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THE EIGHTEENTH PLENARY SESSION OF THE GENERAL ASSEMBLY
LEGAL AND POLITICAL AFFAIRS COMMITTEE

REPORT^{*}

COOPERATION AMONG THE PABSEC MEMBER
COUNTRIES IN PROMOTING POLITICAL STABILITY
THROUGH ECONOMIC INTEGRATION

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I. INTRODUCTION

1. The Parliamentary Assembly of the Black Sea Economic Cooperation has considered priority subjects pertinent to setting up efficient legal framework for boosting the process of economic integration and stability. The Legal and Political Affairs Committee dedicated its meetings to the important issues securing internal political stability like socio-political reforms, development of open and fair societies, establishment of democratic institutions, sustainable development and the ways in which governments use their power and authority to create favourable environment for country-by-country reforms and regional integration process. These reports gave a clear understanding of the links between economic development and governance - specifically the rule of law, accountability (including legitimacy, institutional pluralism and popular participation), transparency, openness (including problems such as corruption) and predictability.
2. At its Seventeenth Meeting of the Committee in Athens on 28 March 2001, during the debates on the strengthening the rule of law in the Black Sea region, it was emphasised that unstable political climate hinders to a greater extent promotion of economic and political interaction between and among the countries and hampers the progress of the regional economic cooperation in general. Within this context, the Eighteenth Meeting in Tbilisi on 27-28 September 2001 takes up the subject "Cooperation among the PABSEC Member Countries in Promoting Political Stability through Economic Integration" with a view to elaborate the Report and Recommendations to the Eighteenth General Assembly in Sofia.
3. Although the national delegations did not forward any contribution for the Report and Recommendation (apart from Romania) many issues raised in the report are taken from the interventions by the Heads of the National Delegations made during the general debate on "Strengthening of stability in the Black Sea region and the PABSEC contribution" which took place within the framework of the Seventeenth Plenary Session in Baku on 20 June 2001. In addition, the reference material has been obtained by the PABSEC International Secretariat from the official Internet sites of the related international organisations.

II. COOPERATION AMONG THE PABSEC MEMBER COUNTRIES IN PROMOTING POLITICAL STABILITY THROUGH ECONOMIC INTEGRATION

4. Regionalism and regional integration play increasingly important role in economic and political life of individual states and the global policy. The ongoing regional and sub-regional integration processes become important aspect of the contemporary world order bringing countries and peoples closer together and enhancing comprehensive joint initiatives and programmes. Growing economic interdependence and convergence generate new frameworks and worldviews that pave the way towards more dynamic intra-, inter-regional and international cooperation, thus, establishing more stable and coherent political environment and foster democratic development, sustainable economic growth and political stability.
5. The very philosophy – sub-regional economic cooperation is an effective confidence-building measure – serves as a building block in the new European architecture, contributing to indivisible, comprehensive and cooperative security. It is in this framework, that the Black Sea Economic Cooperation, acting in the spirit to turn the

Black Sea into the sea of peace, stability and prosperity, provides an instrumental framework for interaction and dialogue on a wide range of economic issues and initiatives for the eleven member countries. The progressive economic interconnectedness gradually makes states more open for intensification of political and economic cooperation reinforcing establishment of prosperity, stability, mutual trust, opening up the opportunities for reconciliation and narrowing the room for confrontations.

