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

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## **I. Introduction**

A broad variety of factors influenced the security situation and regional developments in the Black Sea-Caspian Sea area in the period September-December 2004.

Geopolitical, geo-strategic, and geo-economic moves, the national developments in great powers, regional and national changes – all these factors have had a specific impact on the evolving situation in the pivotal Black Sea-Caspian Sea region. The inconclusive state of the structure of the post-Cold War system of international relations, the moves by the different centers of power to gain a more favorable position in dealing with contingencies – all these factors have decisively shaped the security situation in the area comprising the Black Sea, the Southern Caucasus, and the Caspian Sea.

The developments in great power relations have not produced changes in the status of the present centers of power. The predominant role of the US in the military-political sphere remained unchanged. Tactical steps towards achieving multi-polarity are still far from effective. The powers contending for a multi-polar international system have not yet demonstrated that they can deal effectively, either alone or in concert, with global challenges. This continues to be the only valid criterion of a superpower. The Ukrainian election crisis was a major test for the ability of the local political actors as well as major influential powers such as the EU, Russia, and the US to act jointly, together with other neighboring countries and Euro-Atlantic organizations (NATO, OSCE), to prevent violence.

Both NATO and EU continued their traditional policy of involving the Southern Caucasus, Ukraine, and Russia in cooperative efforts for stabilizing security. The perceived threats of terrorism, of proliferation of WMD, as well as instability caused by the US invasions of Iraq and Afghanistan, remained at the focus of international attention. The developments in Iraq and Afghanistan will continue to have an impact on the adjacent Black Sea-Caspian Sea geopolitical region. Preventing a crisis in connection with Iran's alleged military nuclear program will be a priority in the coming weeks and months.

There was no change in Black Sea and Caspian Sea issues. The ongoing construction of the North-South Strategic Corridor is not yet matched by an equal dynamism in the construction of the East-West Strategic Corridor. However, the expansion of the EU's borders to the Black Sea shores of Romania, Bulgaria, and later Turkey, would inevitably generate more attention for the construction of the Transport Corridor

Europe Caucasus Asia (TRACECA), an East-West trade, economic, energy, and transport axis. Ukraine, another coastal country, and Georgia have promised to support the 'New Silk Highway' project. The huge issue of bigger geopolitical proportions, however dependent on global factors, would be the compromise between the two strategic corridors. It is unclear how the participating countries in the two projects will divide the 'pie of interests' at the crossroads of the corridors – this explains why all major national and international players strive for a better bargaining position. As already mentioned, the “war against terrorism”, local conflicts, post-conflict reconstruction, and the pending Iranian issue have the potential to destabilize the area, if allowed to escalate. At the end of 2004, Russia re-drafted its national security concept, and the second Bush Administration was also redrawing its policies. The EU may soon extend to the Black Sea with all that that entails.

## **II. Profile Background of the Black Sea-Caspian Sea Area**

### **1. Geopolitical, Geo-economic, and Geo-strategic Tendencies**

**1) US-Japan.** On 25 October, US Secretary of State Colin Powell made a short visit to Japan. He praised the new, increasingly important role of Tokyo on the international stage, as examples of which he cited Japan's “provision of fuel to anti-terrorism forces in the Indian Ocean”, its participation in the occupation forces in Iraq and in the Proliferation Security Initiative, and its role in hosting conferences to obtain and organize financial assistance for Iraq and Afghanistan.

**2) US Presidential Elections.** After the re-election of US President George Bush on 2 November, Secretary of State Colin Powell outlined US foreign policy priorities on 8 November. They were the so-called “global war on terrorism”, strengthening alliances, and resolving regional conflicts, including in the Middle East. After presidential elections in Afghanistan have been held, with varying success for the democratic reforms in this country, the 30 January 2005 elections in Iraq are a major priority for the US. Powell also designated the following as key goals of US foreign policy: Enhancing relations with India and Pakistan, and keeping and further strengthening relationships with European friends and allies.

