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THE TWENTY NINTH PLENARY SESSION OF THE GENERAL ASSEMBLY
LEGAL AND POLITICAL AFFAIRS COMMITTEE

REPORT*

PARTNERSHIP AND COOPERATION AGREEMENTS WITH THE
BSEC MEMBER STATES IN THE CONTEXT OF THE
ENLARGEMENT OF THE EUROPEAN UNION

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INTRODUCTION

The Legal and Political Affairs Committee at its Twenty Eighth Meeting in Chisinau on 11 October 2006, being of the opinion that the enlargement of the European Union towards the South-East embracing Bulgaria and Romania as of 1 January 2007 is an important development affecting the cooperation in the Black Sea region, deemed expedient to take up at its next meeting the subject concerning the relations between the EU and the BSEC member states with special emphasis on the Partnership and Cooperation Agreements.

To this end, the Twenty Ninth meeting of the Committee in Bucharest on 25-26 April 2007 discusses ‘‘Partnership and Cooperation agreements with the BSEC member states in the context of the enlargement of the European Union’’ with a view to elaborate the Report and the Recommendation for the Twenty Ninth Plenary Session of the General Assembly in Varna, Bulgaria in June 2007.

The report is designed to examine the current state of affairs regarding the Partnership and Cooperation Agreements between the EU and the six BSEC member states within the context of existing variety of mechanisms and frameworks of relations between the BSEC states and the EU.

The Report has benefited from the contribution by the national delegations of Armenia, Azerbaijan, Bulgaria, Georgia and Russian Federation. In addition, the reference material has been obtained from the official sites of the EU institutions and the related national or international agencies.

I. PARTNERSHIP AND COOPERATION AGREEMENTS WITH THE BSEC MEMBER STATES IN THE CONTEXT OF THE ENLARGEMENT OF THE EUROPEAN UNION

1. The EU enlargement has made a major contribution to the unification of Europe, fostering democracy, human rights and stability across the continent. The recent enlargement of the European Union to a total of 27 members including Bulgaria and Romania has extended the European polity to the borders of the Black Sea with the BSEC region becoming the eastern border.
2. In its Communication^{*} of November 2006 on Enlargement Strategy the Commission has pointed out that “the very essence of European integration is to overcome the division of Europe and to contribute to the peaceful unification of the continent. Politically, EU enlargement has helped respond to major changes, it has consolidated democracy, human rights and stability across the continent. Economically, enlargement has helped to increase prosperity and competitiveness, enabling the enlarged Union to respond better to the challenges of globalisation. Enlargement has increased the EU’s weight in the world and made it a stronger international player”.

* see: *COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on Enlargement Strategy and Main Challenges 2006 – 2007 Including annexed special report on the EU's capacity to integrate new members; COM(2006) 649 Brussels, 8.11.2006*

3. The enlargement process has generated the approach how to bring together as harmoniously as possible the enlarging European Union and the rest of Europe by means of elimination of possible dividing lines on the European continent. The European Neighbourhood Policy, presented by the European Commission in May 2004, aims at reinforcing ties with neighbouring and partner countries, through an array of new forms of cooperation and assistance. At the same time, the enlargement of the EU further increased the challenges and opportunities for the BSEC countries as they seek the objective of stable, open and pluralistic democracy governed by the rule of law underpinning a prosperous market economy with modern European political, economic, social and administrative structures. The process of European integration has provided a strong stimulus for the Black Sea countries in their endeavours for reform and cooperation.
4. The BSEC states have reached substantial success in complex process of transition and restructuring. Comprehensive measures have been taken towards transformation into the market-led democracies, 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. The European Union standards and norms have been taken as a basis in tailoring policies for sustainable development and strengthening political institutions.
5. The BSEC states are at various stages regarding their relations with the EU and can be grouped as: full EU member states – Bulgaria, Greece and Romania; candidate country – Turkey; potential candidate countries – Albania, Serbia; and the countries having the Partnership and Cooperation Agreements – Armenia, Azerbaijan, Georgia, Moldova, Russia and Ukraine.
6. The Partnership and Cooperation Agreements (PCA) between the EU and the six BSEC states constitute the framework for the relations between the EU and these countries outlining the basic principles of bilateral political and economic cooperation on various levels. The PCA represents a so-called mixed agreement with the EU itself as an international legal entity and each of its Member States. This structure stems from the matters covered by the agreements some within the competence of the EU, others shared between the community and its member states or just appertain to the member states only. The PCAs, therefore, are not only signed by the EU but ratified by each Member State in accordance with the national laws. The Partnership and Cooperation Agreements are in certain cases supplemented by separate EU strategies and instruments.
7. The main aims of the Partnership and Cooperation Agreements are to develop closer relations through regular dialogue on political issues; to foster trade and investment; to provide the groundwork for mutually beneficial economic, social, financial, scientific, technological and cultural cooperation; to consolidate democracy, to complete the transition to a market economy. The PCAs do not have a rigid framework and can, therefore, evolve in any direction depending on the current developments. The PCAs remain in effect for a period of ten years, after which it is automatically renewed unless either party wishes to terminate it. The main assistance

