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To cite this article: Mukhtar Hajizada & Florent Marciacq (2013) New regionalism in Europe's Black Sea Region: the EU, BSEC and changing practices of regionalism, East European Politics, 29:3, 305-327, DOI: [10.1080/21599165.2013.807800](https://doi.org/10.1080/21599165.2013.807800)

To link to this article: <https://doi.org/10.1080/21599165.2013.807800>



Published online: 24 Sep 2013.



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New regionalism in Europe's Black Sea Region: the EU, BSEC and changing practices of regionalism

Mukhtar Hajizada^{a*,†} and Florent Marciacq^{b,c}

^aDepartment of Politics and International Relations, University of Leicester, University Road, Leicester LE1 7RH, UK; ^bEuropean Governance Programme, University of Luxembourg, Luxembourg;

^cDepartment of Political Sciences, University of Vienna, Vienna, Austria

(Received 28 May 2012; final version received 6 February 2013)

What kind of region is the wider Black Sea area (WBSA)? Is it constructed by practices of regionalism framed by the Organisation of the Black Sea Economic Cooperation (BSEC), or does it follow a more inclusive scheme of integration, propelled by European Union (EU) policy instruments such as the Black Sea Synergy? This paper investigates the very nature of regionalism in the Black Sea region by focusing on trade integration. It measures and compares how patterns of intra-regional and cross-regional trade have been diverted in the WBSA by the BSEC and the EU between 1993 and 2008. The paper argues that the WBSA, overall, has inherited strong intra-regional trade preferences, but it questions the actual capacity of the BSEC to act as an effective promoter of regionalisation. It shows in particular that the EU has been reshaping the patterns of trade in the WBSA in a more significant manner than the BSEC. This indicates a shift from regionalism *à la* BSEC (nesting the WBSA within Europe), to EU-driven regionalism (interweaving differentially the WBSA states within a larger continental-scale scheme regionalism).

Keywords: new regionalism; economic integration; European Union; Organisation of the Black Sea Economic Cooperation; Black Sea Synergy

Introduction

Regionalisation did not affect the wider Black Sea area (WBSA) until recently.¹ After the dismemberment of the Pontic Empire in the first century before the Common Era, the prospect of integrating the shores of the Black Sea failed to materialise again. Culture, language, religion, foreign allegiances and ideological divides drove apart WBSA's societies. For centuries, there was no wider Black Sea *region* around the Black Sea.

The watershed came with the end of the Cold War and the 1992 Istanbul Declaration paving the ground for the creation of the Organisation of the Black Sea Economic Cooperation (BSEC).² This was a first attempt to pioneer a regionalist venture in the WBSA. Established as a forum fostering interactions among regional leaders, the BSCE soon evolved into an institutionalised framework for regional cooperation (Hajizada 2010). Through the BSEC, the practice of regional cooperation was intended to be strengthened from the top. It was ultimately meant to lead to the construction of a properly integrated region, which would entrust BSCE “countries and peoples” (BSEC 1998a) with a region of “peace stability and prosperity” (BSEC 1998b). Twenty years after its inception, it is now high time to assess whether the BSEC, from a practices

*Corresponding author. Email: mh230@alumni.le.ac.uk

†Current address: Center for International and European Studies (CIES), Kadir Has University, Kadir Has Caddesi, Cibali 34083, Istanbul, Turkey.

perspective, adapted in this issue, has now come to meet these expectations. Does it, today, incarnate a *social structure*, as outlined in the introduction that drives regionalism in the WBSA? And what kind of regionalism does it promote *in practice*: a locally owned regionalism with definite borders, or a sub-regional scheme participating in larger continental-scale regionalism, primarily driven by the European Union (EU)?

The creation of the BSEC is rooted in the geopolitical changes that ensued from the end of the Cold War. With the fall of the Iron Curtain, new opportunities for interstate cooperation emerged in the WBSA (Weaver 2011). At the origin of the BSEC, plurilateral negotiations were initiated by Turkey, which led to the conclusion on 25 June 1992 of the “Bosporus Statement” and the “Summit Declaration on Black Sea Economic Cooperation”. These signified the creation of a loosely institutionalised forum, which primarily aimed at improving regional security through economic cooperation. With the intense globalisation of the economy in the 1990s, the forum subsequently developed into a genuine organisation, the BSEC, established in June 1998. The principles underlying its *raison d’être* were (1) the BSEC countries’ “common vision of their regional cooperation as a part of the integration process in Europe” and (2) their resolution “to develop economic cooperation as a contribution to the achievement of a higher degree of integration of the Founding Members into the world economy” (BSEC 1998a, preamble). Several “related bodies” were created and affiliated to the BSEC (e.g. the Parliamentary Assembly of BSEC, the BSEC Business Council, the Black Sea Trade and Development Bank, the International Centre for Black Sea Studies and the Permanent International Secretariat).

It soon became clear, however, that the WBSA states were to become increasingly interlinked with the EU. Through its enlargement policy towards Romania and Bulgaria at first, its European Neighbourhood Policy (ENP) from 2004, and finally, its Eastern Partnership (EaP) Initiative from 2008, the EU has unambiguously expressed its determination to act in the WBSA as an indisputable integrative actor. At the multilateral level, following the recent enlargement, the EU sought to strengthen its relationship with the WBSA by establishing in 2008 the Black Sea Synergy.³ This policy instrument, however, witnesses several overlaps with the BSEC, both functionally and geographically. In 2007, Romania and Bulgaria had indeed joined the EU and became (with Greece) members of both schemes, which emphasise trade integration as one of their priorities.⁴ At the bilateral level, the EU also sought to strengthen its political and economic relations with individual WBSA states, e.g. through the conclusion in the late 1990s, of a series of Partnership and Cooperation Agreements (PCA), and the negotiation of free trade agreements (as part of the Association Agreement schemes). Once a key (and lone) actor of the WBSA’s (intended) trade regionalisation, the BSEC is now increasingly supplemented by the EU in its endeavour. By developing cross-regional relations with the WBSA, both at the multilateral and bilateral levels, the EU may even be altering the format of WBSA regionalism, as well as the practice of regionalisation in the WBSA.