**3) US-Russia.** The relations between the two leading nuclear powers marked contradictory tendencies in the last three months. Putin openly supported the

campaign for re-election of the US President Bush. The good relations of the two leaders are not yet matched, however, by longer-term strategic relationships, mechanisms, and institutions. The economic and trade relations between the two states are rather modest. The upcoming months will likely be decisive for the bilateral relationship. Bush and Putin met on 21-23 November for the first time since the US elections at the Asiatic-Pacific Economic Cooperation Forum in Chile. Different approaches to understanding and interpreting democracy and democratic reforms remain. In the beginning of December, the Russian president attacked US foreign policy in connection with the Ukrainian election crisis, describing it as ‘dictatorial and enveloped in nice democratic phraseology’. Similar mutual accusations were exchanged by the two countries’ foreign ministers on 6 December at the OSCE Annual Meeting in Sofia. On 6 December, however, Bush wrote a memorandum for the secretary of state that waived the restrictions on assistance to Russia under the Cooperative Support Act during the fiscal year 2005 as important to the national security interests of the US.

**4) China-Russia.** Russian President Vladimir Putin visited China from 14-16 October and met with President Hu Jintao. They completed the agreements on regulating border issues and agreed to intensify political, trade, economic and humanitarian ties. (2) In mid-December, Russian Defense Minister Sergei Ivanov visited China and met with the Chinese president and the chairman of the Central Military Council, Hu Jintao, and with Chinese Defense Minister Cao Gangchuan. The two sides agreed on deliveries of Russian armaments and on holding joint military exercises in China next year.

**5) Russia.** (1) In the beginning of November, the Russian Space and Rocket Forces carried out a joint exercise. Land-based and submarine-based intercontinental ballistic missiles were successfully tested. (2) In the beginning of December, Russia decided to arm some of its heavy bombers with long-range cruise missiles. Thus Russia broke the US monopoly on these weapon systems.

**6) North-South Strategic Corridor.** (1) Russian Transport Minister Igor Levitin visited Georgia, Armenia, and Azerbaijan and met with governmental officials there from 1-3 November. He proposed a project of creating a joint entity of the three countries’ railways to operate the South Caucasus Railroad. The damaged railroad has been neglected in the last decade, but is now gaining importance in the context of the North-South Transport corridor and the land bridge to Iran. (2) An agreement between

Iran, Afghanistan, and Uzbekistan on the construction of the North-South Transport corridor was concluded on 22 November in Tehran. It might become the shortest and most economic way for delivery of goods from Central Asia to the world markets. Iran is ready to invest US\$2 billion in the project. (3) Russian President Vladimir Putin visited India from 3-5 December. On 2 December, the defense ministers of the two countries signed a military pact. Aware of Indo-Pakistani rivalries, Russia is successfully selling weaponry to India. Russia has also developed joint projects with New Delhi in the fields of energy, metallurgy, civil aviation, high technology, and space research. India is the southern-most destination of the North-South strategic corridor.

**7) NATO-Out-of-Area Activity.** (1) On 11 November NATO Secretary-General Jaap de Hoop Scheffer said in a speech to the UN Security Council that NATO and the UN had found an increasing scope of cooperation, especially in peace operations. Under a UN Security Council Mandate, NATO is in charge of the 10'000-strong ISAF force in Afghanistan, and in October supported the provision of security for the presidential elections. In Iraq, NATO provides assistance in training and equipping the Iraqi security forces. (2) On 9 December, NATO foreign ministers met in Brussels and underlined NATO's commitment to peace, stability, and democracy in Afghanistan and to expanding training assistance for Iraq. The ministers strongly condemned terrorism and said they would fight it together as long as necessary.

**8) US-India.** On 8-9 December, US Secretary of Defense Donald Rumsfeld visited India and met with his Indian counterpart Pranab Mukherjee. They discussed ways of improving bilateral military relations, including the purchase of modern US 'Patriot' anti-aircraft missiles and US assistance to Indian submarines in case of disaster. India is also trying to modernize its armed forces and armaments with Russian and Israeli help.

**9) Japan.** In the beginning of December, the cabinet of Japanese Prime Minister Junichiro Koizumi decided to review the country's defense policy, based on a new assessment of the threats to national security and the country's new capabilities. The defense review will affect long-term military planning and procurement as well as arms exports. The country's participation in international peace support operations and in the occupation of Iraq has opened the way to a new approach to security and defense issues in Japan. The advance of China as a nuclear power in the region and threats from North Korea have significantly motivated the new Japanese approach.

