issues such as security and energy in accordance with their own nation interests and mainly on a bilateral basis. In this regard Manoli argues that "a shared mindset on regional cooperation as a preferred policy remains elusive at the moment" and stresses that it is especially Russia that does not perceive the Black Sea as "a stage for regional policies" (Manoli, 2010: 23).

Figure 4: Main challenges for the Black Sea cooperation.
Author's visualization

Moreover, there exist important security issues in the Black Sea such as the unresolved secessionist conflicts, which negatively affect the process of regional cooperation (Commission on the Black Sea, 2010: 39). As a result, the Black Sea cooperation is still largely characterized by difficulties in the achievement of consensus and identification of common goals. The regional dimension is weakly presented in the national policies, the regional approach is often underestimated in the policy-making and the regional issues are not stressed in the bilateral relations between the Black Sea states. All these along with the need for improvement of the coordination, the finding out of fields of mutual interest and the setting of

common goals (see Figure 4) are main challenges for the future success of the Black Sea cooperation. Success that will lead to the enhancement of the Black Sea region's stability, sustainability and welfare.

CONCLUSION

After decades of isolation, fragmentation and struggle for influence, the Black Sea region, strategically located at the crossroad between Europe and Asia, is increasing gaining importance for both local and external actors and is today getting a permanent place in their policy agendas. Going through an overview of the Black Sea region's recent development we could find out that the Black Sea states are facing significant challenges and opportunities in key sectors such as environment, transport, energy and security and respond to them with a number of locally driven cooperative actions. These actions are complemented by diverse initiatives and policies, launched by the European Union, directed to support the democratization and the security in the area, but also to improve the cooperation between the Black Sea states and between them and the Union. Up to date, however, the Black Sea cooperation shows rather weak outcomes explained by a variety of factors such as the lack of trust as well as difficulties in the achievement of consensus between the involved parties. As a result, despite the existence of various policies and cooperation schemes in the region the search for comprehensive approach to respond to the new realities still remains a key challenge for the years to come.

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SELECTED CONFLICTS IN THE BLACK SEA REGION: AN OVERVIEW

Martin Malek

INTRODUCTION

There are a several conflict zones in and near the Black Sea basin, but this paper has to omit the Russian North Caucasus (with Chechnya) and Eastern Turkey with its predominantly Kurdish population; otherwise it would be too long and complex. Also, it is impossible to discuss the region's potential 'hot spots' as, for example, the Crimean peninsula in Ukraine, although this would be highly relevant for any assessment of the future stability in the Black Sea region. Therefore, this article focuses on Moldova and South Caucasus.

Map 1: The Black Sea Region in Post-Soviet Times

Source: Wikimedia Commons (a).

THE TRANSNISTRIA CONFLICT IN MOLDOVA

During the last years of the 1980s, the political landscape of the Soviet Union was changing due to Mikhail Gorbachev's policies of 'Perestroika' (restructuring) and 'Glasnost' (openness), which allowed more and more political pluralism at the level of the Soviet republics and other administrative units. In the Moldavian Soviet Socialist Republic (MSSR), as in many other parts of the Soviet Union, national movements became the leading political force and/or imposed their agenda on the local Communist Parties. Thus, on 31 August 1989, the MSSR's Supreme Soviet enacted two laws. One of them made Moldovan the official language, in lieu of Russian, the *de facto* official language of the Soviet Union.[1] The second law stipulated the return to the Latin Romanian alphabet. 'Moldovan language' is the term used in the Soviet Union for a virtually identical Romanian language. These events, as well as the end of the Ceauşescu regime in neighbouring Romania in December 1989 and the partial opening of the Moldovan-Romanian border on 6 May 1990, led many ethnic Slavs in the MSSR to believe that a union of the republic with Romania was inevitable and that they would be excluded from many aspects of public life, especially from high-ranking posts in the republic's politics, economy, media and science. These assumptions caused fears especially among the population in Transnistria, the region on the left bank of the Dnestr (Romanian: Nistru) river, where, as Table 1 shows, the Russians and Ukrainians outnumber the Moldovans (which is not the case in Bessarabia, Moldova's region on the Dnestr's right bank).

Table 1: The ethnic composition of Moldova (census 2004)

	Ethnicity	Bessarabia census	% Bess.	Transnistrian census	% Trans.	Moldova total	% total
1.	Moldovans	2,564,849	75.8	177,156	31.9	2,742,005	69.6
2.	Ukrainians	282,406	8.3	159,940	28.8	442,346	11.2
3.	Russians	201,218	5.9	168,270	30.3	369,488	9.4
4.	Gagauz	147,500	4.4	11,107	2.0	158,607	4.0
5.	Romanians	73,276	2.2	NA	NA	73,276	1.9

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[1] *De iure*, this was not the case because the Soviet Constitution did not contain any provisions about an All-Union state language.

6.	Bulgarians	65,662	1.9	11,107	2.0	76,769	1.9
7.	Others	48,421	1.4	27,767	5.0	76,188	1.9
8.	TOTAL	3,383,332	100	555,347	100	3,938,679	100

From September 1989, there were strong scenes of protests in Transnistria against the Moldovan Government. On 2 September 1990, a 'Pridnestrovian Moldavian Soviet Socialist Republic' (PMSSR) was proclaimed.[2] The first clash between the Moldovan Government and the separatists occurred on 3 November 1990 in Dubăsari (see Map 2). In the aftermath of a failure of the coup attempt in Moscow on 19-21 August 1991, the Moldovan Parliament adopted a Declaration of Independence of the Republic of Moldova. At that time, Moldova did not have its own army, and the first attempts to create one took place in early 1992 in response to the escalating conflict. By 1992, the Moldovan Government had troops under the Ministry of the Interior. Only in March 1992, it started recruiting troops for the newly created Ministry of Defence. By July 1992, total Moldovan troop strength has been estimated at 25,000–35,000, including called-up police officers, reservists and volunteers, especially from the Moldavian localities near the conflict zone. In addition to some Soviet weaponry inherited upon independence, Moldova also obtained arms and military advisors from Romania.

The Russian 14th Army on Moldovan territory numbered about 14,000 professional soldiers. The separatist region, renamed to 'Pridnestrovian Moldavian Republic' (Russian: Pridnestrovskaya Moldavskaya Respublika, or PMR), had 9,000 militiamen trained and armed by officers of the 14th Army. Forces of the 14th Army stationed in Transnistria fought with and on behalf of the PMR forces. PMR units were able to arm themselves with weapons taken from the stores of the 14th Army.

2 March 1992 is considered the official start date of the civil war in Moldova. In April Russian Vice-President Alexander Rutskoi, a nationalist hardliner, visited Transnistria and expressed Moscow's full support for the separatist cause. With the PMR's overwhelming military superiority, Moldova's Government had little chance of achieving victory. It has been estimated that in total nearly 1,000 people were killed in the conflict, with

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[2] 'Pridnestrovie' being the name for Transnistria in Russian.

the number of wounded approaching 3,000. Unlike the South Caucasian ethno-territorial conflicts (see Chapter 2.2.), in the war for Transnistria IDP's did not reach large numbers, and there was no 'ethnic cleansing' (Kaufman 1996, King 2000, Lamont 1995).

Map 2: Moldova (with the Separatist Transnistria Region)

Source: Wikimedia Commons (b).

A ceasefire agreement was signed on 21 July 1992 by the Presidents of Russia and Moldova, Boris Yeltsin and Mircea Snegur. The document provided for peacekeeping forces charged with ensuring observance of the ceasefire and security arrangements, composed of five Russian battalions, three Moldovan battalions and two PMR battalions under the orders of a joint military command structure, the Joint Control Commission (Lynch 2006).
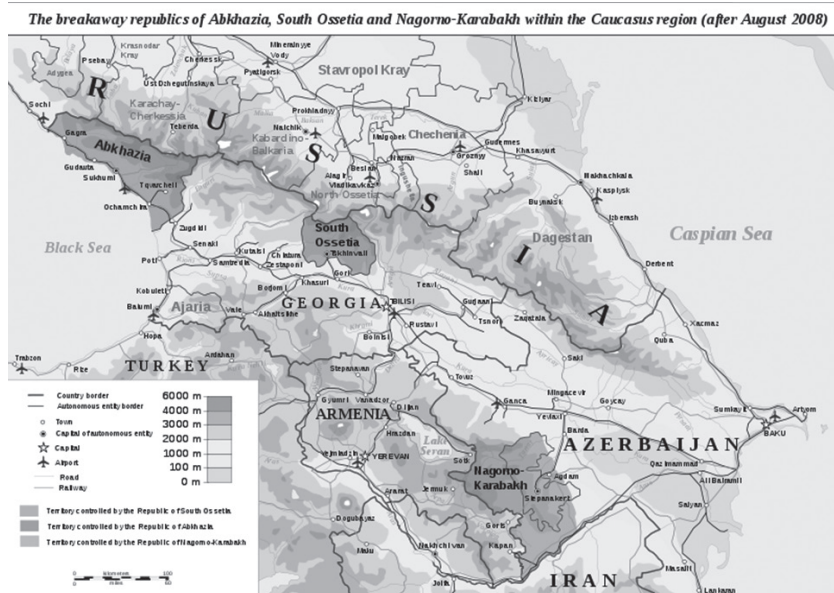
The ceasefire is effective since 1992. However, Transnistria is still out of the Moldovan Government's control: The PMR is a state entity, whose *de facto* independence is not internationally recognised (not even by Russia). Russian troops are still deployed in the region. The Moldovan Government has demanded their withdrawal on countless occasions, but Moscow clearly has no intention to remove them. So they remain in Transnistria and act *de facto* as 'guards' of the PMR's 'independence'.

THE SOUTH CAUCASUS

Security Policy: An Overview

From Central Europe, the South Caucasian capitals can be reached by aircraft within about four hours, but comparing patterns of thought one could guess that he came to another planet. Western categories of democracy, human rights, civil society, integration of ethnically diverse societies, political thinking and political culture (leaving out political correctness), conflict resolution attempts, dispositions to use force for the achievement of political goals, perceptions of friend and foe and so on hardly fit for the Caucasus. This background of the conflicts under consideration has always to be kept in mind.

Map 3.

The breakaway republics of Abkhazia, South Ossetia and Nagorno-Karabakh within the Caucasus region (after August 2008)

Source: Wikimedia Commons (c).

The reasons for political violence are difficult to understand in most of the EU member states: There, nobody would fight for a piece of land because there are, allegedly or *de facto*, "the graves of our fathers" ("graves of our mothers" are never mentioned; so it is already obvious that feminism is very unpopular in the Caucasus). And if a neighbouring ethnic group found some "graves of our (= their) fathers" on the same land, this results in good preconditions for clashes, fighting or even war. This, however, again increases the number of these "graves of (whomsoever) fathers"—and creates conditions for the next war.

Map 4.

Ethnolinguistic Groups in the Caucasus Region

Source: Wikimedia Commons (d).

