

**AN ISN-SPONSORED QUARTERLY ELECTRONIC PERIODICAL
INSTITUTE FOR SECURITY AND INTERNATIONAL STUDIES, SOFIA**

**BLACK SEA REGIONAL PROFILE: THE SECURITY SITUATION AND THE
REGION-BUILDING OPPORTUNITIES**

(July – September 2004)

23

© Institute for Security and International Studies (ISIS), Sofia, 2004

ISSN 1311 – 3259

I. Introduction

Three years after the 11 September 2001 terrorist attacks on the US the danger has not passed. On the contrary, it has assumed universal features. US President George Bush said on 11 September 2004 that his country was safer and stronger because of actions taken by his administration. Indeed, the US has become a 'hard target' for terrorists, while many other countries, including European, have been perceived as 'soft targets' by the terrorist organizations. The US government has been reorganizing in the last three years to adapt to the fight on terrorism, and the 9/11 Commission has suggested more measures in this direction. Some of these recommendations have been acted upon by both the administration and Congress. Russia is taking first steps in a similar direction, and the issue of preserving democratic rights and freedoms while fighting "terrorism" remains an open question. The EU is taking steps to deal with the danger of terrorism, citing the guiding principle of the primacy of national governments in these issues. All states are challenged to preserve the democratic achievements of their respective societies and further develop them while crushing the backbone of terrorism. This is a huge test for the US, Russia and all other countries of the "anti-terrorist" coalition. The 9/11 Commission Report in the US recommended more democratic oversight by the Congress and Senate in the so-called "war on terror". Russian President Vladimir Putin's decision to appoint regional leaders and to change the electoral system by keeping the proportional system and discarding the majority system has also given rise to similar worries concerning the possibility of conducting a global campaign against extremism while preserving the vitality of democracy. The persisting violence in Iraq continues to prevent the post-conflict reconstruction of the country. That is why the intention of the present government of Iraq to hold parliamentary elections in January 2005 will be a first test for the emerging state.

Geopolitical and geo-economic tendencies in the Black Sea-Caspian Sea region provide opportunities for constructive cooperative relationships, but also the risk of tensions. The Russian policy of cooperating more actively with its CIS partners is not in a zero-sum-interaction with the strife of states from the Commonwealth to join the Euro-Atlantic institutions. As US Ambassador to Russia Alexander Vershbow stated recently in

Krasnoyarsk, the Russian Federation, common US-Russian interests such as fighting extremism, restricting the proliferation of weapons of mass destruction, resolving regional conflicts and tackling the HIV epidemic have a high priority for both countries and the broader region of Eurasia.

II. Profile of the Black Sea-Caspian Sea Area

1. Geopolitical, Geo-economic, and Geostrategic Tendencies

1) US-Iran. On 19 July, the US Council of Foreign Relations recommended that the Bush administration open a strategic dialog with Tehran. The recommendation for rapprochement was in contrast to a claim uttered in public by US President George Bush to the effect that Iran was suspected of having ties with al-Qaida terrorists. The co-chairs of the Council's task force that drafted the recommendations were Zbigniew Brzezinski, a former foreign policy adviser to US Presidents Kennedy, Johnson, Nixon, and Carter, and former CIA Director Robert Gates. Engaging in dialog with Iran would have similar importance as the US rapprochement with China started by President Nixon in 1972, and would contribute to the US efforts to stabilize the Middle East and Southwest Asia. The report of the Council also assessed the important role of Iran in assisting or impeding the solution of the conflicts in Afghanistan, Iraq, and between Israelis and Palestinians. The authors of the recommendations made some claims about Iran's alleged nuclear ambitions, its alleged support for "terrorist" groups, its alleged interference with the US occupation in Iraq and Afghanistan, and its violations of human rights. But any effort to overthrow the government in Iran was unlikely to succeed, according to the report, and any use of force against Iran was just a remote possibility. Under these circumstances, Gates said, it would be better to draw Iran into contributing to regional stability. On 19 July, Bush said the US was investigating allegations about links between the Iranian government and al-Qaida, including accusations that Tehran had offered safe passage to the terrorists who carried out the 9/11 attacks on the US, though without alleging a direct connection between Tehran and the attacks. The US continues to have grave concerns about Iran's support of Hizbollah and other militant groups, its alleged pursuit of WMD, and its human rights record. However, Washington is ready to "engage with Iran on specific issues of mutual concern, in an appropriate manner, if and when the

president determines it is in our interest to do so," according to a US official quoted in a State Department press release.¹