6. The Black Sea countries, on every occasion, have stated their commitment to the achievement of higher degree of regional cooperation and further integration into broader European and world space. As stressed in the BSEC Economic Agenda for the Future: “in the years to come, the significance of the BSEC region in world politics and in an increasingly global economy will grow considerably”. The dynamic BSEC process through its mutually supportive intergovernmental, inter-parliamentary, banking, business and academic dimensions constitute useful mechanism for meeting the ambitious and formidable challenges of the twenty-first century.
7. Over the last years the BSEC countries have significantly fostered economic integration process and created a solid framework for the conduct of economic policies. Substantial success has been reached in complex process of transition and restructuring. Comprehensive measures were taken towards transformation into the market-led democracies with vibrant economies, open political systems, strong civil society and efficient institutional infrastructure. The reforms embraced the priority fields for further integration as trade, border-crossing, transportation, investment, banking, energy, environment, property, administration, judiciary, production, technologies, etc. Yet, big variety in the levels of the national economic development, reform programmes and pace of economic growth protracts the process of regional integration. Country-specific difficulties, weak governance, low level of investment, insufficient government commitment and political instability have negative impact on effective implementation of the reforms.
8. Many of the BSEC member countries still lag behind in building truly democratic institutions, establishing just and fair civil society and embarking irreversibly on the path towards becoming fully functioning market economies. Shallow democratic traditions and weak institutions combined by constrained economic and political development result in inferior economic performance, declining living standards, rising unemployment and poverty. Moreover, shortage of financial resources and lack of investments from abroad does not permit the full-fledged implementation of the targeted goals. As situation improves every year, progress needs to be consolidated and sustained in order to exploit benefits of economic development and integration to foster stability and prosperity.
9. The economic activities are seriously disrupted in the countries with civil strife, ethnic tensions or conflicts. Presence of the confrontations in the region compounds the task of the member countries to fully benefit from the economic cooperation process. Prevailing social hardships exacerbated by the refugees and displaced persons* as well as escalating difficulties in law-enforcement and protection of human rights on the

* See the Report and Recommendation 21/1997 on “Rights and social protection of refugees and displaced persons in the Black Sea region” and the Report and Recommendation 43/2000 on “Legislative framework for cooperation among the law-enforcing, customs and migration authorities

territories trapped by conflicts aggravate the situation and complicate the establishment of the rule of law and democratic principles. An unstable region is a fertile breeding ground for crime and illegal activities, which affects not only the lives of local people but also those in neighbouring societies. Apart of the great human sufferings and social burden, the conflicts and tensions deprive the affected territories from overall country's development leaving infrastructure and environment deteriorated and destroyed. Even the countries, which are not directly involved in civil or ethnic conflicts, suffer economic, social and political consequences of the regional instability.

10. It is obvious, that unstable political climate, unresolved conflicts, declining living standards, refugees, border disputes and security concerns in the region undermine normal economic activities leaving the region turbulent and uncertain for further socio-political developments. On the other hand, establishment of strong economic ties helps to remedy and settle many political disputes. Within this context, conflict resolution through consolidation of peace and stability by means of economic integration becomes top priority for the Black Sea countries. It is extremely important to develop, further formulate and implement necessary stability policies in a new sense of partnership and cooperation, based on trust, confidence and a higher level of political and economic collaboration.

The Factor of the EU Enlargement

11. For the current member states of the European Union, the integration process brought both remarkable political stability and a spectacular increase in economic well-being. The prospect of the European Union's enlargement brings new dynamism to the integration processes on the European continent. In 1999 the Berlin European Council elaborated the Agenda 2000, which includes key policies preparing the Union for enlargement. The strategy of expanding EU towards the east embracing also the PABSEC member countries presents unique political, economic and social opportunities as well as great challenges. It will contribute to enhanced trade and economic activity and will extend stability, economic prosperity and security to the adjacent regions in the name of wider European integration.
12. Speaking on the process of the EU enlargement, it is necessary to stress the substantial contribution of the European Parliament in this process. It very much promoted inclusive enlargement strategy towards stronger and wider Union. Starting with 1997, the European Parliament generated the view on possible flexible process of enlargement progressing with negotiations at a pace, which is appropriate for each country. It urged the European to adopt the Commission's proposals that accession negotiations should start in the year 2000 with all remaining candidate countries that fulfil the Copenhagen political criteria and to the prospect of a fully flexible, multi-speed accession process, based exclusively on merit instead of divide between two classes of applicant countries. Throughout the year 2000 the European Parliament stepped up its activities considerably and adopted the Enlargement Resolution calling for a dynamic negotiating process, which allows the citizens of the new Member States concerned to participate in the next European Parliament elections when they take place in 2004.
13. The EU enlargement factor has played an important role in the transition recovery of the BSEC countries. Upon the decision of the Helsinki European Council of December 1999 the accession process started for Bulgaria and Romania in February 2000. At the