With the EU’s growing involvement in the region, the symbol for regional cooperation that the BSEC hitherto epitomised in the WBSA may be in jeopardy. What if cross-regional trade with the EU is prioritised by the WBSA countries over intra-regional trade within the WBSA? Regionalism *à la* BSEC may then no longer be as successful as the EU-driven regionalism. This paper uses an *international practices* approach (as outlined in the introduction to this issue) to precisely explore this question. It assesses comparatively the effectiveness of the policy instruments promoted by the EU and the BSEC in the WBSA in the field of trade regionalisation, i.e. where the two organisations display the most significant functional overlaps. The paper considers patterns of trade regionalisation as social practices inasmuch as these are embedded in social contexts. Here, these social contexts are provided by the BSEC framework and/or the EU’s approach to the WBSA (e.g. from 2008, through the Black Sea Synergy) – two policy structures aimed at trade regionalisation in the WBSA.

The paper firstly discusses some conceptual and theoretical aspects of new regionalism in the WBSA, and their constitutive effect on regions, which it considers as social structures rather than geographical beings. This perspective resonates with the conceptual framework developed in the introduction, and details it further. Then, focusing on trade regionalisation as a developing practice in the region, it investigates whether WBSA states are more subject, in their respective patterns of trade, to the influence of the BSEC as a primary agent of regionalisation or to the influence of the EU. In particular, it measures comparatively the BSEC's ability to divert WBSA trade relative to the EU's policy instruments towards the WBSA (e.g. Black Sea Synergy). The conclusion sheds light on the type of region that is currently under (social) construction in the WBSA, and responds to some of the key questions raised in the introduction to this special issue.

New regionalism and the social construction of regions

With the withering of the Westphalian political order in Europe, the worldwide surge of transnational relations in the post-Cold War period and the governance turn in world politics, the study of international relations (IR) is increasingly rescaled at the regional, rather than state or systemic levels. This is a positive development, since the scholarship has long neglected regions in its research. Waltz's (1959) "three images" for instance, did not count regions as an approach to IR. But the rising number of regional organisations in international fora now testify to the growing significance of regions in world politics – not merely as geographical ontologies, but as social structures capable of shaping states' actions, and even capable of agency of their own.

Unfortunately, regions are not easily conceptualised, which renders their exploration and their use in IR relatively tricky. Considered as social structures, regions are constructed and reproduced socially rather than through their geography. They acquire their meaning in a social context, based on shared understandings and assumptions as well as on shared practices, so that "different definitions and different criteria will often produce different regions, and no two analysts may fully agree as to what the appropriate criteria are" (Russett 1969, 2). Although no consensus has emerged that neatly delineates their conceptual domain, a rough idea of what regions are can be inferred from these international constructs, the scale of which is posited somewhere between the global and the local. More specifically, regions, in international studies, can broadly refer to "a limited number [of] states linked by a geographical relationship and by a degree of mutual interdependence" (Nye 1968, vii). Of course, interdependence is a matter of mutual appreciation. It can pertain, in classical theories, to the maximisation of common interests, which in the case of regions is characteristically higher within the region than with the outside (Russett 1969, 3). Regions, in other words, may refer to the clustering of IR in political, economic and cultural spaces within which states interact more intensively intra-regionally than across-regional boundaries.

The reasons and mechanisms underpinning regionalisation, i.e. the constitution of regions, still arouse vivid debates in the scholarship. Some scholars view regionalisation as a lower-scaled offshoot of globalisation (e.g. Bensidoun and Chevallier 2000; Gaulier, Jean, and Unal-Kesenci 2004; Iapadre 2006). Others argue that the regionalist arrangements are "designed to improve their region's position in the international system, either by increasing its bargaining strengths or by attempting to seal off the region and reduce the scope for outside intervention", so as to improve the regional "balance of power vis-a-vis a locally dominant or threatening state" (Fawcett and Hurrell 1995, 49–50). Of course, some regions have attracted more attention than others. In Europe, regionalisation has been thoroughly researched as part of European integration and, more recently, Europeanisation research agendas (e.g. Sapir 1992; Moravcsik 1998; Olsen 2002; Goetz 2006). Regionalisation has also been researched in Latin America

(e.g. Devlin and French-Davis 1999) and East-Asia (e.g. Petri 2006) with a strong emphasis on measuring trade interdependence.

New regionalism underlines the openness of regions and the porosity of their socially constructed borders. Regions, indeed, often overlap at the margins, or they may even contain one another. The Western Balkans, for instance, overlap with the Danube space, and both are in Europe. Sometimes, regions are not contiguous – they exclude rather than include one another, so that some states may be part of several regions, whereas others are part of none. In fact, delineating where regions start and where they end is particularly tricky in a new regionalist perspective, considering the fact that regions' borders are softer, more open, more permeable and more contested than nation states' (Katzenstein 2005, 22). Regions, finally, are not fixed over time. In Roman times, Europe comprised of most of the southern shore of the Mediterranean Sea, and certainly not Scandinavia. In this context, adopting a new regionalist approach is to acknowledge that regions should not be reified as fixed entities with a quasi-material ontology. They are what politicians want them to be, according to Nye (1968).

This special issue addresses practices, instruments and structures from an innovative analytical, theoretical and thematic perspective of practices. In line with the special issue's overall theoretical approach, the effectiveness of the EU policy instruments as applied to the BSEC countries will be assessed through the practices of regionalism. This particular paper suggests that emergent trade patterns may give us an idea about the endurance of interactions and the level of convergence driven by the EU. In this way, the region, which is not a pre-defined geographical entity, can be understood as a social structure (see Introduction for further clarification), which emerges and evolves according to social interactions and market. Regarding regional structure, the WBSA appears not to be an inward-looking regionalism driven by BSEC but open and oriented towards EU which is connected with other regions.

The discourse and the provisions articulated in the existing frameworks of cooperation between the EU and BSEC countries as well as the policy instruments of the EU towards the region such as the BSS and the EaP suggest that there is possibly an increasing interaction also in terms of trade. Although there is not a comprehensive mechanism between the EU and the countries of BSEC to liberalise or at least facilitate trade in the region, it would still be useful to examine what kind of new trade patterns emerged as a result of the declarations of the actors to cooperate in the wider Black Sea area. After all, most of the declarations as well as the EU declaratory instruments mention about a willingness to increase cross-border economic cooperation. A number of policy instruments and the promises of overall approximation between the EU and the neighbouring countries also create academic curiosity whether the process have an effect on the trade relationships. An analysis on the trade relationships of the EU and the countries in the wider Black Sea area, based on the quantitative data, could be helpful to show the changing patterns of the intra-regional trade and the extent to which the EU has an influence on the direction of trade. Thus, this paper looks at the reverberation of the EU policy instruments with regard to the surrounding BSEC countries to be assessed through the practices of regionalism. The practice surrounding the EU policy instrument in the Black Sea region do appear to extend beyond the formal declarations which are rather limited to the declaration of the willingness to cooperate.