2) North-South Corridor. At the end of July, near Astrakhan, Russia completed the last 50-kilometer stretch of a railway connecting the Baltic Sea and Scandinavian countries with Iran, the Persian Gulf, and India – a major component of the North-South Strategic Corridor. The construction of the corridor began in the early 1990s. The project has strategic importance for the Russian Federation. It is intended that corridor will facilitate a large part of the trade between Asia and Europe estimated at nearly US\$2'000 billion per year. In 2000, Russia, Iran, and India signed a cooperation agreement for constructing the corridor. In 2002, Kazakhstan and Belarus joined the agreement. The delivery time for goods transported between Asia and Russia/Europe would be diminished by 15-20 days thanks to the corridor, which may also bring down by 15-20 per cent the price of these goods, which had previously been transported through the Suez Canal. The North-South Corridor is a strong competitor of the East-West strategic corridor (the new 'Silk Road'), but there are also overlapping beneficial opportunities for both corridors.

3) US-Russia. On 9 September, US Ambassador to Russia Alexander Vershbow delivered a speech at a seminar of the Moscow School of Political Studies in Krasnoyarsk. He suggested that the two countries utilize the existing mechanisms of fighting terrorism in a joint manner all over Eurasia. He underlined the joint interest of the two countries to prevent WMD proliferation, to fight drugs trafficking, HIV/AIDS virus, organized crime, and other transnational threats. He told his listeners that the US and Russia shared a set of common interests in Central Asia, mainly in fighting "terrorism". He acknowledged that reaching these goals required getting rid of Cold War stereotypes of perceptions and relationships. Vershbow said also that Russia could make itself stronger by enhancing political freedom and encouraging the development of vibrant local, regional, and national civil societies.

¹ http://www.parstimes.com/news/archive/2004/washfile/iran_foreign_policy.html

2. Terrorism/ Post-Conflict Rehabilitation (PCR) in Iraq and Afghanistan; Other Security Threats

1) Terrorism

a. Russia-NATO Cooperation. (1) On 3-5 August Russia carried out the 'Avaria 2004' anti-terrorism exercise that focused on protecting and defending nuclear weapons truck and rail convoys . Experts from 17 NATO countries and NATO headquarters observed the exercise. This was the first military exercise of that type ever observed by NATO.

The exercise was held at the testing ground near the town of Olenogorsk in the Murmansk region. Divers also demonstrated searching and recovering a container with a nuclear weapon from a submerged vehicle. Russian Defense Minister Sergei Ivanov, who attended the exercises, said that Russia sought to hold an open exercise to show the country's capabilities in ensuring safety at nuclear facilities. About 1'000 troops took part in the 'Avaria 2004' exercise, including 700 servicemen from the Russian Ministry of Defense, from the Petersburg and Moscow military districts, from the air force, from the air defense service, as well as North Fleet naval helicopters and rescue units from the Emergency Management Ministry and the Federal Atomic Energy Agency. (2) The NATO-Russia Council (NRC) adopted a resolution on 7 September in Brussels condemning the terrorist acts in Russia in August and September. These acts displayed the barbaric and bloody nature of the terrorist threat, the resolution said. (3) In the beginning of September, the Supreme Allied Commander, Europe (SACEUR), General James Jones, visited Russia and met with leaders of the country. He shared his view that Africa might soon become the focus of terrorist recruiting. Jones underlined the importance of the NRC counter-terrorist cooperation.

b. US-Kazakhstan. The Chairman of the US Joint Chiefs of Staff, General Richard Myers, visited Kazakhstan on 13 August and praised the country for supporting the US military occupations of Afghanistan and Iraq as well as what he termed the "steadfast support" of Kazakh leader Nursultan Nazarbaev for the Iraqi people. He met in Astana with his counterpart, Major-General Bulat Darbekov. Kazakh military engineers in Iraq have defused more than 2.5 million explosive devices since their deployment in 2003. Myers called this contribution "tremendously valuable".