same time, the status of Turkey as a candidate country with all rights and duties and its full participation in the accession process was recognised. Each applicant country's path to membership depends on its progress satisfying the political, economic and administrative requirements. A country acceding to the EU has to comply with the basic membership criteria, as adopted by the 1993 Copenhagen European Council. These criteria require that the candidate country (i) has achieved stability of the institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities; (ii) has a functioning market economy as well as the capacity to cope with the competitive pressure and market forces within the Union; and (iii) has the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union. In addition, the countries face the task of completing the implementation of the various obligations under *acquis communautaire*.

14. Among the challenges which the Central and East European candidate countries face at present are: employment consequences of economic restructuring and the reshaping of economic patterns, including a decrease of the share of agriculture, and the rise of manufacturing and services; the maintenance of viable social welfare and health systems, and the need for access to good education; the inadequacy of infrastructure; problems of governance; low levels of administrative capacity in the public service, corruption. These factors are accompanied by a high dependence of the private sector on external financing and investment, and, therefore, on the strategies of foreign companies.
15. The results of the enlargement process have been successful: strong attraction of EU membership has provided a powerful incentive for domestic reforms for consolidating political and economic stability and sustained economic growth in the applicant countries of Central and Eastern Europe. The political and economic criteria for membership have helped these countries to persist with difficult policies leading to a political stability and sustained economic growth beneficial to the whole European space and the neighbouring regions.
16. The EU has developed an array of instruments for non-member countries ranging from the European Economic Area Agreement to the Association Agreements, the Stabilisation and Association Agreements, the Partnership and Cooperation Agreements and the Euro-Mediterranean Partnership. *The European Economic Area*, which requires the non-member countries to give direct legal force to a large part of the *acquis*, represents the most advanced form of economic integration within the EU other than membership; it has developed into a formula for countries that are able to take on the obligations of membership, but have decided not to make the political choice of accession. *The Association Agreements* have developed into a dynamic vehicle for preparing the accession of countries that are on the way to membership, but do not yet fulfil all the conditions. *The Partnership and Cooperation Agreements* concluded with Moldova, Russia and Ukraine provide for a close partnership including the prospect of free trade area, yet without opening the perspective for membership. Such Agreements signed with Armenia, Azerbaijan, Georgia do not provide either perspective for membership or that of free trade area. *The Stabilisation and Association Agreements* are a model designed for the Balkan countries referring to their status as that of a "potential candidate" for EU membership. They have already been signed with Croatia and FYROM and is in process of negotiations with Albania, Bosnia-Herzegovina and Federal Republic of Yugoslavia. *The Stabilisation and*

Association Agreement, when expanded to the states of the South Caucasus may contribute significantly to the prosperity of the region in general and political settlement of the conflicts in particular.