Based on the analysis of WBSA states' practices in the field of trade, the paper examines comparatively the patterns of trade regionalisation in the WBSA in order to infer how BSEC and EU policy instruments have contributed to (re)shape the WBSA region.

Researching (new) regionalism in the WBSA

Several studies have already been devoted to the WBSA or have addressed specific issues in this region (for an overview see: Carr and Flenley 2007; Tassinari 2007; Triantaphyllou 2007; Volten

and Tashev 2007; Winrow 2007; Hamilton and Mangott 2008; Hatto and Tomescu 2008). But there has been surprisingly little research on regionalism in the WBSA. What kind of region is the WBSA in practice? Is it practised in accordance with the regionalist plans of the BSEC, or does it follow a more inclusive scheme of integration, propelled by the EU in its Eastern periphery, e.g. under the auspices of its Black Sea Synergy? This paper investigates the very nature of regionalism in the Black Sea region by focusing on trade regionalisation.

Measuring regionalisation remains a field of inquiry in its own right. Theoretical contributions continue to fuel the scholarship, for instance, through the development of composite indicators of regional integration (e.g. De Lombaerde and Van Langenhove 2005; Chen and Woo 2008) or, more recently, through inputs from network analysis (Turkina 2010). A solid literature, reflecting a long tradition in political theory derived from transactionalism and neo-functionalism, emphasises the study of change through low politics, and especially through trade. This focus echoes Puchala's (1970, 732) argument that "transaction approaches are appropriate and useful for investigating some aspects of regional integration". It examines for instance "horizontal interdependences", i.e. the extent to which one economy is connected with its regional environment through "flows of goods, persons, capital, and other factors of production" (see also Katzenstein 1975; Rosecrance et al. 1977, 432), or economic vulnerability, defined as an economy's inability to shield itself from exogenous shocks (Keohane and Nye 1977).

This paper seeks to measure trade regionalisation in the WBSA on the basis of the practices perspective introduced in this special issue. It views the WBSA as an area that encompasses a series of states that are loosely contiguous to the Black Sea shoreline and, above all, that are bound by a variety of competing frameworks and duplicative institutional arrangements covering various policy fields (e.g. ENP, EaP, Black Sea Synergy, BSEC). Although all of these arrangements convey a regionalist design, the paper focuses on the regionalist power of the BSEC compared with the regionalist power of the EU's key approach to the WBSA (e.g. the Black Sea Synergy). Both institutional designs have a regionalist teleology, which targets specifically the WBSA. But they differ in an important manner: their centre of gravity lies in the Black Sea region for the former, whereas it is in the EU's hands for the latter.

The BSEC posits regionalism around the Black Sea as its *raison d'être*, i.e. views regionalisation around the Black Sea as a political goal in its own terms. It, therefore, best embodies what will be hereafter called an organisation abetting *intra-regional* trade regionalisation. Of course, the EU also plays an essential role in promoting regionalism, not least through the ENP, accession process and the Black Sea Synergy. But the type of regionalism that is then involved is more inclusive than that sustained by the BSEC alone, as it primarily aims at bringing the WBSA closer to the EU. It supports what will be hereafter called the development of *cross-regional* links with the WBSA. An important difference between these two institutional frameworks then lies in the social bordering of the WBSA as a region. Whereas the BSEC strives for the construction of a distinct region in the WBSA, possibly nested within Europe and always closer to the EU, the EU views WBSA regionalism as *organically* linked with European integration (e.g. through the Black Sea Synergy). In other words, while the former views itself as a gravity centre for the integration of the WBSA in a European context (among other objectives); the latter explicitly prescribes the integration of the WBSA *through* European integration thus shifting the focus and the centre onto the EU.

Problematising (new) regionalism in the WBSA

This article investigates regionalism in the WBSA by measuring and comparing the intra-regional and cross-regional patterns of trade regionalisation in the WBSA over the past 15 years. The

WBSA is defined in accordance with the Black Sea Synergy as comprising the BSEC countries (minus Serbia and Albania), i.e. Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine. These countries are members of both BSEC and the Black Sea Synergy, and are, therefore, potentially participating in two concomitant forms of regionalisms. The effectiveness of the policy instruments deployed by the BSEC to foster regionalism *à la* BSEC will be assessed by measuring intra-regional patterns of trade regionalisation. The effectiveness of the policy instruments deployed by the EU in the WBSA will be assessed by measuring EU–WBSA cross-regional trade regionalisation. The effectiveness of two sets of policy instruments will be compared, following a practices approach. The article measures and compares the respective strength of BSEC- and EU-driven regionalisms in their respective capacity to generate trade biases and trade interdependences. Trade biases can be understood by reference to discrepancies in WBSA states’ trade patterns caused by an actor’s capacity to divert trade (here, the BSEC or the EU). Trade interdependences refer to the level of integration of WBSA economies in relation to an actor (here, BSEC or the EU). Highly interdependent economies are generally more open to mutual influences.

The following hypotheses can be formulated:

H1: BSEC creates more intra-regional trade bias than the EU does cross-regionally; hence, BSEC is a form of regionalism in its own terms that prevails over EU-driven regionalism in the WBSA, and EU policy instruments do not prove as effective as BSEC policy instruments.

H2: The EU approach to the WBSA creates more cross-regional trade bias with individual WBSA countries than the BSEC does intra-regionally; hence, the EU sustains a form of regionalism that prevails over BSEC-driven regionalism *à la* BSEC in the WBSA, and BSEC policy instruments do not prove as effective as EU policy instruments.

The study first surveys intra- and cross-regional patterns of WBSA trade. In particular, it identifies the main actors involved in WBSA trade. The study then specifically examines and compares the patterns of trade regionalisation in the WBSA based on two indicators: relative measures of trade intensity (RMTIs) and trade gravity indexes (TGIs). It pays particular attention to in-group variations. The study finally measures the “openness” of BSEC and WBSA regionalisms by evaluating the level of interdependence between the WBSA and the EU.