## **2. Violence and PCR (Post-Conflict Rehabilitation) in Iraq, Afghanistan, Other Security Threats and Sources of Conflict in the Black Sea-Caspian Sea Region**

### **1) Terrorism**

**a. US-China Cooperation.** On 1 October, US sources announced a US-Chinese agreement to continue their cooperation in countering terrorist financing and money laundering. The Financial Action Task Force (FATF) of the two countries will continue to be the appropriate forum of discussing these issues.

**b. Russia.** (1) On 1 October, Russian officials arrested eleven suspected members of the banned Islamic group Hizb-ut-Tahrir, accused by Uzbekistan of inspiring terrorist attacks in the country. Russian authorities have accused Hizb-ut-Tahrir of trying to recruit militants in Russia's Muslim regions to fight federal troops in Chechnya. The group seeks to establish an Islamic Caliphate in Central Asia by toppling the Uzbek government through non-violent means. (2) On 7 October, Russia proposed a draft resolution to the UN Security Council, together with Spain and Great Britain, on strengthening the role of the Counter-Terrorist Committee. (3) The Eurasian Group (EAS), an organization for fighting money laundering and financing terrorism, was established in Moscow on 6 October. (4) In the first days of October, the chief of the Russian Federal Security Service (FSB), Nikolai Patrushev, said that al-Qaida operatives were acting on Russian territory. He claimed the FSB had information that in the Northern Caucasus alone, 10 such operatives were active. According to Russian opinion polls, about 45 per cent of the Russians were highly concerned about the threat of terrorism. On 12 October, Putin appointed Anatoliy Safonov – a former KGB and FSB officer and deputy minister of foreign affairs – as his Special Representative and Envoy on terrorism and trans-national crime. The government decided to allocate US\$103 million for counter-terrorism. On 16 October, Russian Defense Minister Sergey Ivanov told Arab media that his country would strike against terrorists around the world without consultations. Such strikes could be preventive and pre-emptive, conventional and nuclear, Ivanov claimed. (5) On 17 December, the Russian Duma adopted the Law Against Terrorism. Certain civil rights and liberties can be suspended under the new legislation if a terrorist threat is perceived. According to this law, a state of emergency could be imposed for up to 60 days. The hostage crisis in Beslan, North Ossetia from 1-3 September triggered the adoption of the law. About 330 people were killed, half of them children.

**c) NATO-Russia Council (NRC).** Participants at the NATO-Russia Defense Meeting held on 14 October in Poiana Brasov, Romania reiterated their countries' commitment to combating terrorism together. They agreed to accelerate efforts to ensure the interoperability of NATO and Russian forces. NATO Secretary-General, Jaap de Hoop Scheffer said that he would appreciate Russian support for NATO's counter-terrorist operation 'Allied Endeavor' in the Mediterranean. The NRC concluded an agreement on Russia's support for this NATO operation in the Mediterranean on 9 December in Brussels. This would be the first Russian contribution to a formal NATO collective defense operation being carried under Article 5 of the Washington Treaty. Under operation 'Allied Endeavor', NATO ships patrol the Mediterranean, monitoring shipping to detect and deter terrorist activity as part of NATO's response to the attacks in New York and Washington on 11 September 2001.

## **2) PCR in Iraq**

**a. Iraq-IAEA.** On 12 October, Iraqi officials invited the IAEA to investigate the theft of nuclear-related materials and equipment from Iraqi military depots under supervision of the US occupation authority (see in more detail: ISN Security Watch of 13 October 2004<sup>1</sup>). The danger of such materials falling in the hands of terrorists requires strong international cooperation and the UN Agency needs to build working relations with the new Iraqi authorities.

**b. Ukrainian Troops in Iraq.** On 15 November in Kiev, Iraqi defense officials signed an agreement for cooperation on military-technical and education issues as well as on mutual consultations with Ukrainian defense officials. About 1'575 Ukrainian troops have been deployed to Iraq since August 2003. Three of them have been killed and 20 wounded. The earlier pledge that they would stay "as long as necessary" could be revoked after the presidential elections. Presidential candidate Viktor Yushchenko has promised to withdraw them if elected.