The "graves of our fathers" are closely connected with another aspect, which every observer of South Caucasian politics always should be aware of: the importance of *myths*. There are so many competing myths in this region that it is very difficult (or maybe impossible) to remove them in order to reach the historical facts. For example, even very educated people in Armenia, asked whether they really believe that Noah's Ark stranded at Ararat Mountain, use to reply, "yes of course, why not". The Armenians

still consider the Ararat as symbol of their nation, although it is located on Turkish territory (but it can be very well seen from the Armenian capital Yerevan). So, the coat of arms of Armenia shows the Ararat—with Noah's Ark on its peak:

Figure 1: The Coat of Arms of Armenia

Source: Wikimedia Commons (e).

The South Caucasian region is, unfortunately, of only very limited interest to the Western public. However, this does not mean that events there have no supra-regional relevance. On the one hand, the ethnically and religiously highly heterogeneous South Caucasus is itself the scene of a number of crises; on the other, it is close to other trouble spots such as the Russian Northern Caucasus, the Kurdish areas of eastern Turkey and North Iraq; civil-war torn Syria and the Israeli-Palestinian conflict zone are not far away as well. The South Caucasus is a kind of 'hinge' between Europe and Asia, orient and occident. The zones of interest of several great powers also overlap here, not least of all due to the region's role as a transport corridor, in particular for oil and gas.

The most important challenges for the internal and external security of the South Caucasus are: Unresolved political and ethno-territorial conflicts, refugee movements, the continuing economic and social crisis, the weakness and ineffectiveness of state institutions (especially in Georgia), crime and corruption and the modest quality of democracy. These problem areas are so self-evidently linked that it hardly appears possible to tackle and solve them individually.

Table 2: Basic data of the South Caucasian States and Austria (for comparison)

	Georgia	Armenia	Azerbaijan	Austria
capital	Tbilisi	Yerevan	Baku	Vienna
area (sq km)	69,700	29,743	86,600	83,871
population	4,497,600	3,031,200	9,235,100	8,489,482
major religion	Christianity	Christianity	Islam	Christianity
GDP (2011), nominal, in billion dollar, UN data	14.367	10.138	63.404	418.031
GDP (2005–2012), purchasing power parity, in billion dollar, World Bank data	26.63	19.7	99	367
GDP (2005–12), purchasing power parity per capita, in dollar, World Bank data	5,902	6,645	10,624	43,324
Human Development Index, 2013 (rank)	72	87	82	18
Corruption Perception Index by NGO Transparency International, 2012 (rank)	51	105	139	25
assessment of the level of freedom, by NGO Freedom House	partly free	partly free	not free	free
Press Freedom Index by NGO Reporters Without Borders, 2013 (rank)	100	74	156	12

The main players of security policy in the South Caucasus are:

- The independent and recognised states Georgia, Armenia and Azerbaijan;
- The states bordering the region, Russia, Turkey and Iran;
- The United States;
- International organisations such as the United Nations, the OSCE, the Commonwealth of Independent States (CIS), and NATO.

One could also include the unrecognised, but *de facto* existing state entities Abkhazia, South Ossetia and Nagorno-Karabakh among the players. However, Azerbaijan denies that Karabakh is an independent, i.e.

separate factor from Armenia, and it is a widely held belief in Georgia that Abkhazia and South Ossetia owe their position solely to Russian support.

Table 3: The Armed Forces of Moldova, Georgia,
Armenia and Azerbaijan in 2012

	manpower	battle tanks	armoured vehicles	artillery	combat aircraft	combat helicopters	warships (patrol and coastal)
Georgia	20,650	93	137	185	12	- (transport 29)	18
Armenia	48,850	110	240	239	15	8	–
Azerbaijan	66,950	339	595	458	44	38	8

Source: International Institute for Strategic Studies 2013.

Ethno-territorial Conflicts in the South Caucasus

South Ossetia, Abkhazia and Nagorno-Karabakh declared their 'independence' from Georgia and Azerbaijan respectively at the beginning of the 1990s. The Governments in Tbilisi and Baku tried to stop the secession of these provinces, which resulted in violent clashes and, finally, in wars. In South Ossetia the fighting lasted from 1989 to 1992, in Abkhazia from 1992 to 1993 and in Karabakh from 1991 to 1994. Since then, the Armenians control 13,6 percent of the territory of the former Azerbaijani Soviet Republic (De Waal, 2003). Negotiations for solutions of the separatist conflicts have now been going on for many years since then, and nothing indicates that solutions are in sight. Abkhazia and South Ossetia insist upon their 'independence', Karabakh on its 'independence' or unification with Armenia.

Georgia has repeatedly accused Moscow of abusing its role as a 'peacekeeper' and of obstructing a political conflict solution in a bid to preserve its influence in the South Caucasus. Specifically, Georgian officials have blamed Russia for channelling financial and military aid to South Ossetia and Abkhazia and of abetting large-scale smuggling that helps to keep them afloat.

The refugee problem remains unsolved. In 1993 some 250,000 Georgians (i.e. almost half of the population of the autonomous republic) were expelled

from Abkhazia or had to flee, some 800,000 Azeris (from Armenia, Karabakh and other Armenian occupied territories of Azerbaijan) are refugees in Azerbaijan. Armenians from Azerbaijani territories outside of Karabakh had to flee. The rulers in all three separatist regions will probably never agree to a complete return of the refugees, because they consider the Georgians and the Azeris respectively as a threat to their claims to secede. From the point of view of Baku and Tbilisi, it seems to be unlikely to solve the refugee problem before Azerbaijani and Georgian jurisdiction has been established over Karabakh, Abkhazia and South Ossetia respectively. This, however, can be ruled out in the near future.

In Armenia and Russia, but also in various Western sources, fears are expressed that Azerbaijan could use its oil revenues to arm its military in order to at least threaten a violent solution of the Karabakh problem. However, this overlooks the fact that Armenia could use its ballistic missiles against Azerbaijani oil fields, pipelines and/or refineries, an action that would undoubtedly result in an inferno. Of course, in the event of war, Western corporations would immediately withdraw their investments from the Azerbaijani oil industry. Baku is well aware of this fact. For that reason, the current *de facto* independent status of Karabakh becomes safer with every dollar invested in the Azerbaijani oil industry by Western companies.

Russian Policy in the South Caucasus

Any examination of the ethno-territorial conflicts on the southern periphery of the USSR/CIS would be incomplete without taking into account the 'Russian factor'. Without military support from Moscow, Abkhazia and South Ossetia (Karabakh relied mainly on Armenia, which is Moscow's main ally in the South Caucasus) could hardly have been able to tear free from their central governments: Moscow rendered political support and made massive deliveries of arms. The Russian army openly intervened in Abkhazia in 1992-93 (by the way, as strange at it sounds today, together with Chechen 'volunteers' under notorious warlord Shamil Basayev, who was one of Russia's most wanted terrorists between 1995 and his killing in 2006). Furthermore, it is a well-known fact that so-

called Russian 'volunteers' and Cossacks fought for the South Caucasian separatists, especially in Abkhazia and South Ossetia, at the beginning of the nineties.

Russia obviously uses double standards in handling separatist movements: On the one hand, it has, before August 2008, repeatedly warned Tbilisi against a new war against Abkhazia and/or South Ossetia. On the other hand, Moscow tried to solve its own problem with separatism in Chechnya in two wars (1994–1996 and from 1999 on) by solely military means, i.e. to "exterminate", "erase" or "crush" – to use the most popular official terms—the rebels there (officially referred to only as "bandits" and "terrorists").

Almost the entire adult population (and of course the political elite) of Abkhazia and South Ossetia has since long time held Russian citizenship. Consequently, Moscow in August 2008 intervened militarily against Georgia under the pretext of 'protecting Russian citizens' (Malek 2009, Asmus 2009). The currency in Abkhazia and South Ossetia is the Russia Rouble (Karabakh uses the Armenian Dram), Moscow pays pensions, Russian tourists are welcome visitors in Abkhazia and leave a lot of money in the pockets of the separatist authorities. Russian officials have occupied top positions in the power structures of the separatist entities. For example, from 1993 on, Russian General Anatoli Zinevich was Chief of Staff of Karabakh's highly efficient and well-organized separatist army. And many officials in Abkhazia and South Ossetia, even in the Governments, armies and secret services, are sent from Russia.

The Russian 'peacekeeping' operations in South Ossetia and Abkhazia were until their termination in August 2008 clearly not in line with the approved principles of United Nations peacekeeping missions. Thus, the 'peacekeeping unit' in South Ossetia had Russian, Georgian and Ossetian contingents, which ignored the traditional non-inclusion of soldiers from the (former) warring parties. This force was based solely on a bilateral agreement concluded in June 1992 between the Georgian head of state Eduard Shevardnadze and his Russian counterpart Boris Yeltsin in the Black Sea village of Dagomys. In the following years, not only Georgian officials and mass media frequently reported that the Russian

peacekeepers are supplying the separatists with weapons and ammunition in violation of demilitarizing agreements. Moreover, the Russians were accused of threatening the lives of Georgian citizens living in the conflict zone, carrying out sabotage raids against Georgian targets, and taking an active part in smuggling operations to and from South Ossetia.

There has never been an UN-mandated mission where a single country mustered all the personnel for a peacekeeping contingent. However, in the Georgian-Abkhaz conflict zone on the Inguri river just this was the case: About 1,600 Russian servicemen have been stationed there in June 1994 under a CIS mandate. Tbilisi occasionally wished for a change of the mandate of the Russian 'peacekeeping troops' that would allow them to escort Georgian refugees back to Abkhazia. Russia, and of course Abkhazia, always categorically rejected this as well as the replacement of the Russian contingent by Turkish, Ukrainian or other peacekeepers. Russia evidently did not want to surrender control of the 'peace mission', arguing that without its troops the Georgian-Abkhaz war would flare up again. However, this concern for peace was hardly plausible given that the Kremlin conducted a war in its own breakaway region Chechnya. The real reason why Moscow was determined to remain present on the Inguri was clearly geopolitical: The Russian 'peacekeepers' acted as 'border troops' for separatist Abkhazia. In the UN-mandated force in the conflict zone, the United Nations Missions of Observers in Georgia (UNOMIG), after its creation in 1993 some 130 military observers from many countries remained a passive factor without any real influence on the Russian activities in Abkhazia. After its military intervention and the recognition of Abkhazia and South Ossetia as 'independent states' in August 2008, Moscow terminated its 'peacekeeping missions' there. And UNOMIG ceased to exist in June 2009, because Moscow vetoed a prolongation of its mandate.

SEPARATIST STATE FORMATIONS IN THE CIS

All the existing *de facto*-states of the CIS have their own 'symbols of statehoods': flags, coat of arms, presidents, parliaments, governments (with ministries for foreign affairs and defence), television channels, 'state

universities'; and Abkhazia even runs its own Academy of Sciences. It is difficult to assess the contribution of this authority to world science, but this is certainly not its main task: Together with all the other elements enumerated, it is one of the 'attributes of statehood'—meaning 'independent' statehood, of course independent from the metropolitan state Georgia (Lynch 2004).