Data and methods

The research uses quantitative methods in its measurement of intra- and cross-regional patterns of trade regionalisation. It relies on the trade accounts of WBSA countries in the period 1993–2008, as well as those, consolidated, of the EU, whose membership grew during that time from 12, 15, 25 to 27. Data are retrieved from the UN Comtrade (2010) and World Bank (2011) databases for WBSA data, and, from the IFS Online (2010) database for the EU.

The notations used in the study are as follows:

Intra-regional trade refers to WBSA internal trade, i.e. among WBSA states only

Cross-regional trade refers to trade between the WBSA region (or a specific WBSA state) and the EU

x_{ij} represents the total bilateral export flows from country/region i to country/region j

y_{ij} represents the total bilateral import flows of country/region i from country/region j

t_{ij} represents the total trade flows between country/region i and country/region j

x_{i*} represents the total export flows of country/region i to the rest of the world

x_{*i} the total export flows from the world to country/region i

x_{**} represents the total world exports

$x_{ij,t}$ represents the total export flows from i to j at a date t

This study will compute WBSA and EU trade data using three indicators. First, it will focus on the RMTI, which shows how important a particular trading relationship is, with respect to the overall trade profile of an economy. It is calculated by deflating intra- and cross-regional trade flows with a country's or region's total trade (Iapadre 2006; Petri 2006), i.e.

$$\text{RMTI (trade)} = \frac{\sum x_{ij} + \sum y_{ij}}{\sum x_{i^*} + \sum y_{i^*}}.$$

If one regional actor (e.g. the WBSA) trades all its products internally and does not trade anything with states that do not belong to the region (i.e. in the EU), then, its intra-regional trade intensity is 100%. If it has no intra-regional trade at all, and exclusively trades with the non-regional partners, then, it is 0%. In this paper, RMTI measurement is used to assess (1) the intensity of WBSA intra-regional trade regionalisation *à la* BSEC, i.e. the importance of WBSA intra-regional trade for the region itself; and (2) the intensity of WBSA–EU cross-regional trade in an EU-driven regionalist perspective, i.e. the importance of the EU in the WBSA overall trade.

Second, the paper will calculate TGIs. TGI specifically measures the trade-diverting effect of regional integration. It assesses how much a region exports more to a given destination than the world does on average, and thereby assesses whether the region is subject to regionalist “magnets”. Unlike the RMTI, the TGI does not suffer from limitations for cross-regional comparisons. It is impervious to size biases (Gaulier, Jean, and Unal-Kesenci 2004, 23). The mathematical definition of the TGI is (Iapadre 2006; Petri 2006):

$$\text{GTI (exports)} = \frac{\sum x_{ij} / \sum x_{i^*}}{\sum y_{i^*} / \sum x^{**}}.$$

If the TGI equals one, then the trading relationship that is being measured exhibits no regional bias. If it is higher than one, then, the region's trade is “relatively more oriented towards its member countries than towards the rest of the world” (Iapadre 2006). In this paper the TGI is used to measure (1) gravity power of the EU for individual WBSA states (cross-regional trade); and (2) the gravity power of the WBSA for the individual member states (intra-regional trade).

Finally, the article will assess *trade dependence ratios*. These seek to capture interdependence “using the economic importance of a given bilateral trade relationship within the national economy, without considering the role of the trade relationships with third-party states” (Gartzke and Li 2003, 555). In other words, they show how important a given trade relationship is with regard to GDP, i.e. (Oneal and Russett 1999).

$$\text{Trade dependence}_i = \frac{\sum x_{ij} + \sum y_{ij}}{\text{GDP}_i}.$$

In this article, thus, trade dependence is used to measure (1) how much the WBSA is dependent on the EU; (2) how much the EU is dependent on the WBSA; (3) how much individual WBSA states are dependent on WBSA (intra-regional) trade; and finally, (4) how individual WBSA states are dependent on (cross-regional) trade with the EU.

Patterns of trade regionalisation in the WBSA

An overview of WBSA trade

In the period of 1993–2003, *intra-regional trade* in the WBSA has unambiguously gained impetus. In 2001, WBSA intra-regional exports were three times as high as in 1993. In 2008, they had been multiplied by more than five compared to their 2002 level and by 17 compared to 1993 (see Figure 1). This growth has been mainly driven by Russia and Turkey, as well as Ukraine, Romania and Bulgaria. These five countries account for more than 85% of intra-regional trade in the WBSA (see Figure 2), and nearly 90% of the regions’ intra-regional trade growth between 2002 and 2008. For most of the past 15 years, the growth in WBSA intra-regional trade has been significantly exceeding that recorded at the world level. In 2008, WBSA intra-regional exports grew by 33.4%, while world exports expanded by 15.9% (see Figure 3). This relative dynamism of WBSA intra-regional trade can be observed throughout the 2000s. Between 2002 and 2008, WBSA intra-regional exports reached an average 29.03% of annual growth compared to 14.77% for world exports. These rates contrast with the situation in the 1990s, when most of the WBSA economies, including its major one, Russia, were strained by the collapse of the Soviet Union. Between 1994 and 2001, intra-regional exports only grew on average by 4.45%, compared to 6.04% for the world. This situation generated trade unbalances, as the region could not adequately cover its extra-regional imports with corresponding exports. Between 1993 and 1999, the region recorded trade balance deficits amounting to \$4.5 billion on average. These deficits have now been bridged by larger extra-regional exports, but this rise in extra-regional trade, unexpectedly, did not emerge as an outwards re-orientation of intra-regional trade. Since the beginning of the 2000s, the growth in WBSA intra-regional trade has indeed been constantly higher than that in extra-regional trade (except for 2002).