**c. Georgian Troops in Iraq.** On 4 November, Georgia decided to deploy additional troops to Iraq to provide security for the UN presence there. Georgia will increase the total number of its troops from 159 to 850.

**d. Iraqi Elections.** On 6 December, interim Iraqi president Sheikh Ghazi al-Yawar said during a visit to Washington, D. C. that the Iraqis were united in their sense of

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<sup>1</sup> ISN Security Watch, "Iraqi official says IAEA welcome to return" (13 October 2004), at: <http://www.isn.ethz.ch/news/sw/details.cfm?ID=9928>, and "Tons of explosives have vanished from Iraq" (25 October 2004), at: <http://www.isn.ethz.ch/news/sw/details.cfm?ID=10013>

common Iraqi identity and in their determination to exercise their right to choose their leaders through democratic elections.<sup>2</sup> Al-Yawar rejected the idea that Iraqis were divided along ethnic and sectarian lines. He said the Iraqi people were anxious to cast their ballots in the 30 January 2005 elections for a National Assembly after being deprived of that right for 45 years. Al-Yawar confirmed that the security situation was a concern. "Yes, it's tough. Yes, it's terrible now," he said. According to him, Iraq's religious leaders did not pose any threat to the electoral process.

**e. Japanese Troops in Iraq.** In the beginning of December, the Japanese government under Prime Minister Junichiro Koizumi decided to extend the deployment of the 600-strong Japanese contingent in Iraq for one more year until mid-December 2005 due to the deterioration of security in the country. The Japanese troops are engaged in humanitarian efforts as part of the US-led occupation forces.

**f. Iraqi Neighbors.** The internal developments in Iraq, including the general elections coming up in January 2005, are strongly influenced by the regional situation and the policies of the country's neighbors. On 15 December, US President George Bush warned Iraq's neighbors Syria and Iran not to meddle in that country's internal affairs and called on them to help Iraqi authorities stop the flow of people and money across its borders. Similar accusations have often been heard from high-level Iraqi officials. Syrian and Iranian officials immediately rejected the US charges as groundless and accused the US-installed interim Iraqi leadership of being mere mouthpieces for their "US masters".

**g. The US Military Presence in Iraq.** On 16 December, US Army General George Casey, commander of the multinational occupation forces in Iraq, told the media that the plan to help Iraq make a transition to a constitutionally elected government by the end of 2005 was on track. The process of reaching that goal would not be free from violence, and the coalition forces would continue to meet obstacles, the general said. However, the insurgents did not offer "any alternative vision for Iraq other than intimidation and subjugation", he said. At the same time, he claimed, the Iraqi security forces' effectiveness was growing and the achievement of the US strategic goal by the end of the next year was realistic.

### **3) PCR in Afghanistan**

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<sup>2</sup> US State Dept press release, at: <http://www.usembassy.org.uk/iraq123.html>

**a. NATO-Russia Council (NRC) on Afghanistan.** On 28 October, the national experts of the NRC countries met in Brussels to explore possible cooperation in the framework of the NRC against the threat posed by narcotics trafficking from Afghanistan. The UN Office of Drugs and Crime was also represented at the seminar. The threat constitutes a problem for the stability in the broader Euro-Atlantic area, for the region and for Afghanistan itself. The Afghan government is implementing a National Drug Control Strategy aiming to stop the cultivation of poppies and the production and transit of narcotics. International efforts are underway in support of those efforts. The US, for example, expects to spend approximately US\$780 million over 2005 in order to buttress the Afghans' counter-terrorist efforts in five key areas – information, judicial system, alternative cultivation, interdiction of opium production, and crop eradication. The US Drug Enforcement Administration (DEA) will be helping in dealing with some of these issues.<sup>3</sup>

**b. UN Support for Afghanistan.** On 9 November UN Under Secretary-General Jean-Marie Guehenno told the UN Security Council that there was a danger, after the election of President Hamid Karzai in Afghanistan on 9 October (he was sworn in on 7 December), that the international community could be tempted to diminish its attention on Afghanistan. Such a temptation should be resisted, the UN Under Secretary-General continued, in light of the upcoming parliamentary and local elections in Afghanistan by 20 May 2005. Afghans still need the full backing by the international community on economic, financial, political, and military issues. The issues that need to be resolved are: district boundaries' official delineation; assigning parliamentary seats according to agreed population figures; preparing updated lists for each polling station; developing a complaints mechanism at the local level, and carefully examining the qualifications of the political candidates prior to their registration. Preserving security during the election campaign remains a challenging task.