Table 4: Separatist State Formations in the CIS
(without Chechnya in the 1990s)

	PMR	Abkhazia	South Ossetia	Nagorno-Karabakh
metropolitan state	Moldova	Georgia	Georgia	Azerbaijan
supporting states	Russia, Ukraine (passive)	Russia	Russia	Armenia, Russia (passive)
initial year of the crisis	1989	1989	1989	1988
war	spring 1992	1992-93	1989-92	1991-94
capital	Tiraspol	Sukhum(i)	Zkhinval(i)	Stepanakert (Xankendi)
currency	Dnestr Rouble	Russian Rouble	Russian Rouble	Armenian Dram
population	555.000 (official figure, disputed)	disputed; 140,000 – 200,000	disputed; 30.000 – 50,000	138.000 (census in 2005); 2011 official data 144.700 (maybe inflated)
proportion of the separatist state entity in the population of the metropolitan state in 1989 (in percent)	about 16	about 9.7	about 1.8	about 2.7
distribution of the citizenship of other states	Russia, Ukraine	Russia	Russia	Armenia

The PMR is the only separatist state entity in the CIS which an own significant armaments industry (which produces even rocket launchers). It delivered its goods to the other CIS separatist state entities, especially to

Abkhazia, but to 'hot spots' on the Western Balkans and even in Africa as well. The military of these separatist state entities has special relevance for our research interest.

Table 5: Separatist Armies in the CIS

	manpower	battle tanks	armoured vehicles	artillery
Transnistria	5,000 – 10,000	15-18	?	?
Abkhazia	5,000	50+	80+	80+
South Ossetia	2,000	5-10	30	25
Nagorno-Karabakh	18,000 (some 40,000 mob)	316	324	322

Sources: Malek 2003, Malek 2012.

These figures should be treated with great reserve: they are almost certainly outdated (but there is hardly other data available), and the existing data about the hardware of the separatist armies differs significantly. Thus, the information for Karabakh would mean that the bulk of Armenian military potential is stationed in and around Karabakh (see Table 3). It should, however, be pointed out that the figures in Table 5 for the Karabakh army come from Baku. They are firmly denied by the vast majority of Armenian and Karabakh politicians, media and other observers, but they have not provided their own official data on the Karabakh separatist military. Of course, no reference is made to the Karabakh military potential (like the forces of Abkhazia and South Ossetia) in the quotas of the Treaty on Conventional Armed Forces in Europe (CFE). Karabakh has expressed its readiness to put its military under CFE control, but this, of course, implies the international recognition of its 'independence'—which is very unlikely in the near future (Malek 2010a).

CONCLUSIONS AND OUTLOOK

The leaderships of Moldova, Georgia and Azerbaijan already at the beginning of the 1990s lost control over parts of their territories. There are still no solutions in sight for these separatist 'frozen conflicts', as Moscow tries to manipulate them in its own self-interest. It is widely assumed that Russia hopes to benefit from making Moldova and Georgia (but not

resource-rich Azerbaijan) look like unstable countries. Western powers show only a small (or no) degree of commitment to achieve enduring and just peace settlements (Malek 2008a, Malek 2008b).

The PMR, Abkhazia and South Ossetia equate 'self determination' solely with territorial separation. Not least because of that, the postulation of ethno-territorial conflict and separatism playing a central part concerning the decay of Moldova, Azerbaijan and Georgia is to be regarded legitimate. Thus they can be considered as 'failed states' also due to the fact that in the foreseeable future there is no apparent chance to restore their territorial integrity (Malek 2010b).

Russia will remain the dominant power in the entire CIS for the foreseeable future, thus setting clear limits for the current and future integration efforts in European and Euro-Atlantic organisations. Tbilisi's pursuit of NATO membership may be seen more as a delusion of grandeur than a realistic goal.

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OLD NEIGHBOURS – NEW POLICIES: RESEARCH-DRIVEN CLUSTERS IN THE DANUBE REGION

Svetla Boneva

INTRODUCTION

The objective of the paper is to present the essence and importance of industrial clusters for regional development, for enhancing the competitiveness of the companies in the cluster and for improvement of the business climate at regional, local and national levels. With Austria being the leader in effective and successful clusters in the Danube region, a good practice has been identified (on the case of "Eco World Styria" cluster, founded in 2005) and key success factors for the development of clusters have been formulated.

DEVELOPMENT AND THEORETICAL FRAMEWORK OF THE CLUSTER CONCEPT: AN OVERVIEW

Clusters represent geographic concentrations of trades and industries and have been a part of national, regional and macro-regional economic systems in the last two (and even three) centuries. The first economist who had described their essence and way of functioning was Cambridge professor Alfred Marshall (Marshal, 1920). In 1890 he noticed for the first time the trend that specialised companies concentrate their activities in what he called "industrial districts".

Later on, another great economist, Schumpeter (Schumpeter, 1934) developed his ideas in his popular works on the role of entrepreneurs and the "creative forces of destruction" in economic activity, and noted the evidence of clustering of innovation activities.

Years later, Michael Porter's (Porter, 1990) reflections on the competitive advantage of nations explain why in some countries there are

concentrations of many competitive firms thus bringing the concept of industrial clusters to the attention of analysts and policy-makers. Porter presents the competitive advantage of firms as a result of the operation of a "diamond" of four interacting forces—factor conditions, demand conditions, firm strategy, structure and rivalry, and related and supporting industries. The last of these directs us towards the importance of location and explains the success of Silicon Valley in electronics, Hollywood in the film industry, or the lobbying business in Brussels. As Porter said: "Today's economic map of the world is dominated by *clusters*—critical masses, in one place, of unusual competitive success in particular fields. Clusters are a striking feature of virtually every national, regional, state and even metropolitan economy, especially in more economically advanced nations. Clusters are not unique, they are highly typical, and therein lies a paradox: the competitive advantages in a global economy lie in local things - knowledge, relationships, motivation" (Porter, 1990: 78). This is one of the most cited definitions of clusters worldwide.

Enright contributes to the cluster literature development with his analysis of the change of the focus from the company performance to inter-firm linkages. In the knowledge economy, industry specific knowledge is becoming cumulative and embedded in a particular region or area rather than in a specific firm (Enright, 1998: 322).

Clusters reveal a mutual dependence and collective responsibility of business, knowledge organisations and government for creating the conditions for productive competition (Porter, 1990). The distinction between public and private investment is becoming increasingly blurred:

- Companies, no less than universities, have a stake in education;
- Universities have a stake in the competitiveness of local businesses; and
- Governments can achieve a lot through information dissemination and intermediary facilitation.

The idea of industrial clustering is closely connected with the study of economic geography. Benefits can accrue to an area from the activities of firms in that area. These benefits arise from the fact that a firm cannot capture all economic benefits from its innovation process (i.e. bringing

its products to market). There could be spillovers arising from firms that benefit the community if there are suitable structures to take advantage of them. For example, people with expertise leave firms to work for other firms or to set up their own firms. Capturing these spillovers leads to the establishment of new capabilities and more growth in the community.

With the shift to the "new economy", sub-national regions around the world are setting in place infrastructure and mechanisms supporting technology-intensive industrial development. This phenomenon is known as knowledge-based industrial clustering. Examples include Silicon Valley in California, Boston's Route 128 in the USA; the regions of Rhône-Alpes, France, Baden-Wurttemberg, Germany, Lombardy, Italy and Catalonia, Spain, in Europe; the 26 clusters set up under Japan's Technolopolis Law of 1983, etc.

With globalization and the shift to knowledge-based world economy, time-to-market and just-in-time delivery become more critical (Voyer, 1997). This encourages the clustering of capabilities in regional centers to support the innovation process and thus to minimize the "leakage" of external benefits outside the community. Firms are attracted to communities that can provide the key functions needed to bring their products or services to market rapidly.

Few regions around the world have clusters having more than 100,000 people working in them. After more than 50 years of development, the Silicon Valley in California is such a cluster concentrated in the information technology and related microelectronics area, with more than 1 million people in more than 6,000 firms. Such a cluster is self-sufficient, it has all the essential technical, business, financial, legal, etc. capabilities needed to sustain the economic activities in the cluster. The more firms and the more people work in a cluster, the more it tends to be self-sufficient, i.e. fewer outside resources are needed. The growth of clusters follows the general principles of local level economic development. As noted by Jane Jacobs: "Economic life develops by grace of innovating: it expands by grace of import replacing. These two master economic processes are closely related both being functions of city economies." (Jacobs, 1985: 39)

The concepts of "industrial clustering" and "systems of innovation" are supported by the emerging model of economic development known

as *"new growth" theory* which incorporates socio-economic characteristics left out of the neo-classical model of the economy. As noted by Richard Lipsey: "Although the neo-classical model of self-interested, maximizing behaviour has enormous predictive power, it is inadequate in explaining the behaviour of firms, workers, and governments [...], we need to augment the neo-classical model of decision making with a model that includes such motives as fairness, status, love, honour, hate, duty, envy and national pride. The difficult problem is to integrate these motives in a systematic way so what results is a predictive model [...]" (Lipsey, 1991: 20).

The search for this new model, called "new growth theories", has led to a surge of writings whose main characteristics are:

- first and foremost, these new theories recognize technological innovation as an endogenous process;
- second, these theories show innovation as idea-based and thus to provide its benefits freely to others than those who paid to develop them. This results in *increasing returns* to investment. Increasing returns offset the tendency, found in both classical and neo-classical growth models, for decreasing returns to bring the growth process to an inexorable end in a world of static, per capita real incomes;
- thirdly, since the existence of increasing returns is incompatible with perfect competition, aggregate growth models now use models of imperfect competition (Lipsey, 1991: 9).

In the neo-classical model, where the rate of technical change is exogenous and common to all countries, any given country or region tends to converge towards some (moving) equilibrium level of per capita GDP. In contrast, the new growth theories imply the possibility of sustained differences in both levels and rates of growth of income. Because of externalities or productivity gains due to technology, there are no diminishing returns to human and capital inputs, and the reasons for convergence disappear. Proximity and linkages spur the capture of externalities. In summary, the "new growth" theories indicate increasing returns on investment in knowledge-based sectors. High-technology clustering in industrialized countries fits these theories.

DEFINITIONS OF CLUSTERS

Clusters are used to pursue a wide variety of objectives and that's why their definitions are quite diverse. Some emphasise location, some industry sector, and others innovation. Most popular definitions of clusters belong to Porter, Rosenfeld, Marceau and the OECD. While Porter's definition puts the accent of clusters on their geographical proximity and scope of activities, Rosenfeld's definition is more focused on the benefits from a cluster, Marceau accents on clusters as networks and as an alternative way to organise the value chain, and the OECD's definition of clusters is more focused on the knowledge dimension. The common idea in all definitions is that the links between firms and other organisations provide the economic value of clusters.

Porter has defined a cluster as: "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities" (Porter, 1990: 199). "The geographic scope of a cluster can range from a single city or state to a country or even a network of neighbouring countries. Clusters take varying forms depending on their depth and sophistication, but most include end-product or service companies, suppliers of specialised inputs, components, machinery, and services; financial institutions; and firms in related industries. Clusters also often include firms in downstream industries; producers of complementary products; specialised infrastructure providers, government,... universities and standard-setting agencies." (Porter, 1990: 199)

Rosenfeld's (Rosenfeld, 2000) definition of a cluster is close in sense: "A geographically bounded concentration of similar, related or complementary businesses, with active channels for business transactions, communications and dialogue, that shares specialised infrastructure, labour markets and services, and face common opportunities and threats."