instrument under the PCAs has been the *Tacis* programme, which as from 2007 is replaced by the European Neighbourhood and Partnership Instrument (ENPI) – a single financial support programme for European Neighbourhood Policy partner countries and Russia.

8. The Partnership and Cooperation Agreements require that its provisions are observed and implemented through monitoring structures, namely, the Cooperation Council, the Cooperation Committee and a Parliamentary Cooperation Committee. The Cooperation Council meets once a year. It consists of members of the Governments on the one hand, and of the members of the Council of the European Union and members of the European Commission on the other. The Cooperation Council supervises the implementation of the PCA. The Agreement assigns the Cooperation Council a number of specific tasks, but it has the right to discuss any subject of mutual interest and make recommendations. The Cooperation Committee meets at senior civil servant level. It must prepare the meetings of the Cooperation Council and ensure continuity between its meetings. The Presidency of both the Council and the Committee is chaired alternately by a country and the European Union. The Parliamentary Cooperation Committee consisting of members of the national parliaments and the European Parliament serves as a forum for political dialogue between parliamentarians. The Parliamentary Committee exchanges information with the Cooperation Council and has the authority to make recommendations.
9. The cornerstone of EU-Armenia relations is the Partnership and Cooperation Agreement enforced on 1 July 1999. It establishes a framework for the EU and Armenia to develop closer political, economic and cultural ties and to cooperate in many areas conducive to the respect of democratic principles, the rule of law and human rights, as well as the consolidation of a market economy. During recent years Armenia has made substantial progress in bringing its legal framework in line with European standards and setting up strong and viable democratic institutions. The PCA offers many opportunities for assistance by the EU to help Armenia implement reforms that cement the rule of law and make markets function. The EU programmes aim to build confidence and promote sustainable development throughout the South Caucasus, since the effectiveness of EU assistance will largely depend on the success of the peace process in the region. The various joint institutions set up under the PCA (Cooperation Council, Cooperation Committee, Subcommittee on Trade, Economic and Related Legal Affairs, as well as the Parliamentary Cooperation committee) have functioned smoothly and have ensured a regular political dialogue. The decision taken by the European Council on 14 June 2004 to incorporate the countries of the Southern Caucasus into the framework of the European Neighbourhood Policy is indicative of the EU's willingness to extend cooperation with Armenia beyond the existing framework of the PCA. The five years' Action Plan has been adopted in 2006 laying out the strategic objectives of the cooperation between Armenia and the EU. Its implementation will help fulfil the provisions in the Partnership and Cooperation Agreement, build ties in new areas, and encourage and support Armenia's objective of further integration into European economic and social structures.
10. Entering into force of the Partnership and Cooperation Agreement between the EU and Azerbaijan in 1999 established mechanism for strategic partnership and gave new

impetus in the relations. Democracy, principles of international law, human rights and principles of market economy constitute most important components of EU-Azerbaijan partnership. The PCA envisages robust cooperation in the spheres like enhancement of market economy, trade, investments, legislative basis, scientific, technical and culture. The political dialogue is founded upon mutual responsibilities towards contributing to the global peace and security and peaceful conflict settlement. In conformity with the provisions of the Agreement the three monitoring structures have been set up: the EU-Azerbaijan Cooperation Council, the EU-Azerbaijan Cooperation Committee (including the EU-Azerbaijan Subcommittee on trade, economics and legal issues, and the EU-Azerbaijan Subcommittee on transport and energy) and the EU-Azerbaijan Parliamentary Cooperation Committee. The EU has been providing technical assistance programmes for smooth implementation of the PCA. Under these programmes necessary legal and institutional reforms have been implemented. In 2004 Azerbaijan was included into the framework of the European Neighbourhood Policy and the relevant Action Plan has been adopted in 2006. The EU-Azerbaijan Action Plan is a political document outlining basic cooperation objectives for a timeframe of five years and aims to encourage and support Azerbaijan's aspiration to further integration into European structures.