#### **4) Other Security Threats**

**a. Nuclear Proliferation and Iran's Nuclear Program.** In the last three months, the Iranian nuclear issue has remained open to contending opinions and criticism. On 22 October, US Deputy Secretary of State Richard Armitage expressed his doubts that European negotiators would be able to persuade Iran to abandon its nuclear ambitions,

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<sup>3</sup> <http://www.state.gov/g/inl/rls/prsrl/spbr/38352.htm>

although the Bush administration was willing to let the Europeans try this option. On 14 November, Iran informed the IAEA that it would fully suspend uranium enrichment and related activities during the course of negotiations with the EU representatives on nuclear, economic and security cooperation. The IAEA decided to delay a report on Iran's nuclear activities while negotiations were going on. This agreement of 14 November could prevent the issue from being brought to the attention of the UN Security Council. On 17 November, US Secretary of State Colin Powell said the US regarded "with caution" information from a dissident group about Iran's alleged conventional weapons delivery systems, as Iran had been trying to hide "things" from the international community for 20 years. Powell said the verification system still had to confirm that Iran was abiding by its commitments to EU negotiators, which it had violated in similar circumstances in the autumn of 2003. The IAEA faced a situation in which it had to confirm Iran had suspended uranium enrichment. According to media reports of 25 November, Tehran has refused IAEA inspectors the right to seal more than 20 centrifuges to prevent them from being used. On 28 November, however, Iran agreed after talks with EU representatives to suspend its nuclear programs fully. This deal included the participation of IAEA experts. However, Iran's suspension was a one-sided non-binding act. The US expressed its reservations to the IAEA's Resolution of 29 November regarding Iran's nuclear program, which the US said posed many unanswered questions concerning Tehran's NPT behavior. On 14 December, the US blocked Iran's bid for membership in the WTO.

**b. Pollution of the Black Sea.** Bulgaria has taken various measures in the last years to limit the pollution of the Black Sea. Though the main sources of pollution continue to be the Danube, Dniestr, Dniepr, Don, and But Rivers, the country has largely improved its cleaning facilities and monitoring activities. At the end of October, the Bulgarian Ministry of the Environment applied for an US\$8 million grant from the Global Ecological Fund to diminish the pollution of the Danube and of the Black Sea.

**5) The Delimitation of the Caspian Sea.** A regular meeting of the special representatives of the five coastal states on Caspian Sea delimitation was convened in Moscow at the beginning of November. They reached an agreement on environmental issues, shipping activity and others. However, significant differences remained between Iran and Azerbaijan, and between Iran and Turkmenistan. Russian-Kazakh and Russian-Azerbaijani relations on the Caspian Sea delimitation issue are fully

regulated. Bilateral negotiations would continue to be a major vehicle for the solution of the multilateral problem.

**6) Oil and Gas Issues.** In the beginning of October, US company ConocoPhillips made a successful bid for 7.59 per cent of shares in the Russian oil giant Lukoil, worth US\$1.988 billion. This Russian oil company has been carefully toeing the line vis-à-vis the Kremlin, and as a result has not experienced the same problems as another Russian giant, Yukos, whose owner was expropriated by the Russian authorities in a legally questionable move. Lukoil, on the other hand, has succeeded in portraying itself as a less risky investment opportunity. ConocoPhillips has been negotiating for two years to obtain a strategic partnership with the Russian oil company. Both companies have the support of their countries' respective presidents, Bush and Putin. Lukoil owns 1.5 per cent of the world's oil reserves and was responsible for 2 per cent of global oil production in 2003. The two companies have agreed on joint projects in Iraq, where ConocoPhillips already has certain positions.

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

**1. Chechnya.** On 5 October, Alu Alkhanov was sworn into office as Chechen president. He is the second person to be elected president of the republic since it came under Russian occupation. The first, Ahmad Kadyrov, was assassinated in May this year. Most Chechens consider Aslan Maskhadov, whose democratic election was not recognized by Russia, to be the truly legitimate president of the republic. The political priorities of the new president can be briefly summarized as follows – fighting Chechen separatists together with the Russian security forces; no talks with the separatists, and cooperation with regional and federal authorities.