The OECD definition emphasises the knowledge dimension: "Clusters are characterised as networks of production of strongly interdependent firms, knowledge-producing agents and customers linked to each other in a value-adding production chain." (OECD, 1999: 157) Therefore, the synergy resulting from the combination of knowledge from different sources drives

the formation of clusters. The benefits of clusters are enhanced innovation arising from interactive learning processes based on knowledge exchange and interaction and cooperation among the members of a value chain.

Clusters can be viewed as a subset of networks, as: "Open system of inter-connected firms and institutions with related interests. Networks offer a rich web of channels, many of them informal, and have the advantage of high source credibility: experiences and ideas arising from within the network are much more likely to be believed and acted upon than those emerging from outside." (Marceau and Dodgson, 1999) Relationships in the network include social relationships based on trust, market relationships based on contracts, and exchange relationships based on alliances.

Notwithstanding, clusters differ from networks because the companies involved in a cluster are linked in a value chain: "Clusters are an alternative way of organising the value chain. Compared with market transactions among dispersed buyers and sellers, the proximity of companies and institutions in one location and the repeated exchanges among them, fosters better coordination and trust [...] A cluster of independent and informally linked companies and institutions represents a robust organisational form that offers advantages in efficiency, effectiveness and flexibility. (Porter, 1990: 80)

Other less commonly used terms explaining clusters are "chains of production" where the economic structure is composed of chains of interlinked companies, and "complexes", made up of formal and informal networks of cooperation between firms, public sector research organisations, users and regulators. (Marceau, 1994)

As every economic phenomenon and organism, clusters appear, then develop, mature, bring competitive advantages and profits to their respective cluster members and finally die or survive. Clusters can operate for decades if they are supported by a continuous process of renewal. And like any company, if they become rigidified and inward looking, they can be swept away by change. As the Australian professor Ron Johnson (Johnston, 2003) notes merely a century after Marshal: "In particular, technological discontinuities may render a cluster's assets - market knowledge, technical expertise, staff skills, etc. irrelevant."

And finally, where are the cluster's boundaries? One of the tries for an answer comes from Porter: "Drawing cluster boundaries is often a matter of degree, and involves a creative process informed by understanding the most important linkages and complementarities across industries and institutions to competition. The strength of these 'spillovers' and their importance to productivity and innovation determine the ultimate boundaries." (Porter, 1990: 202)

TYPES OF CLUSTERS.

Several generations of clusters exist. The "*first generation*" *clusters* are a result from the economic transactions between firms and benefit mostly from the economies of agglomeration. First generation clusters usually consists of a large demanding purchaser, such as a major multinational firm or a public body, surrounded by many of suppliers. "Agglomeration economies consist of a local concentration of customers sufficient to permit suppliers to achieve economies of scale in production, great enough for local firms to [...] realise specialised local division of labour." (Porter, 1998: 213)

The *"second generation" clusters* emerged in the knowledge economy. Roelandt (1999) has shifted to learning and knowledge access: "Innovation [...] is a dynamic process that evolves successfully in a network [...] between those 'producing' and those 'purchasing and using' knowledge. As a result, there is an increasing focus on the efficiency and efficacy with which knowledge is generated, diffused and used, and on the dynamics of the related networks of production and innovation. (Roelandt and den Hertog, 1999)

When speaking about the great emphasis on the geographical proximity of the companies in the cluster we should know that it may support but it does not guarantee close interaction and collaboration between the companies. Many technology parks and business incubators failed, because propinquity cannot guarantee effective interaction between the companies in these technology parks and commercial value. The development of the Information and telecommunication technologies (ICT) and the global distribution systems created the possibility for the

formation of *"virtual clusters"*. Virtual clusters are mostly international; they are based on emerging technologies and represent "communities bonded by values which create an ability to share ideas easily across great distances". (Howard, 2000: 34)

Marceau has developed the following typology of clusters (Marceau, 1999):

- "horizontal clusters" between small and medium-sized firms in an industry sector that both compete and collaborate with each other;
- "web clusters" between large firms and their core suppliers;
- "virtual clusters", where physical co-location is not important; and
- "emerging clusters', where firms have a common resource base or resource needs, but have only emerging relationships in production and innovation.

Another differentiation of clusters is according to whether they are *trade-driven* or *knowledge-driven*. Trade-driven clusters are based on the business opportunities in the cluster—through direct trade, pooling resources to support the access to export markets. Knowledge-driven clusters are based on opportunities for learning from a variety of knowledge sources. Knowledge-driven clusters include clusters which develop around knowledge-producing institutions such as universities and public or private research organisations and include inter-linked firms, suppliers and customers, where the primary benefit for all is the sharing of knowledge and learning.

Trade-driven clusters can be grouped in two major types: *horizontal* clusters, in which members operate in the same end-product market and cooperate in pre-competitive activities such as R&D, collective marketing or purchasing; and *halo* clusters, in which a powerful purchaser such as a big multinational company or public organisation (for example defence or healthcare institution) attracts a variety of suppliers. It's important to note that OECD regards horizontal clusters as *networks*. (OECD, 1999: 12)

Knowledge-driven clusters can also be grouped in two types: clusters related with knowledge held by firms and clusters related with knowledge generated by public bodies. However, as the latter are increasingly operating commercially, this distinction may become increasingly blurred.

Industrial clustering is central to the analytical framework used by Michael Porter in his analysis of the competitiveness of nations. (Porter, 1990) He has popularized the concept by observing that nations do not usually succeed across a whole range of industries but "in clusters of industries connected through vertical and horizontal relationships". Clusters of related and supporting industries can be created through the demand for products, rivalry and cooperation among firms as well as specialized factors or inputs such as skilled personnel or natural resources. The key characteristics of *industrial clusters* are:

- strong formal and informal linkages among firms and the supporting technological and business infrastructure in a region or locality stimulate the innovation process and the growth of the cluster;
- geographic proximity of firms, educational and research institutions, financial and other business institutions enhances the effectiveness of the innovation process;

the larger the cluster (e.g. large number of firms and workers) the higher the level of self-sufficiency; i.e. less need to get key functions (e.g. supplies, financing) supplied from outside; that is there is less "leakage" outside the cluster.

Another classification of clusters groups them as *local/regional, international* and *virtual* clusters. Ron Johnson (Johnston, 2003) has classified them in a 2x3 (or 4x3) matrix (Table 1).

Table 1. Types of clusters

	Local/Regional	International	Virtual
Trade-driven Horizontal Halo			
Knowledge-driven Private Public/private			

Source: Johnston, Ron, Clusters: A Review prepared for the 'Mapping Australia's Science and Innovation System' Taskforce, Department of Education, Science and Training, The Australian Centre for Innovation Limited, March 2003

Research of the OECD Focus Group on Clusters (OECD, 1999: 409-410) suggests that advanced technology-based clusters are "boundaryless" and international, whereas mature clusters typically function at a national or regional scale. Of course, clusters could work in high-technology areas as well, if appropriately inked to the global industry.

There is no single, standard model of clusters. Every country and region has a different set of clusters, shaped by historic background, national characteristics, the strength of the knowledge base, size, connectedness, R&D intensity and share of innovative products. (Den Hartog, Bergman and Charles, 2001)

BENEFITS OF CLUSTERS

Clusters are a powerful organisational tool for enhancing economic competitiveness. Porter emphasises that comparative advantage has less power under the conditions of global competition—it is competitive advantage, based on a superior (in terms of efficiency and effectiveness) use of inputs that is crucial. At the same time: "The sophistication with which companies compete in a particular location is strongly influenced by the quality of the local business environment". (Porter, 1990: 80)

As Porter has shortly defined: "A cluster allows each member to benefit *as if* it had a greater scale or *as if* it had joined with others formally, without requiring it to sacrifice its flexibility." (Ibid.)

*Clusters affect competition i*n three ways:

1. firstly, by *increasing the productivity of companies within the cluster.* "Being part of a cluster allows companies to operate more productively in sourcing inputs; accessing information, technology and needed institutions; coordinating with related companies; and measuring and motivating improvement." (Porter, 1990: 81) The productivity improvements are achieved through:

- improved access to specialised and experienced employees and high quality supplier base;
- improved access to specialised market, technical and competitive information;

- complementary products to meet customer needs, coordination to optimise collective profitability, in marketing, and in the breadth and scale of market which attracts buyers;

2. secondly, by *managing the pace and direction of innovation*. The characteristics that enhance productivity can have an even more dramatic effect on innovation. Companies within a cluster have access to better information about changing customer needs, evolving technology, service and marketing concepts. They are flexible to respond rapidly to these changes, through lower cost experimentation. "Reinforcing the other advantages for innovation is the sheer pressure—competitive pressure, peer pressure, constant comparison—that occurs in a cluster. Executives vie with one another to set their companies apart. (Porter, 1990: 82)

3. thirdly, through *stimulation of new businesses formation*. The cluster itself represents a significant local market and the potential to identify new business opportunities, resources, skills and to find investment capital to establish a new enterprise is great.

Clusters can be seen as *a mini-innovation system*. OECD studies have suggested that an industrial cluster is a "reduced national innovation system" (NIS) in which the essential elements stimulate the emergence of specific innovations in various segments of a national economy. (OECD, 2001: 8)

Clusters incorporate the important dimensions of modern innovation:

- the importance of increasing returns to knowledge accumulation;
- recognition that this accumulation process is non-linear and shaped by the interplay of market and non-market forces;
- the importance of organisational innovation to design institutions and procedures to handle complex interdependencies;
- the role of trust in avoiding escalation of transaction costs resulting from increased specialisation; and
- the role of cultural and institutional variety in boosting creativity. (OECD, 2002: 25)

Therefore, clusters provide the multi-facet environments in which firms, intermediaries and knowledge organisations operate and innovate.

National/regional/local innovation systems include: "[...] the elements and relationships which interact in the production, diffusion and use of new, and economically useful knowledge [...] and are either located within or rooted inside the borders of a nation state." (Lundvall, 1992)

National innovation systems (NIS) have qualitative and quantitative characteristics:

- user-producer relationships;
- sub-contractor networks;
- science-technology networks;
- R&D – production linkages;
- reverse engineering;
- skills and tacit knowledge;
- consultancy system and markets;
- technology import capability; and
- numbers of skilled people.

A common feature of these characteristics is that they are about capabilities and relationships.

NIS have regional and local components which in themselves have the characteristics of systems of innovation. The concept "national innovation system" has been criticized for not paying enough attention to the regional dimension. As noted by David and Foray: "There is a significant spatial dimension to many kinds of learning activities which can substantially confine them within national boundaries. Particular industrial agglomerations create environments in which production experience can be accumulated, exchanged and preserved in the local workforce and entrepreneurial community. The ability to assimilate and transfer scientific and technological knowledge that is not completely codified, likewise, is greatly affected by the opportunities for direct personal contact among the parties involved. Informal and formal networks of association, linking scientists and engineers in private companies, and research workers in educational and public research institutions constitute important

channels for the distribution of knowledge." (David and Foray, 1994) Capabilities, flows of knowledge and links among players are common to both industrial clustering and systems of innovation.