c. US Ideas for a Comprehensive Strategy Against Terrorism. On 16 August, US Secretary of State Colin Powell said that “by using diplomatic tools, intelligence and law enforcement tools, financial instruments, and when necessary military force, the US is putting forward a comprehensive policy and is bringing to bear every tool of statecraft against the terrorists and their networks,” according to a press statement released by the US State Department.² On 19 August, US National Security Adviser Condoleezza Rice addressed US government efforts to combat Islamic extremism in the broader Middle East and said that victory in the war against terrorism would require an ideological battle. She emphasized to the US Institute of Peace (USIP) the long-term nature of the conflict with terrorists. Her focus on the ‘struggle of ideas’ to defeat Islamic terrorism was in support of the suggestions of the 9/11 National Commission. The conflict with terrorism was a conflict of visions and a conflict of aims, Rice said. She outlined the elements of a strategy designed to bring freedom to the Middle East:

- Support for the fight by Afghanistan and Iraq against terrorists and extremism and the efforts of those countries to form democratic governments;
- Working with NATO and the Group of Eight (G-8) industrialized nations to help the broader Middle East and North Africa create jobs, increase access to capital, improve literacy and education, protect human rights, and make progress toward democracy;
- Carrying out the Middle East Partnership Initiative (MEPI) to link the US with reformers in the Middle East through concrete projects;
- Establishing a US–Middle East free-trade area within a decade;
- Concluding a free-trade agreement with Morocco;
- Doubling funding for the National Endowment for Democracy to focus on “bringing free elections, free markets, free press, free speech, and free labor unions to the Middle East”, and
- Continuing support for Middle East broadcasting by increasing federal funding to US\$40 million, and following through on the creation of the Arabic language Sawa service, the Persian-language Radio Farda service, and a new Middle East television network, al-Hurra.

² <http://usinfo.state.gov/mena/Archive/2004/Aug/17-511931.html>

d. US Counterterrorism Centre. On 27 August, US President Bush signed an executive order that would create a new National Counterterrorism Center. With the president's approval, the CIA director would appoint the director of the new center. The center and its director would report to the CIA director according to the terms of the executive order issued by the White House.

e. Russia (1) On 24 August, two Russian Tu-154 and Tu-134 passenger aircraft exploded over Southern Russia after two Chechen female suicide bombers had detonated explosives on board. The Islambouli Brigades – a small terrorist group linked to al-Qaida – took responsibility for the attacks. 89 people were killed in both explosions. US President George Bush and NATO Secretary-General Jaap de Hoop Scheffer condemned the attacks in the strongest possible terms. The NATO secretarygeneral said that both NATO and the NRC would “remain relentless in their response to the scourge and would continue to strengthen their individual and collective contributions to the international community's fight against terrorism”.³ US officials said that these attacks would strengthen US-Russian partnership in the “war on terror”. The ‘Islambouli Brigades’ warned of new acts of terror on the territory of Russia. (2) On 31 August a car bomb exploded near the “Rizhskaya” metro station in Moscow, killing eight and wounding more than 20. According to the Federal Security Service (FSB), a female suicide bomber, most probably a friend of the two suicide bombers that caused the plane crashes on 24 August, carried out the attack. (3) On 1 September, during the opening ceremony of the new school year in Russia, a group of terrorists, mostly Chechen and masterminded by the Chechen leader Shamil Basaev, seized a school in Beslan, North Ossetia and took more than 1'200 children and adults as hostages. After two days, an unintended explosion in the school during negotiations triggered the storming of the building of the school by armed parents and local militiamen. The end result was 339 dead, tens more missing, and more than 600 injured, while around 200 hostages were able to escape safely. On 3 September, US President George Bush said that the hostage-taking was yet another grim reminder of the lengths to which terrorists would go. The Russian Foreign Ministry and President Vladimir Putin reacted with outrage to the more nuanced reaction of the Dutch EU Presidency to the events in Beslan. On 12 September, US President Bush and his wife

³ <http://www.usembassy.ro/WF/500/04-08-27/eur513.htm>

visited the Russian embassy in Washington, D.C. to honor the victims of Beslan. Bush said the attacks were beyond comprehension and offered American prayers and condolences to the Russian people. He added that the US stood side-by-side with Russia against terrorism. On 13 September, US Secretary of Defense Donald Rumsfeld said in Washington that he had absolutely no doubt that there were ties between Chechen terrorists and al-Qaida. As a consequence of the tragedy in Beslan on 3 September, Russians are beginning to realize the full impact of the war in Chechnya. All partners and friends of Russia should consider this perception very seriously and re-think traditional approaches to the various players in the Chechen conflict. Russia and its allies demand that those Chechens who are still supported and find shelter in the West demonstrate their anti-terrorist convictions. Otherwise, Russian authorities warn, they face legal prosecution. Former Chechen president Aslan Maskhadov, for example, said on 24 September that if he returned to power in Chechnya he would prosecute Shamil Basaev. It would be fair to add that Russian leaders and bureaucrats frequently hide their inadequacies in governance and undemocratic practices behind the pretext of an 'all-out war on terror'. This does not raise the effectiveness of the fight on terrorism, but actually impedes it.