It is striking that *cross-regional trade* between WBSA states and the EU, in absolute values remains at much higher levels than intra-regional trade in the WBSA (see Figure 1). This shows the importance of EU markets for the WBSA. With a trade share oscillating between 59% and 64%, the EU is the WBSA region’s largest trading partner by far. In a dynamic perspective, cross-regional exports from the EU to the WBSA grew by 33% in 2008 and, on average, by 26% between 2002 and 2008, compared to 9% between 1994 and 2001. These rates exceed

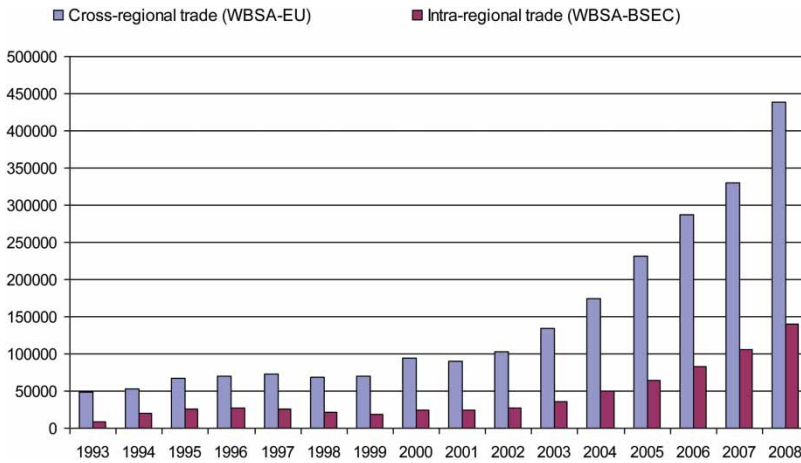


Figure 1. Intra- and cross-regional exports in the WBSA (million \$).
 Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

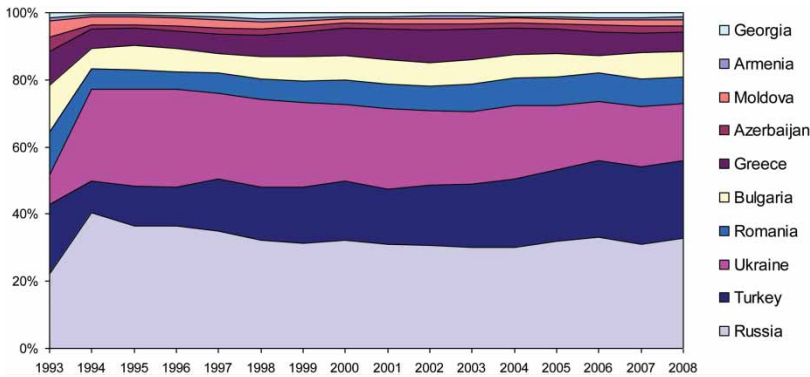


Figure 2. (Colour version online). Intra-regional trade share.
 Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

world growth in exports, and are generally comparable with those of WBSA intra-regional trade (see Figure 3).

Relative measure of trade intensity

The analysis of the WBSA’s RMTI confirms that the EU is a crucial trading partner for the WBSA (see Figure 4). In 2008, WBSA cross-regional trade with the EU accounted indeed for 54.1% of WBSA total trade, while WBSA intra-regional trade represented less than 20% of the region’s total trade. Relative to WBSA total trade, cross-regional trade is thence twice as intense as intra-regional trade. The graph, however, remains inconclusive as for possible trends in trade intensification. RMTIs have been oscillating in both trading schemes within an eight-point frame.

Although intra-regional trade regionalisation seems inversely correlated to cross-regional trade regionalisation, establishing inter-regional comparisons is problematic, because RMTI contains a size bias: RMTI values are dependent on the number of countries in each region and their dimension (Iapadre 2006). Trade relationships with larger trading block (e.g. WBSA–EU cross-regional trade) will thus yield higher RMTI than those of smaller blocks (e.g. WBSA–BSEC intra-regional trade). And increasing the size of the block (e.g. through EU enlargement), *ceteris paribus*, will result in higher RMTI with respect to the former. There is a further limitation

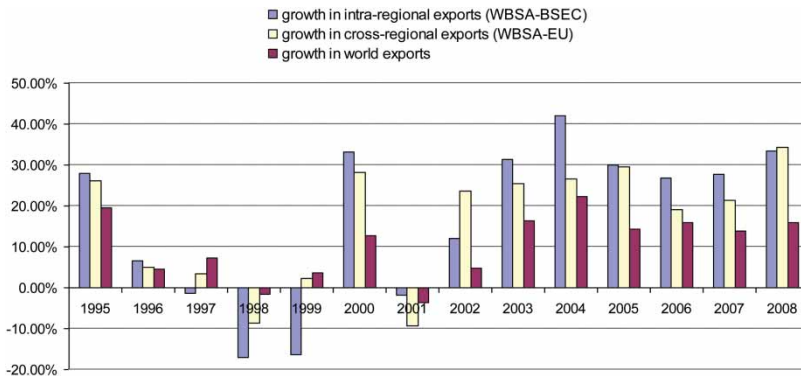


Figure 3. Growth in WBSA and world trade.
 Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

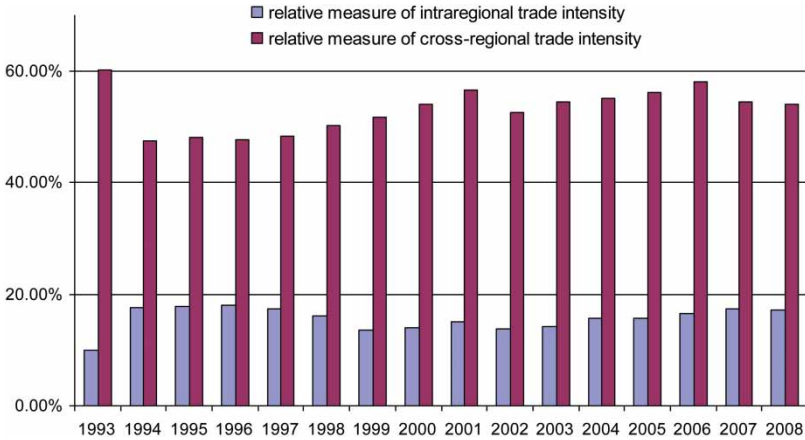


Figure 4. RMTI (exports).
 Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

in measuring intra-regional trade regionalisation by means of RMTI trade aggregates rather than state-specific measures, as intra-regional trade aggregates neglect intra-regional disparities. For instance, in the WBSA, 85% of intra-regional trade is dominated by five trading partners. A low RMTI, then, may not necessarily indicate an absolute degree of regionalisation in the Black Sea region, as trade dominance by these five partners will statistically render irrelevant the level of trade integration of the five remaining states.