The OECD Focus Group on Clusters has identified the success key factors in cluster development:

- supportive framework conditions acting though market-based incentives;
- high levels of interdependency between firms;
- outsourcing to existing or new firms (the key determinant of cluster demography)
- innovation-friendly financial systems, in particular venture capital;
- corporate governance that favours innovation;
- supportive education and training systems;
- market-oriented innovation policy; and
- regional specialisation. (OECD, 2001: 28)

Many private consultants involved in cluster projects have identified basic success factors for a cluster. For example the Nordicity Group Ltd. has defined eight factors for success of a cluster (the Nordicity Group Ltd., 1996):

1. the recognition of the potential of knowledge-based industries by regional/local leaders;
2. the identification and support of regional strengths and assets;
3. the catalytic influence of local champions;
4. the need to have an entrepreneurial drive and sound business practices;
5. the availability of various sources of investment capital;
6. the cohesion provided by both informal and formal information networks;
7. the need for educational and research institutions; and most importantly,
8. the need to have "staying power" over the long term.

Underlying al these factors is, of course, the need for sustained economy activity.

The cluster approach offers an advance on the traditional sector-based analysis of industrial performance. Standard industrial classification systems fail to capture a great deal of the interaction that occurs in clusters, and as such may provide a very misleading picture of industrial performance. New forms of analysis, and data collection, may be necessary.

The nature and role of clusters are also provide a useful framework for development of new forms of governance, moving away from direct intervention towards forms of indirect inducement, facilitating networks and market-induced cluster formation and operation.

IDENTIFYING CLUSTERS IN AN INTERNATIONAL CONTEXT

A variety of tools, taken from economics or geography, have been applied to identify clusters. Different tools capture various aspects of cluster activity, but at the same time each of them has some limitations.

The main factor for the decision of a choice of technique has been the availability of data. Use of existing national and international data sources is limited for cluster analysis, because these data are not designed to capture all relations between different industries, or to measure dynamic interactions and links between industries and companies. However, as the limitations of these tools have emerged, a number of new approaches are in development.

The most commonly used technique is *input-output analysis*, based on measuring trade links between industry groups. Data has been collected and analysed for (OECD, 1999 and OECD 2001) Australia, Belgium, Finland, Norway, Spain, Switzerland, and USA. However, only a few countries have a level of disaggregation sufficient to identify clusters accurately. In addition, trade data can only identify trade-based clusters, not knowledge-based ones.

Another commonly used analysis is the *correspondence analysis* (for example, factor analysis, principal component analysis, multi-dimensional scaling and canonical correlation) which aims to identify groups of firms or industries with similar innovation styles. This analysis has been used in Germany to follow the development of measures of innovation intensity, knowledge base and sources of technological opportunities of firms, based on survey data. (OECD, 1999: chapter 4)

The *graph analysis* is used to develop innovation interaction matrices based on survey, or estimated, data on the flows of major innovations of using and supplying industries. (OECD, 1999: chapter 2) This approach is promising, but limited to 'major' innovations only.

A fourth type of analysis is based on *analysis of geographic concentration and economic activity*. (OECD, 2001: chapter 14)

The most commonly used type of analysis are the qualitative *case studies* based on Porter's approach. Qualitative studies are revealing in descriptive terms, as evidenced by Porter, but the lack of quantitative data limits the analysis.

An interesting national cluster identification study has been carried out in Finland (OECD, 1999: chapter 15) in 1992. It followed closely Porter's approach, but with local adaptation. Export statistics over time, as a measure of international competitive advantage, was combined with industry knowledge, to identify "cluster skeletons" the members of which were mapped. Consultations with experts, followed by study of every member of the clusters with an emphasis on inter-linkages, identified ten clusters: forestry (classed as strong), base metals and energy (fairly strong), telecommunications, environment, well-being, transport and chemicals (potential clusters) and construction and foodstuffs (latent or defensive clusters). An international survey of cluster identification shows that most OECD nations have embarked on this exercise in one form or another (Table 2).

Table 2. Basic tools for identification of clusters

Country	Level of analysis			Mapping technique			
	Micro	Meso	Macro	input-output analysis	graph analysis	correspondence analysis	case studies
Australia		X				X	X
Austria		X	X			X	X
Belgium	X				X		
Canada		X	X	X			X
Denmark	X	X		X	X		X
Finland	X	X					X
Germany	X	X		X		X	
Italy		X		X			
Mexico		X	X				X

Netherlands		X	X	X			X
Norway		X	X	X			X
Spain		X		X			X
Sweden		X					X
Switzerland	X	X				X	X
UK	X	X					X
USA		X		X			X

Source: Johnston, Ron, Clusters: A Review prepared for the 'Mapping Australia's Science and Innovation System' Taskforce, Department of Education, Science and Training, The Australian Centre for Innovation Limited, March 2003

Based on the cluster identification techniques, different OECD countries focus on different industrial clusters (Table 3).

Table 3. Major clusters by economic sector in OECD countries

Nation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
AUS			X				X			X	X	X	X									
AUT									X	X				X		X			X		X	
BEL					X								X		X	X						
DK	X				X	X	X			X	X		X	X								
FNL	X	X			X	X	X			X	X		X	X					X			
GER		X			X		X			X			X		X							
NL	X	X	X	X	X	X	X	X	X	X	X											
NOR	X				X		X		X		X											
SP													X									
SWE	X				X		X			X			X	X		X				X	X	
USA	X	X			X		X	X		X			X	X	X						X	X

1-Construction. 2-Chemicals. 3-Commercial services. 4-Non-commercial services. 5-Energy. 6-Health. 7-Agro-food. 8-Media. 9-Paper. 10-Metal-electro. 11-Transport & Communication. 12-Biomedical. 13-ICT. 14-Wood & paper. 15-Biotechnology. 16-Materials. 17-General supplier.

18 Consumer goods/leisure. 19-Environmental. 20-Machinery. 21-Transport. 22-Aerospace.

Source: Johnston, Ron, Clusters: A Review prepared for the 'Mapping Australia's Science and Innovation System' Taskforce, Department of Education, Science and Training, The Australian Centre for Innovation Limited, March 2003

An example of a cluster, identified by the case study method, has been presented in Text Box 1. The example presents one of the most fast-developing and flexible green clusters identified in Austria and in the Danube region.

Text Box 1: Example for a successful cluster in the Danube region
Green light for green clusters

Everyone has heard of business clusters, where interconnected companies join forces in order to boost performance. The Austrian town of Graz is an example with its cluster specialised in green technology. It's the most efficient in the world, with 6,000 jobs created in the past five years alone. KWB is one of Europe's leading companies in biomass heating. It produces machines that run on granules, wood chips or logs. Using wood reduces a heating bill by half. KWB joined the cluster in 2005. In the past eight years, it has grown from 100 to 400 employees, and turnover has doubled, reaching nearly 75 million euros in 2012.

"The cluster provides us with an ideal platform to meet new partners, to stay in touch with innovation, and to bring out new products into the market," says KWB's co-founder Erwin Stubenschrott.

Each year, the company invests 10 percent of its turnover into research and development. It's an investment which benefits the entire cluster.

"The cluster provides us with opportunities to find new partners, it gives us a wider perspective and helps us make the right decisions to find the products of the future," says Erwin Stubenschrott. This cluster includes 160 companies. It is one of the few to have obtained the European Cluster Excellence Initiative Gold Label. The companies within the cluster enjoy an average growth rate of 18 percent, nearly twice the market average. This is thanks to the services the cluster provides to help them put in place the right strategies, obtain funding and of course innovate in the field of green technology.

"For example, Eco World Styria is helping one company develop a new solar thermal collector that is nearly invisible on the roof. And we also helped companies develop the first solar, thermally-cooled wine in the world," says Bernhard Puttinger, General Manager of the Eco World Styria cluster.

Founded in 2005, Eco World Styria is not limited to the European market. The cluster has clients around the world. "The companies in our cluster export nearly 90% of their goods to the international markets. That is why we started early on to cooperate with international clusters like Denmark, Singapore, China or the United States," says Bernhard Puttinger.

Erwin Stubenschrott has this advice for any company thinking of joining a cluster: "The keys to success for a company which is part of a cluster are openness, honesty, and you must be prepared to be actively involved in the cluster."

Source: http://www.euronews.com/2013/02/08/green-light-for-green-clusters/

CONCLUSION

In the contemporary business world, both fast changing and truly competitive, clusters are an important and effective mechanism for enhancing competitive advantages at company, sectoral, regional, national and macro-regional levels. This is why in recent years many governments and macro-regions worldwide have developed mechanisms to identify and stimulate the development of existing and potential clusters. Clusters enhance economic performance through increases in the productivity of member organisations, driving the pace and direction of innovation, stimulation of the formation of new businesses, and access to new knowledge and learning. On the other hand, clustering is evident in the corporate strategy of many fast-growing companies in the Danube region and worldwide. The EU has recognised the importance of clusters and supports their development.

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THE MANAGEMENT OF HEALTH POLICY IN COUNTRIES OF THE EUROPEAN UNION

Gabriela Cretu

INTRODUCTION

The paper examines the health policy in three countries of the European Union, France, Italy and Romania, by exploring the mechanisms that influence the management of health policy. Scholars have identified a diversity of important factors shaping this policy such as: institutional choices, timing and sequencing of reforms, policy learning, but there is still a lack of sustainable set of causal relations between these factors. Furthermore, various aspects of health policy management in France, Italy and Romania are discussed in the paper. It is argued that decentralization induces changes both in administrative systems and public policy management in the analysed countries. In all three countries, the state is the main authority involved in regulating health policy and it draws strategies followed by the sub-national administrative levels in the implementation of the policy itself. Italy is an exception, due to the legal and managerial role assigned to the regions in the health system.

In the last 20 years the healthcare systems have experienced reforms at various levels, namely regulatory, institutional and managerial. The reform proposals in France and Italy have followed the trends established in early 1990s by most of the then European Union countries, consisting of both decentralization and introduction of management techniques in the health system. By comparison with the other two countries, in Romania, the healthcare reform was delayed. Nevertheless, health policy development followed the decentralization trend and management practices were introduced for improving policy performance. Institutional changes have re-balanced the responsibilities among various levels of government and their involvement in the health policy-making process.

The analysed countries are included in the French administrative model, rooted in the Napoleonic administrative tradition: France is the typical case while Italy belongs to the Southern European variant of the model (Ongaro, 2009; Painter – Peters, 2010). Part of the Romanian literature argues that Romania belongs to the French administrative model (Matei, 2005), despite the Soviet features inherited by its administrative system (Painter – Peters, 2010). The countries included in the French model have common characteristics like the importance of administrative law in regulating the activity of public administration and centralism.

HEALTH SYSTEMS AND POLICY MANAGEMENT

France

The World Health Organization Report 2000 ranks the French healthcare on the first place in the world. Nevertheless, in the last two decades, the French health system passed through managerial changes aiming at reshaping the structures responsible for healthcare management. The year 1996 represents a milestone in French healthcare evolution. The system was changed by the 'Juppé Reform' which aimed at controlling the budget money spending through increased monitoring of hospitals and private physicians financing sources (Minogiannis, 2003). The reform sought to change the system by enabling both the universal health coverage and institutions with a role in system management (i.e. National Agency of Hospitals, regional health directorates). The inquiry that may rise is if the regional directorates led to strengthening the role of the regions in health management. In France, a traditionally centralized state, decentralization reforms included de-concentration of health system at regional level. Although the regional health agencies were representatives of the Ministry of Health in the territory, they had responsibilities on hospitals' budget planning.