11. Based on the Partnership and Cooperation Agreement entered into force on 1 July 1999, the EU fosters and supports respect of democratic principles, the rule of law and human rights, as well as the consolidation of a market economy in Georgia. *Tacis* has been the main financial instrument supporting the implementation of the PCA and providing grant assistance for projects in priority areas defined on a biannual basis. Like other PCAs, the Partnership and Cooperation Agreement between Georgia and the EU first of all contains a commitment to work towards the establishment of a modern legal order in Georgia that is as close as possible in line with international standards. The main objectives of PCA include completion of transition to a market economy; promotion of trade and investment; development of harmonious economic relations with the EU and other PCA partners. A lot has already been done in Georgia in that direction but certainly Georgia, like many other countries, still can benefit much from adapting international experience in many spheres and in particular in that of the economy. In 2004 Georgia was included into the framework of the European Neighbourhood Policy and the relevant five years' Action Plan has been agreed in 2006. Its implementation will help fulfil the provisions of the PCA, build ties in new areas of cooperation and encourage and support Georgia's objective of further integration into European economic and social structures. Its implementation will significantly advance the approximation of Georgian legislation, norms and standards to those of the European Union.
12. The Partnership and Cooperation Agreement is the legal basis for EU relations with Moldova. The PCA came into force in July 1998 for an initial period of ten years. It establishes the institutional framework for bilateral relations, sets the principal common objectives, and calls for activities and dialogue in a number of policy areas. The PCA covers: trade and economic co-operation, cooperation in the fields of science and technology, energy, environment, transport, postal services and telecommunications and a range of other areas such as education and training, social

and cultural cooperation, political dialogue on domestic, regional and international issues of mutual concern such as observance of principles of democracy and human rights and political stability in the region. The PCA also sets out specific areas for cooperation such as money laundering, measures to counter illicit production, and the fight against drugs. Moldova is part of the European Neighbourhood Policy and the main ENP instrument – the Action Plan has been adopted by the EU and Moldova in 2005 with the timeframe of three years. Its implementation helps to fulfil the provisions of the Partnership and Cooperation Agreement and encourages and supports Moldova's objective of further integration into European structures. Implementation of the Action Plan helps to devise and implement policies and measures to promote economic growth and social cohesion, to reduce poverty and to protect the environment, thereby contributing to the long-term objective of sustainable development.

13. The cornerstone of legal basis of the relations between the EU and Russia is the Partnership and Cooperation Agreement, which entered into force in December 1997 for an initial duration of 10 years. Mutually binding commitments have been set out in the 112 articles, ten annexes, two protocols and several joint declarations. The aim of the Partnership and Cooperation Agreement is to encourage political, commercial, economic and cultural cooperation between Russia and the EU. The provisions of the PCA cover a wide range of policy areas including political dialogue; trade in goods and services; business and investment; financial and legislative cooperation; science and technology; education and training; energy, nuclear and space cooperation; environment, transport; culture; and cooperation on the prevention of illegal activities. EU-Russia dialogue takes place at all levels: Summits of Heads of State or Government, which take place twice a year and define the strategic direction for the development of EU-Russia relations; Permanent Partnership Council, which is foreseen to allow ministers to meet as often as necessary and in a variety of formats to discuss specific issues; the EU-Russia Parliamentary Cooperation Committee; Cooperation Committee of senior officials; and the PCA sub-committees at expert level. Political dialogue takes place in Foreign Ministers Troika meetings, meetings of the Political Directors, monthly meetings of the Russian Mission in Brussels with the troika of the Political and Security Committee and at expert level on a wide range of topical international issues. In order to complement the provisions of the PCA, a variety of agreements and other mechanisms for cooperation have been concluded. In this context, an Energy Dialogue was established on 2000 as a forum for discussion and cooperation on energy issues at large. The EU and Russia also have launched a Transport Dialogue in 2005, which provides for a regular exchange on EU-Russia transportation and infrastructure links and is structured around five specific Working Groups. Although Russia is the largest neighbour of the European Union, it is not part of the European Neighbourhood Policy. Instead, the EU and Russia decided at the May 2003 St. Petersburg summit to reinforce their strategic partnership through the creation of four “common spaces” in the framework of the PCA. It was decided to create a common economic space; a common space of freedom, security and justice; a space of cooperation in the field of external security; as well as a space of research and education, including cultural aspects. A set of roadmaps towards the Common Spaces were agreed at the St. Petersburg Summit in May 2005 that set out the current

work programme for EU-Russia relations. The overriding objectives contained within the Neighbourhood Policy remain highly relevant to the Common Spaces: preventing the emergence of new dividing lines in Europe; the progressive consolidation of a zone of shared stability, security and prosperity to be achieved through a significant degree of economic integration and political cooperation, and on the basis of shared values and common interests. As mentioned above, the current Partnership and Cooperation Agreement reaches the end of its initial ten year period in 2007. Thus, the EU and Russia are currently working on to develop a new agreement for post 2007, which will provide a comprehensive framework for EU-Russia relations in the coming years.