17. The integration process with European Union provides incentives and the discipline for achieving stability and growth for the Black Sea countries, which are not candidates for the accession. Establishment of a credible and predictable path for the Black Sea countries to integrate with the European Union through the different aspects of the EU policies towards non-member countries such as customs union or single market generate expectations and provide a strong stimulus to reform and cooperate. Hence, the BSEC countries tailor their policies to European Union standards and norms that provide the effective framework for improvement of economic management, strengthening political institutions and sustainable development.
18. Special assistance programmes within the EU framework for the less developed countries towards broader cooperation and integration is also noteworthy to mention. Many undertakings and joint projects are launched in this respect. The major EU projects embracing the countries in the BSEC region are *PHARE programmes for Action for Cooperation in the fields of Economics (ACE)* and *TACIS* programmes: *INOGATE* (providing technical assistance for rehabilitation, modernisation and rationalisation of inter-state oil and gas pipeline systems and their regional integration), *TRACECA (Transport Corridor Europe-Caucasus-Asia)* and European Commission programme *SYNERGY*, financing cooperation activities with non-EU countries in the field of the formulation and implementation of energy policy to the mutual benefit of all parties concerned.
19. In fact, economic prosperity through integration leads to increased interest of the European Union in political stability of its immediate vicinity. Along with the programmes designed for assistance in economic development, the EU is very keen on stability and security issues in the adjacent regions. In its *Common Foreign and Security Policy (CFSP)* tackling the issues like conflict prevention, crisis management, security and disarmament, the EU includes comprehensive security approach towards European sub-regions and individual countries in the Black Sea region.

Tasks and Undertakings

20. A successful strategy for the accelerated development and regional integration must be built upon the shared commitment working towards political and social stability within the region and a determined effort to implement consistent macroeconomic stabilisation policies and deep structural, institutional and social reforms.
21. Consistent implementation of domestic reforms will provide a solid foundation for sustainable growth and development. Strengthening of institutions, good governance, democratisation, human rights and fundamental freedoms, social justice, rule of law, combating corruption, efficient market economy, improving the climate for trade, investment and private sector development will magnify and speed up the impact of more determined implementation of national programmes.
22. Individual actions as well as mutually supportive efforts further enhance integration processes of the member states. Partnership enhances prosperity, progress enriches and fosters the spirit of the BSEC community, promotes economic stability and sustainable

development which in turn enhances stable and coherent political environment with the concept of political stability and security in the region and beyond.

23. Along with the comprehensive economic programmes the social dimension should be also addressed, as the ultimate goal must be formation of open, tolerant and cohesive societies that provide the foundations for a stable and prosperous region.
24. The sound domestic policies and institutional environment have powerful influence on the economic success of individual countries. Country-by-country reform combined by measures for facilitating intra-regional integration will pave the way towards economic betterment and prosperity, which in turn promotes peace, harmony and good neighbourly relations.
25. Significant synergies may be achieved by coordinated initiatives at regional and international levels as well as regional cooperation with further integration with European and world-wide structures.
26. There should be more emphasis on regulatory convergence, i.e. the approximation if not harmonisation of essential regulatory mechanisms in order to enhance the efficiency of implementation of the joint projects and programmes for supporting sustainable economic and social betterment in the region.
27. In order to underpin the activities carried out by the BSEC countries towards integration, PABSEC initiated cooperation among the governors and mayors of capital cities of the Black Sea Economic Cooperation member countries in 1994. The initiative generated from the conviction that local authorities, pooling their experience and expressing their views on everyday problems encountered by citizens, may render to the regional integration process new dimension and make valuable contribution to attaining the BSEC goals and objectives. Three Round-Table Meetings of the Governors and Mayors of the Black Sea Capitals were held under the auspices of the PABSEC in Istanbul in 1994, in Kyiv in 1995 and in Bucharest in 1998. These meetings forged closer ties among the local authorities of the capital cities that play significant role in their capacity as the economic, political and cultural centres of their countries. These meetings grew into the permanent structure of the Black Sea Capitals' Association, whose First Assembly was held in Ankara in 2000 and the Second Assembly of the Black Sea Capitals' Association is scheduled in Athens in October 2001.
28. Development of sub-regional cooperation provides propitious framework for discussing common preoccupations and merging common interest. Various regional and sub-regional initiatives become starting point leading to the significant achievement in partnership and cooperation in the European space promoting political stability and economic integration. Closer ties among the countries encourage many undertakings and joint projects in various fields of life for the benefit of particular countries and the region as a whole. Strengthening interaction with European regional and sub-regional organisations and initiatives such as South-East European Cooperative Initiative (SECI), the Central European Initiative (CEI), Royaumont Process and the South Eastern Europe Cooperative Process (SEECPP) and Commonwealth of Independent States (CIS) is important.
29. For the acceleration of intra-regional integration the Stability Pact for South-East Europe was developed in Cologne in 1999. It provides an important tool for resolving