f. US-Georgia-Russia. On 13 September US Deputy Secretary of State Richard Armitage met with Georgian Prime Minister Zhvania in Washington, D.C. and discussed bilateral cooperation in the area of security. Armitage underlined the US commitment to work together with the governments of Georgia and Russia to combat terrorism in the region. As a result of this cooperation the Pankisi Gorge was no longer a haven for terrorists, Armitage claimed.⁴

2) PCR in Iraq

a. Ukraine. Ukrainian Prime Minister Viktor Yanukovich made a two-day visit to Iraq in the beginning of September. Minister of Defense Evgeniy Marchuk and Member of Parliament Georgiy Kryuchkov were part of the delegation. The Ukrainian officials discussed the role of their country's military contingent and its participation in the reconstruction of Iraq as well as bilateral economic relations.

⁴ <http://usinfo.state.gov/is/Archive/2004/Sep/14-125049.html>

b. US. (1) On 13 September, US Defense Secretary Donald Rumsfeld said that there were good prospects for democracy in Iraq, but conceded he did not know how long that goal would take to achieve. (2) On 14 September US Ambassador to the UN John Danforth urged nations to contribute to the future of Iraq by providing financial assistance and troops to guarantee security for the UN in Iraq. While real progress has been made in Iraq, Danforth said, great challenges remain, including getting more UN international staff into the country to help Iraq prepare for and hold national elections by January 2005. On 22 September, US President Bush addressed the UN General Assembly. He cast the US occupation regime as an attempt to help the Iraqi people build democracy, and asked for the support of other countries.

c. UN. On 14 September, the UN Security Council held an open meeting to hear reports from the US, Iraq, and the Special Representative of the UN Secretary General for Iraq, Ashraf Qazi, on events in Iraq over the past three months. All three emphasized the need for more international troops and funds to increase security for UN workers and headquarters in Iraq. UN Secretary-General Kofi Annan has said he will not send a significant number of international staff into the country unless security is provided. To date, the UN has been unable to find nations willing to contribute to a battalion-size force for that effort.

3) PCR of Afghanistan. On 11 August, US Defense Secretary Donald Rumsfeld visited Afghanistan and met with President Hamid Karzai. He also met with representatives of the country's Joint Election Commission. According to the Commission's figures, more than nine million Afghans have registered to vote in the presidential elections scheduled for 9 October. The enemies of the present Afghan government are doing their best to dissuade and intimidate potential voters from registration. The large number of registered voters demonstrates the will of the people to make the democratic electoral system work. 41.6 per cent of the registered voters are women. One could, however, hardly expect a perfect democratic process, Karzai said, since the Afghans were just beginning their exercise in democracy.

4) Nuclear Proliferation.

a. Iran. (1) On 17 August, US State Department sources declared that Iran was "pursuing two separate paths to nuclear weapons, one that would use highly enriched uranium for

nuclear weapons and one that would use plutonium”.⁵ John Bolton, US Under Secretary of State for Arms Control and International Affairs, said that the costly infrastructure to perform all of these activities went beyond any conceivable peaceful nuclear program. The cloud of secrecy and lies to the IAEA inspectors by Iran have added to the suspicion Iran was dead-set on building nuclear weapons. John Bolton said US diplomacy would use any diplomatic tool at its disposal to put pressure on Iran. The US would work through multilateral channels with the UN, the IAEA, and the G-8, as well with Russian, Chinese, British, French, and German counterparts to prevent Iran acquiring nuclear weapons, Bolton said. “Iran’s pursuit of nuclear weapons capability is moving it further and further down the path toward international isolation,” claimed Bolton. He said the US could not “let Iran, a leading sponsor of international terrorism, acquire WMD and means to deliver them to Europe, most of Central Asia, the Middle East or beyond,” according to a State Department press release.⁶ (2) An IAEA report released on 1 September indicated many problems with Iran’s performance, and many questions remained unanswered. According to US Secretary of State Colin Powell, Tehran has a nuclear program that is designed to develop a nuclear weapon. He said on 1 September that the issue had to be dealt with by the UN Security Council, and indicated that a range of political, economic, diplomatic, and other options might be pursued. (3) On 10 September in Geneva, US Under Secretary of State John Bolton said that the US believed that the clandestine Iranian program constituted a “threat to international peace and security” and should be put “at central stage, in the world spotlight, in the UN Security Council”. He held meetings with G-8 and other countries’ representatives on 9 and 10 September. The meetings were an effort to resolve disagreements between the US and Britain, France, and Germany in advance of the IAEA Board of Governors meeting from 13-17 September. The four countries agree that Iran should not acquire nuclear weapons capabilities. The Board of Governors clearly stated to the Iranian authorities on 17 September that they needed to satisfy the IAEA’s requirements once and for all or face the risk of further measures against Iran.