**2. South Ossetia.** A positive note was heard on 5 November in the 14-year old conflict over South Ossetia, a separatist region of Georgia. Georgian Prime Minister Zurab Zhvania and South Ossetian leader Eduard Kokojev agreed in Sochi to remove their armed forces from the zone of conflict by 20 November. The OSCE and the Russian Federation have been facilitating the conclusion of such an agreement.

### **IV. The National Perspectives: Specific Developments**

**1. Russia.** (1) On 4 November, Russian President Putin ratified the Kyoto Protocol. Thus, the UN Treaty on Global Climate made a very important step forward towards entering into force at the beginning of 2005. (2) In the last three months, Russia has

continued the modernization of its strategic nuclear forces, which was begun in 2001. Putin disclosed the introduction of new mobile and advanced versions of the 'Topol M' Intercontinental Ballistic Missile (ICBM). According to the president, the new missile design was unlike that of any other country and unlikely to be matched by others. Despite many deficiencies in the defense sector, Russia is investing a lot of efforts in preserving its approximate nuclear weapons parity with the US.

**2. Ukraine.** On 21 November, Ukrainians cast their ballots for a new president to replace Leonid Kuchma, who has served two terms in office. The contenders were two former and present prime ministers of Ukraine, Viktor Yushchenko and Viktor Yanukovich. Kuchma (and Russian President Putin) openly supported the candidature of Yanukovich. The exclusively foreign and international observers registered more than 12'000 violations in the election process. Yushchenko claimed that more than 3 million votes had been "stolen" from him by the authorities in favor of his opponent. A non-violent revolution, which was however carried out with great enthusiasm by the supporters of Yushchenko, began in Ukraine on 22 November. It was also dubbed the "Orange Revolution" by Yushchenko's campaign strategists. Even before the votes had been counted, Russian President Putin congratulated Viktor Yanukovich for what Putin officially announced had been a 'close victory'. US Senator Richard Lugar, Chairman of the US Senate Foreign Relations Committee, said on 22 November that the presidential run-off election of 21 November had been unfair. Tensions escalated as demonstrators protested against the official election results, and as prime minister and presidential candidate Yanukovich threatened that Ukraine might be divided into a western and an eastern part. The intervention of leading representatives from the EU, Russia, the US, OSCE, NATO, and neighboring Poland contributed to a non-violent continuation of the crisis. President Kuchma was restricted in his support for Yanukovich by the Ukrainian Parliament's decision to dismiss the latter as prime minister, and by the Supreme Court, which annulled the election results due to violations of the law. A political decision was negotiated to repeat the run-off elections on 26 December. On this date, the Ukrainians elected Yushchenko president with 52 per cent of the votes against 43 per cent for Yanukovich. More than 12,000 observers from 31 countries and 43 international organizations monitored the elections. It was not clear yet whether Ukraine under Yushchenko would continue to maintain close relations with Russia, or whether it would embark on an integration course aiming at EU and NATO membership; or

whether a compromise would be reached between Russia and a cautious US that preferred stability in its relations with Moscow, including nuclear stability, to having Ukraine as an ally. Russia, which has pursued “realpolitik” for lack of other options in recent years, is slowly exhausting the power of the broad network of relationships that it has dominated so clearly in the past.

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

### **1. Bilateral Relations**

**a. Armenia, Azerbaijan – Bulgaria.** Bulgarian President Georgy Parvanov visited Armenia and Azerbaijan from 5-9 October. He met with President Robert Kocharian of Armenia and President Ilham Aliiev of Azerbaijan. The purpose of the visits was to stimulate the bilateral relations between the countries in the Black Sea-Caspian Sea region in the economic, political, and cultural fields.

**b. Moldova-Bulgaria.** On 18-20 November, the speaker of the Bulgarian parliament, Ognyan Gerdzhikov, visited Moldova. He met with his counterpart Eugenia Ostapchuk, with members of the Moldovan parliament, and with Bulgarian nationals. Earlier, on 1 October, Bulgarian President Georgy Parvanov, together with Moldova’s President Vladimir Voronin, had opened a Bulgarian university in the city of Taraklia.