14. The EU's relations with Ukraine are based on the Partnership and Cooperation Agreement, which entered into force in 1998 for a period of ten years. The Agreement resulted from the desire to establish close relations between the European Union and Ukraine, based on their existing historical links, and the common values they share. The PCA demonstrates the spirit of mutual commitment to democracy and a market economy in which both parties can strengthen political, commercial and cultural links, pave the way for further economic integration, and set the agenda for future negotiations on a free trade area. The PCA foresees the development of a strong political dialogue between Ukraine and the European Union on the basis of an institutional framework for regular contacts between the governments and the parliaments of the European Union and Ukraine. Ukraine has endeavoured to gradually make its legislation compatible with that of the European Union. The PCA specifies a wide range of cooperation between the European Union and Ukraine identifying twenty eight areas in which the European Union and Ukraine wish to increase and expand their cooperation. Among them are industrial cooperation, investment promotion and protection, public procurement, standards and conformity assessment, mining and raw materials, science and technology, education and training, agriculture, energy, the environment, transport, the space industry, telecommunications, financial services, the fight against money laundering, regional development, customs, fight against drug trafficking, culture, etc. The Tacis programme has been the framework for technical assistance since the early 1990s, supporting the transition process towards democracy and market economy, which has been replaced in 2007 with the European Neighbourhood and Partnership Instrument (ENPI). Ukraine is considered a priority partner country within the European Neighbourhood Policy, which provides the framework for closer cooperation with the neighbouring countries of the enlarged Union. The EU-Ukraine Action Plan was jointly adopted at a special Cooperation Council on 21 February 2005 providing a comprehensive framework identifying all the key areas of reform. As the current Partnership and Cooperation Agreement approaches the end, Ukraine makes efforts for the new bilateral treaty to replace the PCA.
15. Apart of the framework of the Partnership and Cooperation Agreements and the European Neighbourhood Policy (ENP), the EU relations with the countries of wider Black Sea region imply the enlargement process towards Turkey and other potential candidate countries of the South-Eastern Europe and the strategic partnership with Russia. Although all these frameworks are founded on bilateral relations with

separate BSEC states, following the accession of Bulgaria and Romania with the Black Sea as the EU external border, the BSEC region becomes a zone of increased interest and action for the EU. Along with the existing initiatives towards separate BSEC member states, the EU has started to consider establishment of regular dialogue with the BSEC as a regional entity. Active involvement of the three BSEC member states that are the full members of the EU will undoubtedly foster establishment of a proper EU policy towards the Black Sea region.

16. In its official paper titled “the BSEC-EU Interaction: the BSEC approach” the BSEC stresses that: “The important added value of enhanced BSEC–EU interaction consists in providing more coherence, through an overarching regional approach, to envisaged actions towards the development of a secure and prosperous Black Sea area in the immediate vicinity of the European Union. This purpose can best be served by the development of a balanced, mutually beneficial and result-oriented relationship between BSEC and EU institutions based on complementarity, partnership and coordination in those areas where such cooperation is deemed to be desirable and feasible”.
17. In its turn, the EU takes steps towards strengthening the EU-Black Sea dialogue. In its Communication* of 11 April 2007, the European Commission has put forward a concept of Black Sea Synergy as a new regional cooperation initiative of the EU. The document stresses that the primary task of Black Sea Synergy is the development of cooperation within the Black Sea region and also between the region as a whole and the European Union. It also emphasizes that the Black Sea Synergy focuses on the issues and cooperation sectors which reflect common priorities and where EU presence and support is already significant, namely, democracy, respect for human rights and good governance, managing movement and improving security, “frozen” conflicts, energy, transport, environment, maritime policy, fisheries, trade, research and education, science and technology, employment and social affairs and regional development. The Commission is not proposing the creation of new institutions or bureaucratic structures. The Black Sea states remain the EU’s main interlocutors, whether in a bilateral framework or during discussions at the regional level. The bulk of the EC’s contribution will continue to be provided through the established sectoral programmes managed by the Commission. EU-BSEC links will serve primarily for dialogue at the regional level. This might include meetings between senior officials with a view to better coordinate concrete projects. Black Sea Synergy would also take advantage of the useful contacts already existing between the European Parliament and the Parliamentary Assembly of BSEC.