⁵ <http://www.state.gov/t/us/rm/35281.htm>

⁶ Ibid.

b. US-Uzbekistan-Russia. On 13 September, US officials announced that some highly-enriched uranium suitable for building nuclear weapons had been successfully returned from Uzbekistan to Russia. The secret mission was completed on 9 September with the cooperation of Russia, Uzbekistan, and the US. Similar shipments back to Russia have been made from Romania, Bulgaria, and Libya in the context of the US-run Global Threat Reduction Initiative (GTRI).

5) Black Sea Delimitation. On 7 September, Romania decided to bring a case against Ukraine at the UN International Court at the end of September in an effort to solve a long-running dispute over the rights of the two states to exploit one of the Black Sea regions. Bilateral negotiations on the boundaries of the continental shelf and economic zone between the two countries have continued without success for six years. The Romanian Foreign Ministry believes that Ukraine is holding on to a maximum position that has no basis in international law. The disputed area of about 13'000 km² is considered rich in oil and gas. Ukraine arguments are centred on the country's rights in the Black Sea that Kiev says stem from its sovereignty over Snake Island – a small piece of land of about 17 hectares. The dispute also goes back to territorial decisions made at the end of World War II, one of which was about Snake Island. The International Court is expected to solve the issue over the next 2-4 years, and Romania announced it would accept the court's decisions. This issue introduces elements of tension in the bilateral relations.

III. Conflicts and Post-Conflict Developments in the Black Sea Area

1. Chechnya. (1) Early presidential elections were held in Chechnya on 29 August after the killing of President Ahmed Kadyrov in May. The winner of the elections was Alu Alkhanov with 74 per cent of the votes. He faces the hard task of broadening his support among the people of the autonomous republic and to make the political process more pluralistic and to find ways of reaching a comprehensive settlement of the conflict. The new president, who has previously served as the interior minister of the republic, said Wahhabism and Aslan Maskhadov had no future in Chechnya. (2) On 17 September, Bulgarian Foreign Minister and OSCE Chairman-in-Office (CIO) Solomon Passy visited Moscow and met with Russian Foreign Minister Sergei Lavrov. The CIO presented ten

OSCE projects for reconstructing and stabilising the economy and society of Chechnya. The projects do not deal with the direct solution of the military conflict in the autonomous republic.

2. South Ossetia. On 8 July, several dozen Georgian peacekeepers were taken hostage in South Ossetia and displayed on their knees before a large demonstration in the capital city Tskhinvali. This was a huge provocation, organized by the South Ossetian authorities against the territorial integrity of Georgia. The OSCE CIO, Bulgarian Foreign Minister Solomon Passy condemned the detention of Georgian citizens and insisted on their immediate release and stopping the escalation of tensions. US sources in the OSCE reported that on 12 July Russian peacekeeping forces had passively permitted these provocative actions. OSCE encouraged the parties to the conflict to resume their dialog on South Ossetia's future within Georgia and to avoid any further provocative actions. From 25-28 July, the special envoy of the OSCE's CIO, former Bulgarian president Dr. Zhelyu Zhelev, visited South Ossetia and urged the resumption of dialog to achieve settlement of the Georgian-Ossetian conflict. Any future settlement, Zhelev said, should respect the territorial integrity of Georgia and the legitimate interests of all sides. On 6 August, the OSCE decided to send additional observers to South Ossetia as a step towards greater stability and a more rapid resolution of the tensions in the region. The removal of unauthorized checkpoints and paramilitary formations were among urgent measures that the OSCE suggested the South Ossetian authorities should implement. On 20 August, Georgian President Mikhail Saakashvili decided to pull his non-peacekeeping troops from the zone of conflict in South Ossetia.