### **2. Multilateral Relations**

**a. Black Sea Countries’ Cooperation in Genetic Protection.** On 15 November genetics scientists from Bulgaria, Romania, Russia, Turkey, and Ukraine established a Black Sea Biotechnology Association. Its headquarters will be in Sofia. The five Black Sea countries plan to establish a network of research groups and laboratories that would coordinate their activities in overseeing the quality and safety of genetically created foods. Another task of the Association would be to analyse the factors that influence economic bio-terrorism. The Association would be part of the EU guided network dealing with the same issues.

**b. CAC (Central Asian Cooperation).** On 17-18 October in Dushanbe was convened a meeting of CAC. It included the member states of Kazakhstan, Kyrgystan, Tajikistan and Uzbekistan. President Vladimir Putin of Russia participated in the meeting and his country was officially admitted to the multilateral forum. The participating countries decided to join forces in the fight with terrorism and religious extremism as a priority task of CAC.

**3. CIS.** On 24 November Georgian Defense Minister Georgy Baramidze openly called the CIS ‘a history of yesterday’. The future of Georgia, according to him, was linked with NATO.

## **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 – Azerbaijan.** On 19 October, the US Overseas Private Investment Cooperation (OPIC) decided to provide a US\$1.2 million loan to help establish a new manufacturing facility for oil field equipment in Azerbaijan. “Baku Oil Tools will make perforating charges at the facility as part of a joint venture with the State Oil Company of Azerbaijan Republic [...]. Perforating charges are explosive devices used to unblock or rehabilitate existing wells,” according to a US State Department summary of an OPIC press release.<sup>4</sup>

**b. US – Armenia.** On 8 October, the US Senate passed a bill that would make normal trade relations (NTR) or most-favored nation status, permanent for Armenia. Until then, Armenia had had temporary NTR status, which had to be re-approved every year by the US president.

**c. IMF –Armenia.** On 1 December the IMF announced it had approved a US\$13.7 million disbursement to Armenia. This happened after the IMF completed the sixth and final review of the country’s economic performance under a 3-year Poverty Reduction and Growth Facility arrangement.

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

**a. NATO – South Caucasus.** NATO Secretary-General Jaap de Hoop Scheffer visited Georgia, Azerbaijan, and Armenia from 3-5 November. He met with the state and defense leaders of the three South Caucasian countries. The visit is a result of the decision, made at the NATO Istanbul summit this year, to shift attention to the region and help the three countries establish deeper partnership relations. De Hoop Scheffer mentioned the possibility of Georgia’s NATO membership for the first time. For NATO, the preferred way of tackling the pending issues between Georgia and Russia would be a bilateral dialog between Tbilisi and Moscow. Azerbaijan is lagging behind

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<sup>4</sup> US State Department press release: <http://usinfo.state.gov/eur/Archive/2004/Oct/21-75145.html>

Georgia in shaping its Individual Partnership Plan (IPP) under NATO's PfP program. Recently NATO cancelled a PfP exercise in Azerbaijan after Baku failed to allow Armenian participation. Armenia has only recently decided to start drafting an IPP with NATO. One can hardly expect Azerbaijan and Armenia to make decisive progress towards closer cooperation with NATO without moving in a constructive direction over the Nagorno-Karabakh impasse.

**b. NATO – Russia.** On 15 November, the chief of the Russian general staff, Yuri Baluyevsky, visited NATO's headquarters in Mons, Belgium and met with SACEUR General James Jones. They discussed interoperability, plans for joint military exercises in 2005, and combating extremism.

## **VII. Conclusions**

National developments in Ukraine, US-Russian relations, and other geopolitical pressures have dominated the Black Sea-Caspian Sea regional developments. Oil transportation from the Caspian Sea to world markets, the closer involvement of South Caucasian states with NATO, and Russia's support to Iran's alleged nuclear program appear to be significant factors of future influences on the Black Sea-Caspian Sea area. The tensions connected with these factors will probably be balanced by cooperative efforts between the two great powers in their joint "war on terrorism". Although Russia has managed to maintain its effective nuclear great power status relative to the US, Moscow can hardly expect more than a "junior partner" position in that relationship. The expansion of the EU to the Black Sea region will also influence the future developments in this area.

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