problems that persist in South-Eastern Europe towards safeguarding stability, respect for human rights and economic development. The Stability Pact lays down a framework for cooperation between the countries and the regional and international organisations as well as the international financial institutions to bring peace, stability and economic development to the South Eastern Europe. It sets out principles and areas of action and specifies the role played by each party. At present there are several projects, connected with the process of institutional reform arising from the activities of Working Tables on Democratisation and Human Rights; on Economic Reconstruction, Development and Cooperation; and on Security Issues. The Pact, fixing priorities and their implementation, is an important instrument of the integration of the countries of the region to the European structures. It recognises the role of the BSEC in promoting mutual understanding and improving overall political climate and fostering economic development in the Black Sea region.

The Role of the National Parliaments

30. Objective of turning the Black Sea into the sea of peace stability and prosperity can only be achieved by contribution of parliaments in safeguarding the protection of human rights and fundamental freedoms and working towards improvement of political climate promoting solidarity and stability in the region.
31. The national parliaments have crucial task to promote necessary legislative changes and cohesion supporting the sustainable economic growth, regional integration and strengthening political stability in the Black Sea region, as well as in each particular member state.
32. Parliaments and parliamentarians have an irreplaceable role to play in the democratisation of the region through encouraging political pluralism and development of strong and viable civil society as a basic pillar for political stability in the region.
33. Parliamentarians, through their participation in regional and international parliamentary organisations have to bring their contribution in developing political stability through closer and coherent cooperation and regional integration. In this respect, the active interaction of PABSEC and its member parliaments with the European parliamentary organisations like European Parliament, NATO PA, OSCE PA, PACE, IPA CIS etc. will undoubtedly pave the way towards a constructive contribution to joint efforts and undertakings for enforcement democratic development and strengthening political stability.
34. PABSEC representatives took part in a number of conferences and Working Tables within the framework of the Stability Pact for the South-East Europe. The Parliamentarians brought their contribution to the discussions on good governance, democratisation, human rights, economic development, peace and stability. The MPs of the BSEC countries will further continue their participation in the constructive regional dialogue on behalf of the BSEC Organisation.
35. The parliamentarians, as democratically elected representatives, bare responsibility for encouraging the spirit of social cohesion and solidarity in the societies in order to build a common, prosperous and secure future in the region, other parts of Europe and the world at large.