3. Transdnistria. On 15 July, Transdnistrian authorities closed down several Moldovan Latin-script schools the orphans' shelter in Bendery. On 19 July, Russia called for a halt to future administrative actions by the Transdnistrian leadership. Outside observers do not doubt that Moscow could exert adequate influence on the local leaders and help move the political process forward if it chose to do so. The authorities in Tiraspol have not yet initiated any steps towards engaging in political dialog. Diplomats from the US and the EU began consultations on measures against the Transdnistrian authorities in August. There is a mechanism for five-sided-talks (including Moldova, Transdnistria, Russia, Ukraine, and the OSCE), which is a relevant tool for discussing "hot" issues such as the

so-called “school crisis”, as well as steps toward an overall settlement. In mid-August, Russian and EU representatives visited Moldova with the intention to help solve this issue. On 18 August, however, the Transdnistrian authorities denied entry into the region to the OSCE staff, which was part of the OSCE’s mission to Moldova. This violated a 1993 OSCE agreement with the Transdnistrian leadership that guaranteed the mission uninhibited access. Tiraspol also turned away a delivery of food for an orphanage that uses Latin script. On 26 August, the US and the EU announced visa restrictions on ten more members of the secessionist Transdnistrian regime in Moldova. The ten are among those responsible for an ongoing campaign to close the region’s Moldovan-language schools and for impeding international assistance to a local orphanage. On 8 September, OSCE CIO Solomon Passy decided to send former Bulgarian president Petar Stoyanov as his special envoy to Moldova to help ease tensions over the issue of Moldovan Latin-script schools in the Transdnistrian region. However, Transdnistrian leader Igor Smirnov did not meet with Stoyanov. On 15 September, the Moldovan minister of education was barred from meeting with parents and school officials in the area. There has been no improvement in the “school crisis” in Transdnistria. The US government and EU authorities have strongly condemned the acts of the Transdnistrian leaders.

IV. The National Perspectives: Specific Developments

1. Ukraine. On 26 July, it was announced that the Ukrainian president had issued decrees on 6 and 15 July that introduce corrections in the country’s military doctrine. The final aims of the doctrine, the integration of Ukraine in the EU and NATO, have been cancelled.

2. Georgia. On 18 September, Georgian Minister of Defense Georgiy Baramidze announced in Tbilisi that he was reforming the Interior Ministry troops and placing them under the command of the Ministry of Defense. These troops would be shaped along NATO standards, said Baramidze. He also said that Georgia was reforming its air control and air defense systems. He discussed these questions during his visit to the US on 19-25 September.

V. Bilateral and Multilateral Relations in the Black Sea Region. CIS, GUUAM, and Other Regional Institutions.

1. Bilateral Relations

a. Russia-Georgia. On 10 August, the Russian Defense Minister Sergei Ivanov and his Georgian colleague, Georgiy Baramidze, met in Moscow. They discussed the conflict in Georgia. Both sides said they were interested in preserving the stability of Georgia. Russia declared it would pull out its armed forces from Georgia in the next seven to eight years (instead of 11 as earlier said). Putin is expected to visit Tbilisi this autumn.

b. Russia-Ukraine. In mid-August, the Russian and Ukrainian presidents, Vladimir Putin and Leonid Kuchma agreed in Sochi on the Black Sea to establish joint checkpoints on the borders of the two countries. The two leaders discussed possibilities of getting rid of trade barriers. In the last few years, Ukraine has become Russia's third-largest trade partner. Trade between the two countries has increased by 40 per cent in the first six months of 2004 compared to the last year. The prime ministers of the two countries, Mikhail Fradkov and Viktor Yanukovich, signed two important agreements on cooperation in the natural gas sector and on the Russian oil transit through Ukraine.

c. Russia-Azerbaijan. On 17-19 August, Foreign Minister Elmar Mamediarov of Azerbaijan visited Moscow and met with Russian Foreign Minister Sergei Lavrov. They discussed bilateral relations and cooperation in the fight against terrorism. Caspian Sea issues and the Nagorno-Karabakh conflict were also discussed.

d. Bulgaria-Georgia. On 10-11 September, Foreign Minister Salome Zurbishvili of Georgia visited Bulgaria and met with Bulgarian Foreign Minister Solomon Passy. The visit was part of Bulgaria's efforts to help to resolve the conflict in Georgia, as the country that currently chairs the OSCE. Two weeks earlier, Bulgaria had been appointed as the contact country of NATO with Georgia in Tbilisi.