Parliamentary Contribution

18. The parliaments, as political catalysts, have crucial role to play in driving the European integration agenda forward promoting strategies and priorities for interaction with the European Union turning the opportunities into the benefits for the member states and the BSEC region as a whole.

* Communication from the Commission to the Council and the European Parliament Black Sea Synergy - A New Regional Cooperation Initiative (Brussels, 11.04.2007 COM(2007)160 final)

19. As institutions that exercise oversight, policymaking and legislative functions, parliaments assume important task of promoting frameworks for development of comprehensive and sustainable policies and fostering political environment conducive to further development of relations with the EU.
20. In this respect, it is necessary to maintain a space for parliamentary dialogue and enhanced partnership with the respective legislative bodies of foreign countries in order to share experiences and knowledge on different perspectives.
21. National parliaments have to take lead in applying appropriate measures to facilitate necessary legislative changes envisaging approximation and complementation of the national legislation to the EU norms within the framework of the Partnership and Cooperation Agreements and the Action Plans of the European Neighbourhood Policy.
22. It is, therefore, important that the Parliamentary Cooperation Committees, bringing together the members of the national parliaments and the European Parliament, serve as a forum for political dialogue between parliamentarians and exert parliamentary control over the implementation of the Partnership and Cooperation Agreements and serve as a viable forum for debate on questions of mutual concern including regional cooperation, international relations, social and economic reforms, democratisation, energy issues, internal political situation, regional conflicts, rapprochement with Euro-Atlantic structures.
23. As the European Parliament plays significant role in discussing and elaboration of the policies and approaches towards the new neighbourhood areas and countries, it is utmost important to keep active interaction of the Assembly and its member parliaments with the European Parliament.
24. The regular participation in the Assembly meetings by the representatives of the European Parliament under observer status and high level dialogue at the meetings between the PABSEC and the EP officials further develop the interaction and cements more viable contacts between these two parliamentary structures.
25. Parliaments, as institutions representing a variety of constituencies and communities, can effectively safeguard that the priorities agreed at the high political level enjoy support of the public at large.
26. The parliaments and parliamentarians also ensure close cooperation with governmental and non-governmental organizations in implementation of various tasks for boosting regional integration and strengthening stability and prosperity in the BSEC region and broader European space.

II. CONCLUSIONS

27. The legal system of the European Union may serve as a model for countries having differing historical and cultural backgrounds. Approximation with the basic principles and standards of the EU paves the way towards peaceful, secure and prosperous coexistence and responds to common challenges.

28. Cooperation of the six BSEC states with the EU in the framework of the Partnership and Cooperation Agreements secures implementation of the European norms by means of comprehensive domestic political, economic and legal reforms, thus, stimulating sustainable development and improving general policy framework.
29. In addition to the Partnership and Cooperation Agreements, Armenia, Azerbaijan, Georgia, Moldova and Ukraine participate in the new European Neighbourhood Policy introduced by the EU in relation with its neighbours. ENP combines the main EU policy instruments in a more focused way covering with greater intensity a wider range of issues using improved financial and technical assistance mechanism of ENPI. Neighbourhood policy sets clear priorities and objectives in the Action Plans for each participatory state and provides incentives for resolving outstanding issues in bilateral relations.
30. Strategic partnership between Russia and the European Union bears particular importance. The Country Strategy Paper 2007-2010 is based on the premise that the Common Spaces as the defining expression of EU policy towards the Russian Federation, the wider EU Neighbourhood Policy, the EU Security Strategy and EU development objectives, are mutually-reinforcing and that they together form a robust and coherent approach to the EU relationship with Russia.
31. It should be stressed that along with the bilateral mechanisms more active involvement of the European Union in the BSEC region shall reinforce integration of the Black Sea region within the European architecture serving the aims of the EU directed for elimination of possible dividing lines on the European continent. In this respect, it is necessary to stress the growing interest of the EU towards the BSEC region with elaboration of special framework of a regular dialogue.
32. In the context of the current state of affairs regarding the relations between the BSEC its member states and the EU, it is necessary that all dimensions of the BSEC take appropriate steps with relevant institutions of the European Union and concert efforts for enforcing the relations between the BSEC and the EU.
33. Parliaments and governments of the BSEC countries have to spare no effort in order 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 further realisation of common objectives of the Black Sea Economic Cooperation.