Empirically, opening the intra-regional “black box” shows that RMTI regionalisation is far from homogenous, neither in degree of intensity, nor in trend. Figure 5 shows that WBSA intra-regional trade intensity has increased between the mid-1990s and 2008, but only for countries that started with very low levels of trade regionalisation. Turkey, for instance, has witnessed an increase of its intra-regional trade share from 8% to 20%. Other WBSA countries with higher starting points, by contrast, have witnessed a dramatic decrease in their RMTI (e.g. Moldova, from 77% to 44%), or mere stagnation (e.g. Russia and Bulgaria, around 40%).

These variations in RMTI can be considered as indicative of growing or decreasing trends in WBSA–BSEC regionalisation. Still, higher RMTI may also indicate that trade with the rest of the

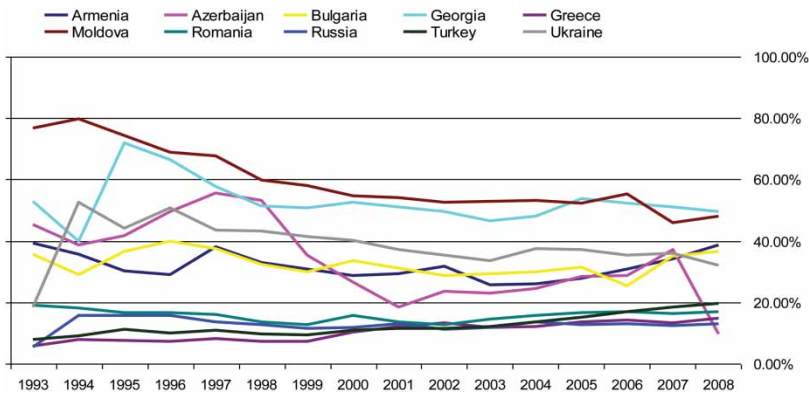


Figure 5. (Colour version online). Relative measure of intra-regional trade intensity.
 Source: F. Marciacq’s calculations based on UN Comtrade (2010), IFS Online (2010), and World Bank (2011).

world decreased, for instance following a general slowdown in world trade, while intra-regional trade remains unchanged. Or it may reflect a growth in the region’s relative share in world trade (Iapadre 2006). To refine the measurement of trade regionalisation in the WBSA, mitigate equi-finality risks, and perform cross-regional comparisons, it is therefore necessary to explore regionalisation with another indicator, the double-RMTI, or TGI.

Trade gravity index

The analysis of the TGI first shows that WBSA trade regionalisation is, in general, more advanced in the framework of BSEC-driven regionalism than in the framework of the EU’s approach to the WBSA. In the WBSA, the EU creates regional biases only ranging from 0.6 (in Moldova) to 1.9 (in Romania), whereas the WBSA region generates trade biases ranging from 1.31 (Azerbaijan) to 14.7 (Georgia). Figure 6 shows that both in 1993 and 2008, WBSA–EU cross-regional trade regionalisation proved weaker than WBSA–BSEC intra-regional trade regionalisation in its capacity to divert trade. This is especially the case for Moldova, Armenia and Georgia, whose trade remains highly intertwined with BSEC partners.

But Figure 6 also shows that the significance of the EU for the WBSA in terms of capacity to divert trade (the area delineated by the line in blue) is slowly increasing, while that of the BSEC has been considerably withering. In 1993, intra-regional GTI ranged from 2.6 (Russia) to 34.9 (Moldova). In 2008, the minimal and maximal GTI values for intra-regional trade in the WBSA fell, respectively, to 1.3 (Azerbaijan) and 14.7 (Georgia). And the average intra-regional TGI decreased from 16.2 in 1994 to 6.6 in 2008, whereas the average cross-regional TGI, during the same period, increased from 0.9 to 1.3. This dual phenomenon indicates that WBSA regionalism is becoming more open to EU influence and less encapsulated by (or nested in) the BSEC.

The recoil of intra-regional trade biases has virtually affected all WBSA countries. Figure 7 shows that intra-regional GTIs have become more homogenous over the years, levelling off at regional biases ranging from 5 to 15.

As conceptualised in the introduction, patterns of EU-driven trade regionalisation in the WBSA can furthermore be detected in the country-specific analysis of cross-regional TGIs. Figure 8 shows that, although cross-regional GTIs remain much lower than intra-regional ones, the distance between these indicators of regionalisation is narrowing down. The highest cross-regional trade biases in the WBSA can be found in Romania, Greece and Bulgaria – which is not surprising considering the particular relations these states have developed with the EU,

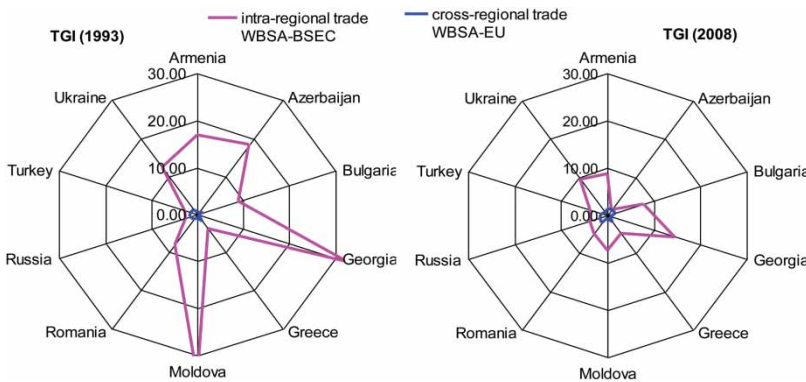


Figure 6. (Colour version online). Inter- and cross-regional TGI in the WBSA. Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

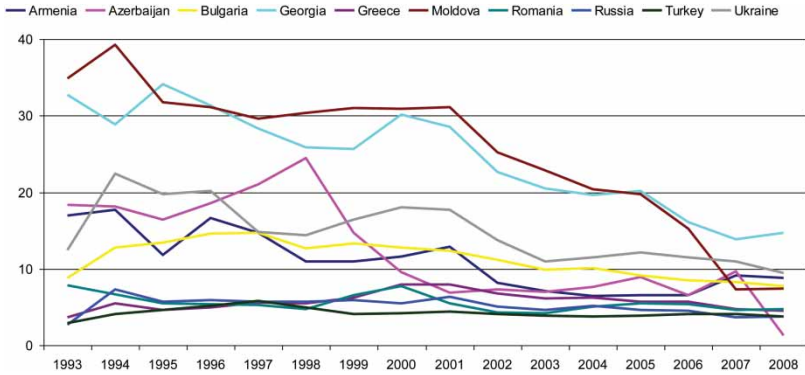


Figure 7. (Colour version online). Intra-regional TGI (exports). Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

either as candidates or as member states. In 2008, it was also relatively high for Russia (1.6) and Azerbaijan (1.5), and with the exception of Greece, the graph shows a moderate tendency towards more EU-driven regionalism in the WBSA.