2. CSTO (Collective Security Treaty Organisation). (1) CST Secretary-General Nikolay Bordyuzha said in the beginning of August that a concept for the peacekeeping activity had been adopted in the context of the CSTO. The preparation of the contingents would take place under the aegis of the UN on the territory of the member countries of the CSTO. (2) In the beginning of August, 2'000 Russian, Kazakh, Kyrgyz, and Tajik soldiers participated in the "Rubezh 2004" exercise. The first stage was on the territory of

Kazakhstan, and the second in Kyrgystan. Counter-terrorist and contingency response operations were trained. The defense ministers of the four countries attended the exercise.

3. CIS. (1) At the end of August, a meeting of the CIS Coordination Committee on Air Defense at the Council of Ministers of Defense of the Commonwealth was convened at the air force bases in Rostov on the Don and Eisk. The focus of the meeting was on strengthening the air sovereignty of the CIS, especially through the development of the air defense system. The air defense commanders of Armenia, Belarus, Uzbekistan, Tajikistan, Kazakhstan, Kyrgystan, Georgia, Ukraine, and Russia participated in the meeting. (2) The Council of Foreign Ministers of the CIS and the CIS Council of the Heads of Government met on 15 September in Astana, Kazakhstan. On 16 September, the CIS state leaders held a closed meeting, followed by a meeting of all leading representatives. The CIS leaders discussed the 2005-07 program for fighting criminality, the upcoming 60th anniversary of their countries' victory in World War II, and the concepts of inter-regional and trans-border cooperation, especially in fighting drugs trafficking and illegal migration.

VI. State of the Black Sea Regional Cooperation and the Role of EU and NATO

1. Economic Aspects of the Black Sea Cooperation: National and Regional Perspectives

a. OPIC – Georgia. The US Overseas Private Investment Corporation (OPIC) on 6 August provided a US\$1 million loan to a company in Georgia so it could expand financial leasing services to small- and medium-sized enterprises (SMEs). Georgian Leasing Company expects to finance leases for equipment in several sectors, including printing and publishing, manufacturing, construction, health care and agriculture. Thus through OPIC's help the Georgian Leasing Company's service provides an important alternative form of financing for Georgian SMEs as bank loans are often difficult and expensive to obtain.

b. Russia. According to the Russian Customs Service, Russian foreign trade reached a volume of US\$109 billion in the first half of this year. This marks 24.6 per cent increase compared to the same period of last year. The balance was positive – US\$42.8 billion.

2. Political and Security Aspects of the Black Sea Regional Cooperation and EU and PfP/NATO Activities

a. NATO-Georgia. (1) Bulgaria became NATO's contact state with Georgia. Bulgarian Foreign Minister Solomon Passy said on 19 August that this had been decided by the North Atlantic Council (NAC). The Bulgarian diplomatic mission in Tbilisi will play the role of a 'NATO-contact embassy' in the Georgian capital. This function of the Bulgarian Embassy started on 1 September and would last till 31 August 2006. The Bulgarian mission will organise the visit of the NATO Secretary-General to Georgia. (2) On 15 September, NATO appointed Robert Simmons, a US State Department Foreign Service official, to the position of the NATO Secretary-General's Special Representative for the Caucasus and Central Asia. He would be responsible for establishing high-level working contacts with regional leaders and for advising NATO's PfP members on ways to enhance cooperation with NATO. Simmons will also continue in his current position as NATO Deputy Assistant Secretary General for political affairs and security policy.

b. NATO-Russia. On 7 September, the NRC issued a statement that strongly condemned the recent outrageous terrorist attacks in the Russian Federation, including the brutal hostage-taking and mass murder at a school in Beslan in North Ossetia. The attacks were assessed as a direct challenge to the common security and shared democratic values as well as to basic human rights and values. The NRC rejected categorically all forms of terrorism and said terrorists had to be brought to justice. The NRC called for unity of action by the international community in addressing the terrorist threat.

c. NATO-Azerbaijan. On 13 September, the Supreme Allied Commander, Europe (SACEUR) cancelled a PfP military exercise in Azerbaijan planned for 14-26 September, as the Azeri embassy in Georgia had refused to issue visas for the Armenian military participants in the exercise.