In 2004, the Health Insurance Act and the Public Health Act were submitted to the Parliament for sanction. These laws provided for changes in the system management by increasing the role of the Parliament in setting the priorities of healthcare system. An Alert Committee for monitoring the social security deficit was activated (Chevreul, 2010) and

regional health agencies were established. The Regional Public Health Group having the mission to design, implement and monitor the regional public health plan was created by The Public Health Act. The group was led by the prefect—representative of the state—and the group members were local representatives of national public health agencies, taxpayers and regional managers.

In 2009, the regional health agencies started to actually operate and aimed at improving the regional governance system, increased efficiency and public satisfaction. In addition to duties on monitoring the population health, the agency implements the regional healthcare for employees, for people with disabilities, for pupils and students. The state services do not communicate directly with the agency for implementing the health policy at regional level, but must obtain the approval of the National Council for Regional Health Agencies Governance, to which the regional agencies are subordinated. Each regional health agency is represented at department level by a local delegation, which is responsible for both implementing the regional policies and supporting local actors in the implementation of their own projects.

The universal health coverage was established in 1999. It replaced the old system of individual based insurance with a system grounded on the logic of social protection through health insurance. The people with the income below a certain threshold benefited of free healthcare access. The universal health coverage followed the Juppé reform initiated in 1996 and regulated the insurance system based on total revenue.

Currently, planning and regulation of the system involves negotiations between representatives of health care providers, the state (represented by the Ministry of Health and the Ministry of Finance) and the Health Insurance Company. The negotiations results are materialized in the issuing of administrative decrees and laws adopted by the Parliament. Increasing the healthcare fiscal spending and growing health budget deficit have both lead to strengthening the state's role in planning and regulating the healthcare system.

Service providers are paid by health insurance funds or, directly, by patients who, subsequently, receive reimbursement. Service quality is

regulated at national level and every four years hospitals go through an evaluation process. The centre and the periphery share the management responsibilities within the system, while the regional health agencies play a strategic role at regional level and coordinate the outpatient medicine, the hospitals, and the health services for elderly and disabled patients. The legislation guarantees free choice of provider for the patient and an increasing patient participation in decision-making, as well as patient safety and compensation measures.

Italy

In the 1980s the Italian national health system faced many problems, including continued growth in health spending which did not lead to raising the quality of health services. The differences between North and South on health services access equity were noticeable. Furthermore, the system acknowledged both a lack of clear distinction between financial responsibilities at central and regional administrative levels and a high degree of politicization of the management (Lo Scalzo et al., 2009).

Legislative Decrees 502/1992 and 517/1993 brought many changes to the system, some of them contrary to Law 833/1978, which established the National Health Service. The decrees, known also as 'reform of the reform', did not question the principle on which the National Health Service is grounded, namely the principle of universality of benefits to recipient, and brought significant management and organizational changes. Nevertheless, a financing system to curb expenditure growth and promote equity, efficiency and competition among health care providers was provided. Since 1992, there were efforts to transfer management responsibilities to the regions and to adopt management principles in healthcare. Local health units became public entities under the name of 'local health agencies' and were directly subordinated to the regions, while public hospitals became semi-independent public enterprises. The agencies were regional entities with juridical responsibility and patrimonial autonomy, which allowed them both to undertake legal action and employ their own property and to sign legal agreements. Although autonomous, the local health agencies were subordinated to the regions that controlled

them and appointed their managers. As about funding, there was a switch from a bureaucratic type to a management type of financing organization. Furthermore, the delays in financing were avoided by suppressing the chain state–region–local health units and by linking the funding directly to the healthcare providers.

Thus, the reforms of the health system focus on two key dimensions: 1) the decentralization of the health system with strengthening the role of regions and 2) the introduction of management techniques in the health system.

In the early 1990s there was a transfer of powers from local to regional administrative levels, which led to strengthening the role of the regions. This is directly linked to the establishment of public enterprises in the health system. Transforming local health units in agencies marks the transition from a model of political organization type to a managerial model. The regions define policies at regional and local levels, set objectives to be met, evaluate the results and determine rewards. On the other hand, local health agencies and hospitals retain autonomy and are responsible for the way of achieving the objectives and for the outcomes. Furthermore, the agencies were assigned legislative functions for both setting the ruling principles of healthcare services and regulation of local health agencies. However, by the end of 1997 hardly a half of the regions approved the Regional Health Plan, namely the main management tool at regional level.

The Government's role consisted of establishing the broad outlines of the system through the National Health Plan. The plan sets out the general objectives for the prevention and treatment of diseases, on one side, and establishes minimum standards for the provision of healthcare services throughout the country, on the other side. The National Health Plan has become a government programme that does not need the approval of the Parliament, an approval, which may cause large delays in the adoption process.

The reforms were reactivated at the end of the 1990s. The Legislative Decree no. 229/1999 strengthened the role of municipalities, clarifying responsibilities among the various levels of government. It also developed the cooperation between health service providers and the partnership

between the former ones and local authorities in order to promote healthcare in local communities. Regional autonomy increased, the regions became responsible for the supply of services on prevention, treatment and rehabilitation. Also, the regions got involved in realizing the National Health Plan and in determining the resources necessary for the national health system to operate. In addition, the local government acquired attributions in programming and evaluating the health services.

As a result of the reform, the regions define the health policies at regional level, set objectives to be met and evaluate the results. On the other hand, local health agencies and hospitals are autonomous and responsible for the way of achieving the objectives and for the results. The territorial distribution of agencies differs by region, and sometimes the differences are significant. The 223 municipalities in the province of Trento belong to a single health agency, while in the Lombardy region the average is of 110 municipalities per health agency (Maino, 2001).

Since the year 2000, the discourse on fiscal federalism has developed and a programme aiming at abolishing the National Health Fund (which operated at central level and distributed the resources at regional level) and at replacing it with financing from regional taxation resources was established. The regions that failed to cover the necessary funds from additional taxation would obtain additional financing from the National Solidarity Fund, upon the recommendation of both the Government and the State-Regions Conference.

Currently, the system is grounded at regional level and it is organized on three levels: national, regional and local. The responsibility for healthcare policy is divided between the state and the regions. The main directions are set by the state while the regions are responsible for the organization and administration of public healthcare. Decentralizing trend has been doubled by attempts to stimulate competition within the system. Although most hospitals and healthcare service providers are part of the public sector, the cooperation between private companies and public institutions is reflected in projects that seek, on one hand, to renovate the public hospitals with private funding and, on the other hand, to further development of public-private collaboration for health management implementation.

Romania

Before 1989, the Romanian health system was Semaşko-type, namely a system fully financed by the state, with a centralized decision-making, and the health infrastructure was characterized by fragmentation, inefficiency and rigid regulation. After the year 1990, the reform of the health system was enacted with the aim of introducing decentralization and competition in service delivery, as well as mandatory social health insurance and contractual relations between suppliers and purchasers. The changes introduced in the first decade after the Romanian revolution were regulated and sustained by the Health Insurance Act (1997) and, thereafter, by the Health Reform Law (2006). These acts created the legal framework for the development of a decentralized and competitive health system, mainly financed by contributions to public health insurance funds. Also, an increased quality health services in a competitive market of health care providers was envisaged. Although there has been significant progress towards healthcare change in the envisaged direction, many elements of the old system still persist and certain vital capabilities that allow efficient operation of the new system were not created.

The number of actors involved in the decision-making has increased. Since 1999, key stakeholders in the health care system have been: 1) The Ministry of Health, the county health departments and the institutions functioning under its authority or coordination, 2) the National Health Insurance Company and the county health insurance funds, 3) the Medical College of Romania and county-level colleges, 4) the health care providers at different levels of healthcare provision: primary, secondary, tertiary, specialist care. The central authority within the health system, the Ministry of Health, preserved many decision-making responsibilities at the expense of slowing down the healthcare system decentralization process.

The roles of key actors in the system have changed. The Ministry of Health lost the direct control over the system funding and over a large part of healthcare providers, but continued to develop the national health policy and to set organizational and functional standards to improve public health (Vlădescu et al., 2009). The Ministry is represented at local level

by 42 county health authorities, whose role is to ensure the provision of medical services in accordance to the fundamental principles established at ministerial level.

The health system is organized on two levels: a central/national level and a county level. The central level, represented by the Ministry of Health, is responsible for defining policies, strategies, planning, coordination and evaluation. The counties set the provision of public services at the county level and decide both on local and county taxes. Some buildings where the healthcare units operate have been transferred from the private domain of the State to counties, cities, towns and villages. However, the sub-national levels of government lack the financial and human resources necessary for having an important role in health-care policy development.

After the year 1999, when the Health Insurance Act was adopted, public health authorities started to operate at county level as 'decentralized units of the Ministry of Health', namely one authority in each county plus one in Bucharest. The county health authority controlled about a third of the available public funds for healthcare, the rest being controlled by the county health insurance funds.

The situation changed in 2002, when all funds started to be collected centrally on behalf of the National Public Health Fund, a fund that redistributed the resources at local level (Vlădescu et al., 2009). The system functioned in a centralized manner and there was a centre-periphery hierarchical relationship both in administrative and financial control. The health expenditure budget was established by the Ministry of Health and the National Public Health Fund, in accordance with the annual budget law, and the financial resources were redistributed at county level.

The decentralization process continued and the Government Emergency Ordinance 162/2008, which regards the transfer of functions and powers from Ministry of Health to local authorities, was enacted. The Government Decision no. 562/2009 on decentralization strategy in healthcare boosted the reform process.

Since 2008, the Ministry of Health has developed two pilot projects by which the management of 18 out of the 42 public hospitals in Bucharest and

of four hospitals in Oradea was transferred to the Bucharest Municipality and, respectively, to the Oradea Municipality.

The evaluation of these projects' results showed that the local authorities, which participated in the experiment, possess the administrative capacity to realize healthcare management. Since June 2010, the Ministry of Health has promoted a legislative package that outlines the necessary legal framework for the decentralization of 370 public hospitals management from the Ministry of Health to the local administration authorities. In 2011, the Strategy of rationalizing hospitals was adopted. It sought to improve the management and the operational efficiency of hospitals and to promote a broader reform of the health sector.

The comparison of Romania to France and Italy reveals that in the period 2003–2010, Romania had a high number of hospital beds, in general, and the highest number of public hospital beds to 100,000 inhabitants, in particular (Graph 1 and Graph 2). The figures illustrate a low level of hospital privatization in Romania. Public hospitals have consumed most of the health budget.