Trade interdependence

Over the past 15 years, the EU and the BSEC have developed trade relationships that conceal remarkable degrees of interdependence (see Figure 9). The trade dependence of the BSEC on the EU reached 15% in 2008, while it was less than 6% in 1994. Trade dependence has also positively affected the EU in its relationship with the BSEC. The former’s trade dependence ratio surged from 1.3% to 5.2% in the same period. This implies that trade dependence in the WBSA is mutual, though asymmetrical and dominated by EU’s higher leverage on the WBSA’s GDP.

A country-specific comparison of trade dependence ratios furthermore shows that drawing a line between regionalism *à la* BSEC and EU-driven regionalism is not always easy (see Figure 10). Countries exhibit very different levels of trade dependence, some of them (e.g. Azerbaijan, Romania, Russia, Bulgaria) being unambiguously more dependent on trade with the EU than on

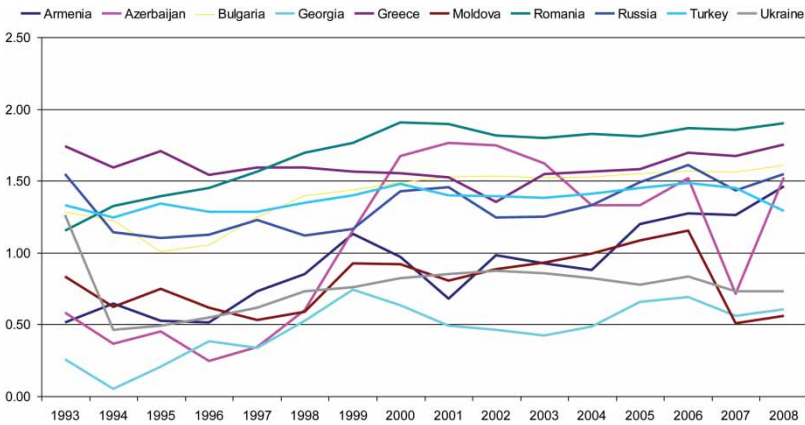


Figure 8. (Colour version online). Cross-regional TGI WBSA–EU (exports). Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

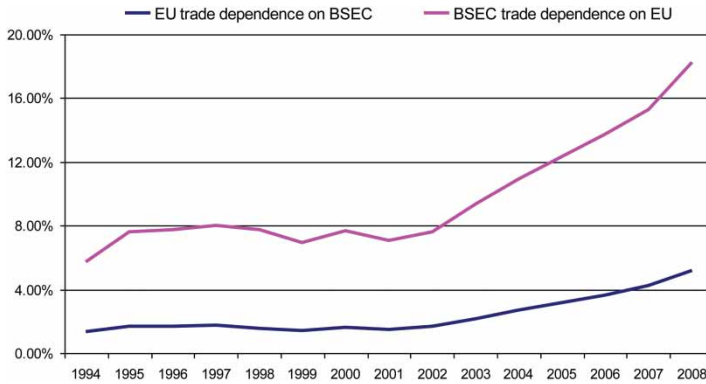


Figure 9. (Colour version online). Intra-regional and cross-regional trade dependence (1994–2008). Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

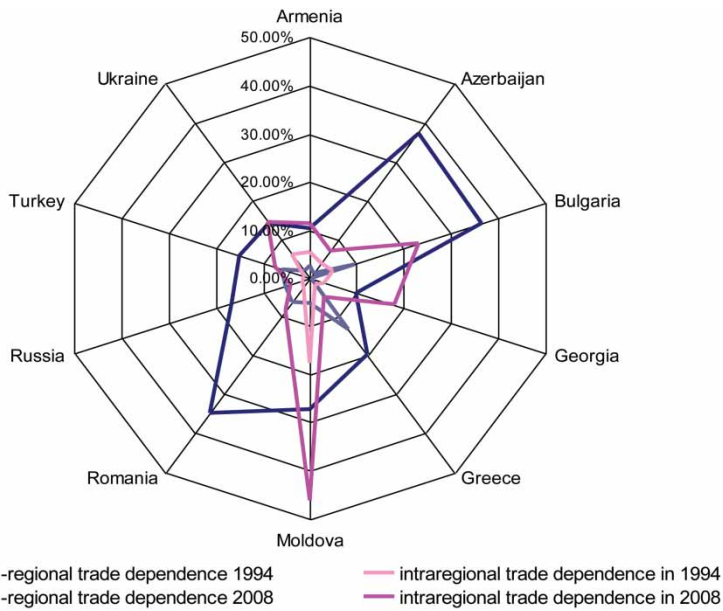


Figure 10. (Colour version online). Country-specific trade dependence ratios (1994 and 2008). Source: F. Marciacq’s calculations based on UN Comtrade (2010) and IFS Online (2010).

trade with fellow BSEC partners, whereas others (e.g. Moldova, Georgia) are more dependent on intra-regional trade. Some countries finally display similar levels of trade dependence on both the BSEC and the EU (e.g. Ukraine, Armenia).

Figure 10 finally shows that intra-regional and cross-regional trade dependence ratios have considerably increased for WBSA members over the past 15 years. But the WBSA countries’ dependence on the EU has grown even faster than intra-regional trade dependence.

Regionalism as practice: the role of policy instruments in trade regionalisation

In the previous section, the article has highlighted notable changes in the WBSA trading patterns over the past 15 years. These changes can be traced back to changing *practices* of regionalism in

the WBSA, i.e. to *policy instruments* for trade regionalisation that have proved more or less effective. In the WBSA, these policy instruments have been embedded into emergent *social structures* with either the BSEC or the EU at their institutional core. The article will now enquire into these BSEC and EU policy instruments in the WBSA, in order to gauge the success of their implementation.