VII. Other External Factors: States and Institutions Influencing the Black Sea Region: US

1. US-Georgia. On 5 August, Georgian President Mikhail Saakashvili visited Washington, D.C., and met US Secretary of State Colin Powell. They discussed the tense situation in Georgia and ways to promote dialog. Powell said he was in close contact with

Russian colleagues too. Saakashvili confirmed his will to democratize the region and to maintain a dialog with Russia.

2. US-Azerbaijan. On 13 August, US Secretary of Defense Donald Rumsfeld visited Baku and met with Azeri leaders. He held talks with Azeri Defense Minister Lieutenant-General Safer Abiev. His meeting with President Ilham Aliiev focused on bilateral defense cooperation, including on countering perceived threats in the Caspian Sea region such as drugs trafficking, terrorist transit, and the proliferation of WMD. Rumsfeld said that the citizens of the US greatly appreciated the steadfast support of Azerbaijan in the “global war on terror”. The US administration was looking forward to strengthen bilateral military cooperation in the period ahead, said Rumsfeld. The Azeri defense minister said the occupation forces his country had sent to Iraq had a mandate to fulfil, and that they would continue to carry out their tasks.

3. US-Russia. (1) On 13-14 August, US Secretary of Defense Donald Rumsfeld visited the Russian Federation and met with his counterpart Sergei Ivanov. He called bilateral relations more cooperative, open, and predictable than in previous times. He told reporters in St Petersburg that the security interests of the two countries had converged in many important respects. One such converging interest was the possible nexus between terrorism and the proliferation of increasingly more powerful weapons. Rumsfeld predicted that bilateral security cooperation would broaden and deepen over the coming years, and said that this was the goal of the US. The two sides discussed joint naval exercises, the issues of Georgia and Iraq, and cooperation in counter-terrorism and non-proliferation. Rumsfeld explained to his Russian counterpart the US plans of re-configuring its global military posture. (2) A workshop sponsored by the governments of the US and the Russian Federation was convened in Moscow from 31 August–2 September in response to the rapid increase of AIDS/HIV cases in Eurasia detected by international monitors. The Ministries of Defense of the two countries work together to promote HIV prevention, diagnosis, and treatment in military populations. At the workshop, officials of the two countries communicated best practices in HIV/AIDS prevention, diagnosis, and treatment among the militaries of Russia and a number of invited European and Central Asian countries. The US Department of Defense HIV/AIDS Programme has been working with non-US militaries for the past four years

and has established partnerships with some 35 countries to stop the spread of the virus. (3) US and Russian officials met on 22 September in Moscow and discussed ways to improve the work of the bilateral commission on prisoners of war/missing in action (POWs/MIAs), which was established in 1992 to clarify the fates of US and Russian servicemembers missing from all conflicts since the beginning of World War II. The US co-chairman of the commission, Deputy Assistant Secretary of Defense Jerry Jennings, spent three days in the Russian capital. He spoke with officials from the Russian Security Council, the Russian State Duma, the Ministry of Foreign Affairs, the Committee of Warrior Internationalists, and the “Combat Brotherhood” veterans’ organization. Russian government officials assured the US side that they would continue to support the work of the commission.

VIII. Conclusions

The search for more effective approaches to fight terrorism in the Black Sea-Caspian Sea area, which is adjacent to the broader Middle East geopolitical region, continued without abandoning previous policies linked to the promotion of the East-West and the North-South strategic corridors. The growing influence of the US and NATO in the Black Sea-Caspian Sea area matched Russia’s efforts to stimulate the integration processes in the CIS. Various local and external actors in the region are slow to perceive their own vital interest in stabilizing Iraq and Afghanistan as democratic states and societies – to the detriment of the people of these two countries. The persisting conflicts in the Northern and Southern Caucasus continue to narrow the opportunities of improving the counter-terrorism potential of the area and of its region-building. In the making is a new US-Russian relationship that could offer better chances for the future of the region. There is also a risk that if this relationship does not assume stronger cooperative features, the whole Black Sea-Caspian Sea area would continue to muddle through in its efforts towards becoming a prosperous global region.

EDITORIAL STAFF:

Dr. Plamen Pantev, *Editor-in-Chief*
 Dr. Tatiana Houbenova-Delissivkova

CONTACT AND REFERENCES:

ISSN 1311 – 3259
 Address: ISIS, 1618 Sofia

Mr. Valeri Ratchev, M. A.
Mr. Ivan Tsvetkov, M. A.
Dr. Todor Tagarev

P. O. Box 231, Bulgaria
Phone/Fax: ++(359-2-) 8551 828
E-Mail Address: isis@mgu.bg