The contribution of the OSCE

36. The role of the OSCE is immense in shaping the new era of peace and security through cooperation on the basis of the principles laid down in the Helsinki Final Act, Charter of Paris for a New Europe and the Istanbul Charter for European Security. The approach of the Organisation to security is comprehensive and cooperative. The protection and promotion of human rights and fundamental freedoms along with economic cooperation are integral components of the OSCE activities considered as important modalities for maintenance of peace and stability. Within the wide range of activities, the Organisation deals with preventive diplomacy, confidence- and security-building measures, human rights, democratisation, election monitoring and economic and environmental security, prevents conflicts and restores stability. The OSCE missions are deployed in the Black Sea countries captured with tensions and instabilities for conflict resolution, prevention and post-conflict rehabilitation.
37. In 1992, the Foreign Ministers of the OSCE States decided to establish an Economic Forum to strengthen the focus on the transition to and development of free-market economies, regarding these processes as an essential contribution to the building of democracy and stability. Pursuant to that decision, high-level representative of OSCE participating States now meet once a year as the Economic Forum to: give political stimulus to the dialogue on the transition to free-market economies, suggest practical means of developing free-market systems and economic co-operation encourage co-operation with relevant international organisations. The Ninth Meeting of the Economic Forum took place in Prague on 15-18 May 2001 discussing “Transparency and good governance in economic matters”.
38. The OSCE Parliamentary Assembly promotes parliamentary involvement in OSCE activities meeting the challenges of democracy throughout the OSCE area through the inter-parliamentary dialogue. The Assembly carries out active programme of parliamentary election monitoring and democratic assistance. Along with the activities in the field of democratisation and human rights, the Assembly is an author of the parliamentary conferences on the problems of sub-regional economic cooperation and its influence in the integration processes on the European continent. These conferences are designed to build and strengthen contacts between sub-regional organisations and to let the parliamentarians learn about their activities.
39. In 1997 the MPs of the OSCE countries (including PABSEC representatives) met in Monaco at the Conference on “Sub-regional economic cooperation process: a contribution to the new European architecture”. The Conference brought together the representatives of various sub-regional economic organisations in order to gain insight into the objectives, aspirations and ongoing processes. The conference was organised around three main topics – Prospects of sub-regional cooperation process; Relations between sub-regional cooperation processes and European institutions; and Convergence and interdependence of sub-regional cooperation process: contribution to the continent’s stability. The Monaco Declaration highlighted the main aspects of the debates. In 1999 the second Parliamentary conference on “Sub-regional economic cooperation processes in Europe faced with new challenges” took place in Nantes discussing and adopting declaration on the issues pertinent to sub-regional approach for sustainable development, energy sub-regional policies, social cohesion problems and combating organised crime and corruption.

III. CONCLUDING REMARKS

40. The Parliamentary Assembly of the Organisation of the Black Sea Economic Cooperation shares the global responsibilities of the new millennium to focus on the tasks which are directed primarily towards the people's security and welfare and is determined to enhance the cooperation in this domain.
41. Integration, be it economic or political, is a product of cooperation and partnership based upon the common interests and visions of the group of countries. In order to meet the challenges of sustaining regional prosperity and stability, the Black Sea countries have to work further together and give a new impetus to the regional economic cooperation for strengthening political stability through economic integration.
42. Ongoing processes of regional integration bring countries closer and enhance comprehensive bilateral initiatives and institutional contact as well as participation in joint plans and programmes at regional and international levels. Interaction of the BSEC member countries with various international, regional and sub-regional structures multiplies the links and create the milieu of trust, partnership and understanding.
43. In this respect, PABSEC underlines the significance of active involvement at all levels in the work of the internationally renown organisations such as European Union, Council of Europe, OSCE, NATO, WEU, CIS, etc., as well as with the regional and sub-regional structures and initiatives such as SECI, SEECF, CEI and Royaumont Process and the Stability Pact for SEE, in order to bring more positive elements in promotion of joint policies, improvement of socio-economic situation and enforcement of peace, stability and prosperity.
44. Economic integration reinforces the commitment of the countries to strengthen partnership and mobilise mutual support towards building truly democratic institutions and just civil society. In this spirit, representatives of the national parliaments of eleven PABSEC countries have to spare no effort to help each other to recover social and economic situation and meet their obligations to ensure peaceful, secure and prosperous life of the peoples in the Black Sea region.
45. A number of mutually beneficial projects have been elaborated within the BSEC framework towards greater regional integration, but the important step of translating them into action has not yet been taken. With this in mind, PABSEC has to interact with the BSEC and its Related Bodies for efficient implementation of the "BSEC Economic Agenda for the Future Towards a More Consolidated, Effective and Viable BSEC Partnership".
46. Parliaments and governments of the BSEC countries have to exploit their possibilities at the utmost to boost economic integration in the Black Sea region with a view of consolidating the process of establishing peace, security and political stability through greater synergy between the member countries for the successful realisation of common objectives of the Black Sea Economic Cooperation.