*Graph 1 Total no. of hospital beds per 100000 inhabitants (Source: Eurostat)*
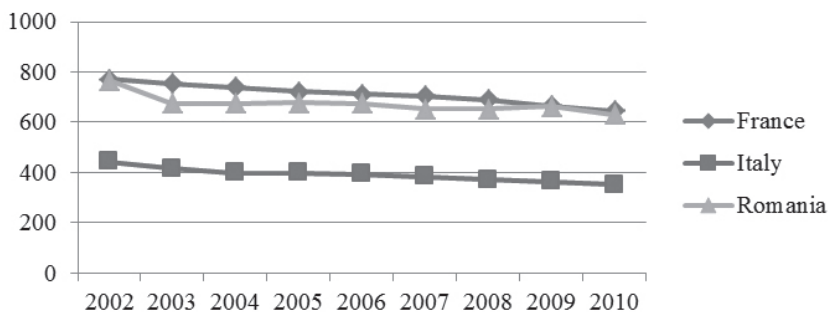
*Graph 2 No. of public hospital beds per 100000 inhabitants
(Source: Eurostat)*
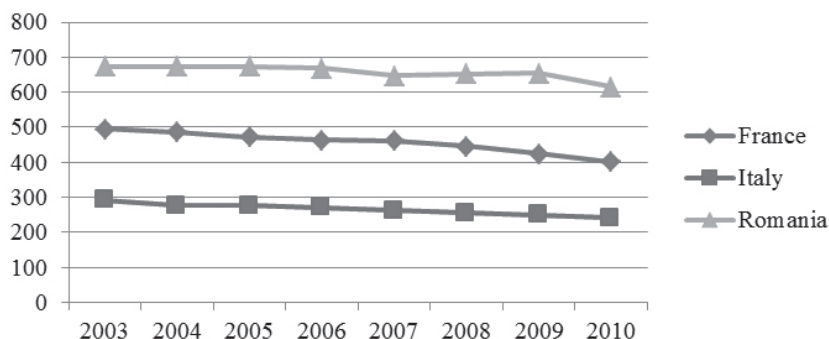
Another relevant indicator is the number of hospital discharges. Romania recorded significantly higher values than the other two countries due to excessive hospitalization. There are situations that require only outpatient treatment but are cured in the hospital and some patients find hospitalization the most convenient way to receive medical services. Furthermore, the hospital managers do not have the authority to effectively manage and to meet the real health needs of the population.

*Graph 3 No. of hospital discharges per 100000 inhabitants
(Source: Eurostat)*
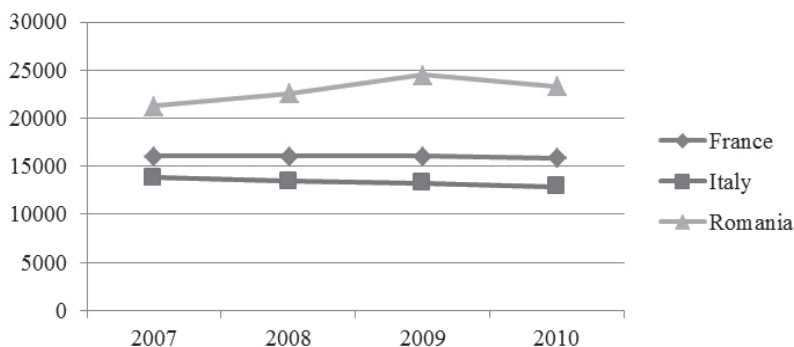
Decentralization attempts of the Romanian health system are evident. However, it is still questionable to what extent the decentralization determined an improvement in the management of the healthcare system and health policy-making.

THE POLICY CYCLE PERSPECTIVE

From the policy cycle perspective, the management of health policy presents specificities in France, Italy and Romania. The policy cycle consists of several phases: agenda-setting, proposal of alternatives and selection of the best solution, implementation and evaluation. In all three countries, the first policy-making phase, namely the agenda setting is characterized by the fact that central authorities have the policy initiative; the ministry sets the agenda and submits it to the Parliament, for approval. In France, the agenda is established by the Ministry of Health, and approved by the Parliament. Health issues are considered of public importance and represent political priorities. An important role is played by the Ministry of Finance that deals with budgetary aspects of healthcare provision. Despite the decentralization reforms, the Ministry of Health has maintained substantial control over the health system. Inside the Ministry there is a General Direction for health that deals with the health policy.

In Italy, the health system is grounded at regional level, but the strategic directions are established at the Centre. Responsibility for public healthcare is shared by the state and the regions. The former one has exclusive competence in agenda setting relating to healthcare general standards and to healthcare access guaranteed to all residents in Italy. The Ministry collaborates with multiple institutions including agencies and consultative bodies that offer support and advice.

In Romania, important steps were taken to introduce the concept of public policy in healthcare. The Government Decision no. 775/2005 regulates the formulation and monitoring of public policies. The institution that manages the policy-making process is the Ministry of Health and its structures including the General Secretariat that sets the agenda.

In the second phase of the policy-making cycle, namely the identification, formulation and solution choice, the situation is different. In Romania, despite the efforts for decentralization, the policy proposal is attributed by law to the ministry. In France, the policy formulation reflects the strong legal tradition concretized in the constitutional control of the policy proposals and in the administrative control made by the prefect. In Italy, the health policy proposals are made at the central and the regional

level of government. Both administrative levels share responsibilities in healthcare: the Ministry develops the National Health Plan and the regions decide on matters relating to health service delivery and organization of health care providers.

In all three countries, the public policy implementation usually employs administrative tasks at the central and local levels of government, but other structures such as local health agencies and hospitals network may also be involved.

Health policy assessment shows evidence on the objectives' achievement of the policy document and report problems that occurred during the development of public policy. In all three countries, the objective regarding general health insurance regardless age and health condition was accomplished. However, the equity of access to healthcare still represents a problem. The conclusions drawn from the evaluation are useful to make adjustments and changes necessary to improve the development and implementation of public policy.

Figure 1. Health policy cycle
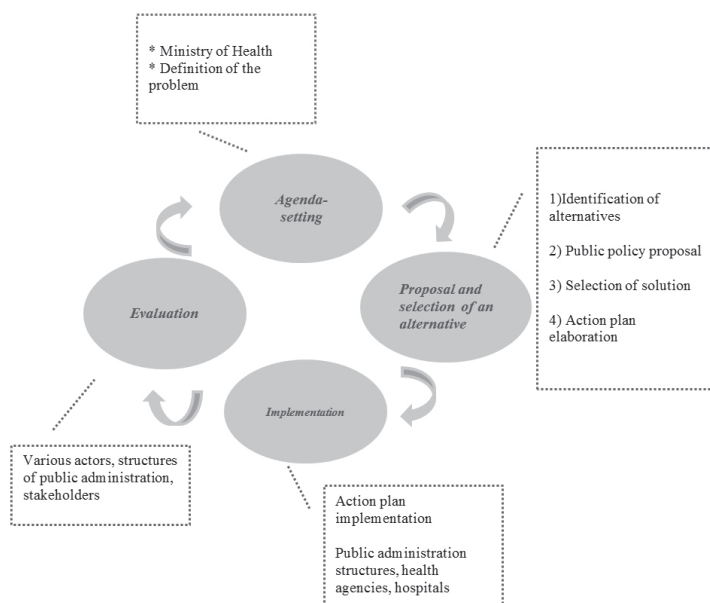
CONCLUSIONS

During the last decades, in France, Italy and Romania, the healthcare systems have passed through reforms and influential actors within the health system have obtained decisional capacity. Also, new actors were involved in the decision-making process while the dynamics of relations between the centre and the periphery have changed. Important reforms both at institutional and policy level were enacted in the field of health policy. Thus, the health policy development followed the decentralization trend promoted within the systems and management practices were introduced. Furthermore, contractual relationships between purchasers, the health insurance funds and the health care providers were established.

In all three countries, the national level constitutes the main authority involved in drafting laws regulating health policy, in drawing strategies, which are followed by territorial administrative levels in the implementation of health policy. Italy is an exception and the regions have an important role in setting the strategic directions in the management of the health system at local level. In Romania, although there have been efforts for decentralization, the legislation stipulated that the health policy management is attributed to the Ministry of Health. In France, the policy management reflects the strong legal and centralization traditions. On the contrary, in Italy, health policy management and responsibilities arising from it are shared by the central and regional levels of government.

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Section II

Programme – Sponsors – Authors

10TH DRC SUMMER SCHOOL

Danube Rectors' Conference Summer School on Regional Co-operation

Old Neighbours – New Policies in the Countries
along the Danube and the Black Sea Region

DRC
Danube Rectors' Conference

www.drc-danube.org

Official website:
www.drcsummerschool.eu

www.idresearch.hu   www.idm.at

Special thanks to:

www.uni-mb.si

The DRC Summer School project was initiated by the IDM (Institute for the Danube Region and Central Europe/Institut für den Donauraum und Mitteleuropa) and International House Pécs in 2003 to promote regional co-operation among young social scientists. Its general aim is the establishment of a network of young scientists who deal with the issue of regional co-operation as Central European perspective, and thus the institutionalisation of the Summer School for the future. The 10th Summer School is another step towards enhancing and deepening scientific co-operations in Central Europe, among the project partners, i.e. institutions from the V4 countries, the Ukraine, Austria and some Western Balkan countries. Since 2006 the IDM is represented in the project by Dr. Susan Milford, managing director, whereas IDResearch Ltd. is represented by Dr. István Tarrósy, managing director, and former managing director of the Regional European Information and Education Centre PBC who has been implementing the project with the Austrian partners for six years.

The 10th edition of the Summer School puts its focus on the New Policies in the Countries along the Danube and the Black Sea Region. The Danube Rectors' Conference provides a platform for the collaboration of 56 institutions of higher education from 14 countries in the Danubian Region.

Main aims of the project:
- to enhance the awareness for the significance and possibilities of regional co-operation;
- to discuss and develop strategies for the improvement of co-operation in the region;
- to bring young scientists from the countries of the Danube Region and Central Europe together in order to establish a regional scientific network within the European Research Area;
- to foster relations between the partner universities of the Danube Rectors' Conference and between other regional actors, e.g. the V4 community;
- to promote the mobility of young scientists, especially in South East Europe;
- to prepare a sustainable series of events to be able to meet the tasks mentioned above.

As it was the case at the first nine Summer Schools, the results and best quality papers of the 10th Summer School will be published in a proceedings volume by the end of 2013.

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s.milford@idm.at

Programme

7 July
Sunday

Arrival in Budapest

16.00–17.00 Registration
Caféteria, Andrássy University

17.00–18.00 Introduction, First meeting
Caféteria, Andrássy University

19.00 Dinner
*Pesti Vendéglő (Ráday street 11-13., 1092 Budapest)*

8 July
Monday

08.15–09.00 Registration
Andrássy University

09.00–09.15 Welcome
András MASÁT
Rector of the Andrássy University, Budapest

Welcome address
Klaus FIESINGER
Hanns Seidl Stiftung, Munich

09.15–09.30 Opening
Susan **MILFORD**
Managing Director of the Institute for the Danube Region and Central Europe / Institut für den Donauraum und Mitteleuropa – IDM, Vienna

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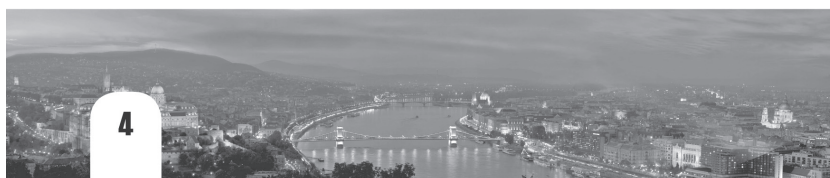
Plenary lectures
Andrássy Hall

09.30-10.15 **Is There a Central Europe Today?**
ERHARD **BUSEK**
IDM, Chairman of IDM, Vienna

10.15-10.30 Break

10.30-11.15 **The Life along the State Borders of Hungary –**
Transformation Patterns of Settlements in the Past Two Decades
ANDRÁS **TRÓCSÁNYI**
University of Pécs

11.15-12.00 **The Impact of Cooperation in Research and Education on**
Democratic Transition – Experiences from Azerbaijan
HANNES **MEISSNER**
Competence Center Black Sea Region, Vienna

12.00-13.15 Lunch
Építész Pince (Ötpacsirta street 2, 1088 Budapest)

13.30-14.15 **Historical Aspects of Neighbourhood in Central European**
Countries
GEORG **KASTNER**
Andrássy University, Budapest

14.30-18.00 Workshop Sessions (1)
Lecture rooms 2, 3

19.00 Dinner
Pesti Vendéglő

5

DRC Danube Rectors' Conference

9 July
Tuesday

Plenary lectures
Lecture room 1

09.15-10.00 **Historical Remarks for a Special Neighbourhood in Central Europe: Austria and Slovakia. The Past and its Significance for the Present**
DAVID **SCHRIFFL**
Austrian Academy of Science, ÖAW, Vienna

10.00-10.45 **What is Special about the CEE Region?**
Rainer MÜNZ
Erste Group Bank AG, Vienna

10.45-11.00 Break

11.00-11.45 **Central European Security in a Changing World**
PAUL **LUIF**
OIIP, Vienna

11.45-12.30 **New Bounderies in Balkan: Challanges and Changing (Case study Kosovo/Serbia)**
BILJANA **PETROVIC**
Faculty of Political Science, University of Belgrade

12.30-13.30 Lunch
Építész Pince

13.30-17.30 Workshop Sessions (2)
Lecture rooms 2, 3

19.00 Dinner
Pesti Vendéglő

6

10 July
Wednesday

10.00-13.00   Free time in Budapest

13.00-13.45   Lunch
Építész Pince

14.30-16.00   House of Terror Museum

17.00-19.00   Sightseeing: Budapest

19.30   Dinner
Pesti Vendéglő

11 July
Thursday

Plenary lectures
Lecture room 1

09.15-10.00   **The Science Diplomacy Perspective of the Danube and Black Sea Region's Co-operation**
Ádám KÉGLER
Hungarian Academy of Sciences IPS Hungary, Budapest

10.00-10.45   **Types and Issues of the Civil Protest/Resistance in Central Europe**
Viktor GLIED
University of Pécs

10.45-11.00   Break

7

11.00-11.45 **Selected Conflicts in the Black Sea Region: Events and Analysis**
MARTIN **MALEK**
LVAK Austria, Vienna

11.45-12.30 **The Russian Federation — Key Actor or Spoiler in the Black Sea Region?**
SEBASTIAN **SCHÄFFER**
SSC Europe, Berlin

13.00 Lunch
Építész Pince

14.30-18.00 Workshop Sessions (3)
Lecture rooms 2, 3

19.00 Dinner
Pesti Vendéglő

12 July
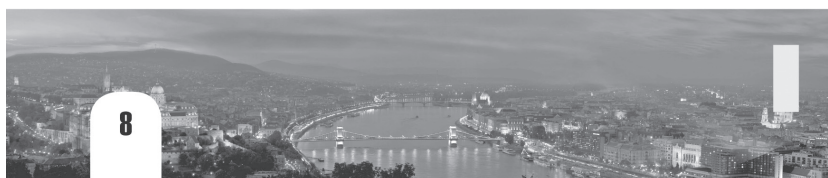### Friday

08.00-13.30 Field Trip
PAKS NUCLEAR POWER PLANT

15.30-18.00 Excursion
WINE-TASTING – NYAKAS WINE CELLAR

19.00 Dinner
Pesti Vendéglő

8

13 July
Saturday

10.15-13.00 Workshop Sessions – Final Reports (4)
Lecture rooms 2, 3

13.00-14.00 Lunch
Építész Pince

15.00-16.30 Closing session: Presentations and discussion of the workshop results
Lecture room 1

17.00-17.30 Closing ceremony

19.00 Dinner
tba.

21.00 Farewell party
Caféteria, Andrássy University

14 July
Sunday

Departure

Workshops and informations

Combined workshops
Leader: Áron Bánáti, IDResearch Ltd.
1. Historical Dimensions & Current Developments
2. Regional Cooperations in Research and Education

Leader: Sebastian Schäffer, SSC Europe
3. Economic, Enviromental & Social Aspects of Neighbourhood Policy
4. Central European Security in a Changing World

Workshop sessions
8 July, Monday   14.30-18.00 – First meeting
9 July, Tuesday   13.30-17.30
11 July, Thursday   14.30-18.00
13 July, Saturday   10.15-13.00 – Final Reports

Please note, that all of the participants will have to present their researches, papers on one of these occasions. The presence is obligatory. The WS-leaders are responsible for keeping the accurate time frames and for assigning the presentations.

Information for the students
Requirements for obtaining the certificate:
Participants who fulfil all the requirements mentioned below will receive a certificate at the end of the DRC Summer School with 10 ECTS points granted by the University of Pécs, Faculty of Humanities.

The following conditions must be met:
1) Presence at not less than 90 % of the lectures and excursions. The presence will be controlled by the organisers.
2) Presentation of a paper within the workshops and participation in the workshop activities.
3) Payment of the participation fee.

Proceedings volume:
The results of the DRC Summer School will be published in a proceedings volume that will be presented to the public at the DRC Summer School in 2014.

10

INSTITUT FÜR DEN DONAURAUM UND MITTELEUROPA (IDM)

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50 Years of Research for the Danube Region

The IDM was founded in 1953 as the "Research Institute for Issues of the Danube Region". As an Austrian scientific institution, it was dedicated specifically to research on the Danube region.

In 1993 the Institute was renamed as the "Institute for the Danube Region and Central Europe" (IDM).

Today the IDM is an extramural research institution based on an association – constituted by individual and corporate members – with its head office in Vienna.

As of April 1, 2011, IDM started a strategic cooperation with the University of Natural Resources and Life Sciences (BOKU), Vienna.

The Institute is funded by the Austrian Federal Chancellery and the Federal Ministries of Science and Research, of Education, the Arts and Culture, of European and International Affairs and of Economics, Family and Youth as well as by individual provinces, cities, the Austrian Federal Economic Chamber, the Federation of Austrian Industry, the Austrian Central Bank and private sponsors.

Facilitator and clearinghouse

As a gateway and a facilitator institution the IDM makes an important contribution to co-operation in the fields of research, culture, politics, economics and administration. At the same time the IDM sees itself as a clearinghouse for concerns of the Danube Region, Central and Southeast Europe, supporting the work of embassies, trade missions, cultural institutes and national tourist offices of the countries of the Danube Region, Central and Southeast Europe in Austria, as well as the work of Austrian missions to these countries.

Since 1995 the chairman of the Institute for the Danube Region and Central Europe (IDM) is the former Austrian vice-chancellor Dr. Erhard Busek.

Groundwork

As a think tank the IDM performs basic groundwork for government agencies and institutions in the fields of politics, education, research, culture and business and supports efforts in the Danube Region, Central and Southeast Europe.

PR work

The IDM performs PR work and serves as a lobbyist for the region.

Research

The IDM carries out research projects dealing with current political, sociological, social, economic, cultural and ethnic issues of the countries of the Danube Region, Central and Southeast Europe. The results are publicised by means of events and publications.

Next generation support

The IDM supports recent graduates and young professionals in research and practice.

Educational activities and events

In seminars, symposiums, summer schools and the post-graduate course "Interdisciplinary Balkan Studies" in co-operation with the University of Vienna, all with international participation, the IDM also serves as an institute of learning and training. In addition, the IDM organises expert meetings, conferences, workshops and lectures. In this context, cooperation with institutions that share the IDM's goals is of particular significance.

Corporate services

On request the IDM will organise custom-tailored introductory and advanced seminars for companies (executive briefings).

Publications

- "Der Donauraum" ("The Danube Region") – scientific journal of the Institute (quarterly/price per copy: € 9.60/subscription: € 34.50) – Böhlau publishing house, Sachsenplatz 4-6, A-1201 Vienna)

- "Buchreihe des Instituts für den Donauraum und Mitteleuropa" ("Book Series of the Institute for the Danube Region and Central Europe") – Böhlau publishing house

- "Das Magazin für den Donauraum und Mitteleuropa" ("The Magazine for the Danube Region and Central Europe") – issues on individual countries

- "IDM-Studien" ("IDM Studies") – on topical issues

- "Info Europa" – journal on the enlarged EU (5 issues per year, subscription: € 40, reduced price € 15)

- "IDM-Info" – newsletter of the Institute including the programme of events (5 issues per year/subscription: € 15/free of charge for members of the Institute)

Documentation

The IDM maintains a documentation centre and a magazine reading room with specialised publications on current developments in the countries of the Danube Region, Central and Southeast Europe. Documentation is supplemented by regular reports provided by country correspondents working for the Institute on a voluntary basis.

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ID in the name of our enterprise indicates first the significance of possible research and co-operation between different disciplines (InterDisciplinary) in today's globalising world; second, refers to the ability of developing creative ideas (Idea+Development) and third, covers Innovative power and Dedicated aspect of the enterprise.

Since 1997, a team of young researchers, students and Ph.D. aspirants from the University of Pécs have been organising various national and international symposia, conferences, seminars and summer schools about different aspects of social and political changes in Central and Eastern Europe (ranging from regional co-operation, the place and role of the V4 countries to security dilemmas of our global world). IDResearch is a young company based on the experiences and achievements of the past years, with a special intention of generating and shaping collaborations among young researchers in Central Europe. The aim of the company is to become a well-known generator of co-operations between national and international actors in the field of human sciences and research, project development and training. IDResearch Ltd. is interested in strengthening a new generation of social scientists who can search for and interpret affects of global processes appearing on the local level, and contribute to expressing social demand by establishing a new co-operation culture. For this aim the company plans to develop accredited trainings for young scientists to help them obtain complementary and pragmatic skills useful for their future work.

Current projects include

- the DRC (Danube Rectors' Conference) Summer School series on Regional Co-operation (www.d-r-c.org; www.drcsummerschool.eu);

- the Publikon project (portal for social science research and publishing house (www.publikon.hu);

- think tank and project leader on migration-related issues in the form of the European Integration Fund-supported scheme 'Black and white - Here we are!' and 'Immigropoly' (www.ittvagyunk.eu);

- publisher of the Hungarian African Studies (Afrika Tanulmányok) periodical and initiator of several researches, conferences and workshops on African issues (www.afrikatanulmanyok.hu);

- publisher of the journals of Modern Geográfia (Modern Geography; www.moderngeografia.eu) and the Central European African Studies Review (CEASR);

- collaborator in the International Cultural Week in Pécs international studies summer school series (www.icwip.hu);

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