BSEC policy instruments for trade regionalisation in the WBSA

The policy instruments deployed by the BSEC to integrate regionally the WBSA are, as a rule, procedural mechanisms with little institutional depth. They encompass general arrangements, enshrined in the BSEC Charter, which target trade development and economic cooperation as part of the priorities of the organisation. This target ranks first in article 4 of the BSEC Charter, while the preamble unequivocally states that the regional organisation shall “promote a lasting and closer cooperation” among its member states, and support the “opportunities for enhancing the mutually advantageous economic cooperation” (BSEC 1998a). Although it acknowledges that regional cooperation shall be carried out “as part of the integration process in Europe”, the BSEC Charter expressly formulates the purpose of “transform[ing] the Black Sea Economic Cooperation into a regional economic organization” (BSEC 1998a). This implies “improving the business environment and promoting individual and collective initiative of enterprises and companies directly involved in the process of economic cooperation” as well as “develop[ing] economic collaboration in a manner not contravening the inter-national obligations of the Member States” (BSEC 1998a, articles 3.c. and 3.d.).

Unfortunately, the policy instruments deployed by the BSEC in trade policy barely go beyond this weakly institutionalised framework. Although there have been some intentions in the past to establish a BSEC free trade area (BSEC-FTA), this initiative did not successfully progress. In 1997, the BSEC member states adopted indeed a “Declaration of Intent for the Establishment of a BSEC Free Trade Area”, backed by a Turkish proposal to introduce a mechanism for the reduction and ultimate elimination of non-tariff barriers on trade (BSEC 2007). The 1998 Yalta Summit Declaration reiterated the BSEC governments’ “political will to gradually establish a BSEC Free Trade Area as a long-term objective and to elaborate a Plan of Action of a staged process to that end” (BSEC 1998b). The plan for establishing a BSEC-FTA was additionally supported by the Parliamentary Assembly of BSEC (PABSEC 1997). But the issue has yet remained open-ended as some of the BSEC members prefer to deal with trade at the bilateral level. Besides, any progress in this direction is made difficult by the different status of BSEC member states vis-à-vis the EU. Being EU member states, Greece, Bulgaria and Romania are indeed bound by EU obligations in matters of trade, as is Turkey (through its Custom Union with the EU). These countries thus cannot conclude preferential agreements in their national capacity with neighbouring countries. Considering the lack of progress with respect to the establishment of an FTA, the BSEC has recently sought to refocus its interest on facilitating rather than liberalising trade (BSEC 2008a). The BSEC has accordingly strengthened the mission of its BSEC Business Council (which shall henceforth collect information on intra-regional trade barriers). But these declarations “did not produce the expected results” as the statement by the Ministry of Economy of Turkey (n.d.) points out on their website.

There are, as a result, no real measures, concrete initiatives or trade-specific platforms to sustain trade regionalisation within the institutional framework delineated by the BSCE in the WBSA. Administrative hindrances remain strong for intra-regional trade regionalisation. Borders in the WBSA are still under the control of WBSA states, and the BSEC does not have the political and judicial means to enforce its trade policy-related orientations. More importantly, BSEC members have not taken concerted measures towards trade liberalisation.

EU policy instruments for trade regionalisation in the WBSA

Unlike the BSEC, which did not actively deploy trade-related policy instruments in the WBSA, the EU has been a very active promoter of trade integration in the region, both at the multilateral and bilateral levels.

At the multilateral level, the relationship between the EU and the WBSA was first outlined in the Moscow Declaration (BSEC 1996). Therein, the BSEC leaders expressed their will “to ensure that the Black Sea region find[s] an appropriate place in a new Europe of cooperation and integration” and ascertained their intention “to develop further cooperation in fields of common interest with such institutions as the European Union”. In the same Declaration, they furthermore appealed to the EU “to work out a common platform for developing closer contacts and mutual cooperation” (BSEC 1996). The Declaration was accordingly followed by a Communication of the European Commission (1997) to the Council acknowledging the need to get more involved in the WBSA, by regular exchanges, at least in words, between the EU and the BSEC (see Japaridze et al. 2010). Interactions between the EU and the BSEC in the WBSA thereafter remained loosely structured. With the tenure by Greece of the BSEC Chairmanship-in-Office in 2005, an ad hoc Group for the BSEC–EU Interaction was created in April 2005 (Japaridze et al. 2010, 7).

However, the watershed came in 2007 with the accession of Romania and Bulgaria to the EU, which moved the Union’s external borders onto the shores of the Black Sea. Interactions between the BSEC and the EU then critically intensified. In 2008, the Commission was granted the status of observer in the BSEC, and, above all, the EU decided to launch its own multilateral framework for EU–WBSA relations. In February 2008, the Black Sea Synergy was launched with the purpose, in particular, to increase the levels of trade between the EU and the states of the WBSA (BSEC 2008b). This Black Sea Synergy was designed as a policy instrument for trade regionalisation, based on the shared understanding that “closer economic cooperation ties and preferential trade relations are an important element of our relationship” (European Commission 2007a, article 3.9), and that contacts with regional organisations in the WBSA, such as the BSEC, should, therefore, be strengthened (European Commission 2007a, article 6). It is, in this context, interesting to note that the EU’s involvement in the WBSA started as a “response to calls for the establishment of a regional cooperation framework in the East” emanating from the BSEC (European Commission 2007b). But the institutionalisation of the EU’s policy towards the WBSA then emerged as a structure gestated in the EU, distinctly from BSEC.

At the bilateral level, the EU has not been less active in promoting cross-regional trade integration in the WBSA. It has developed a series of policy instruments, achieving a high level of differentiation in its relationship with the individual WBSA states. Through its enlargement policy, the EU has extended the realm of its trade policy (as well as its *acquis*) to Bulgaria and Romania. With Greece, the two countries are EU member states since 2007 and participate in the EU’s single market. This membership in the EU precludes the imposition of obstacles and barriers to trade within the EU, and has thus provided a structural incentive for intensifying their (cross-regional) trading relationship with EU, rather than the BSEC members. Indirectly, EU enlargement/membership has nonetheless vilified intra-regional trade within the WBSA, inasmuch as Romania, Bulgaria and Greece are both in the EU and in the WBSA and are induced to trade more intensively with one another. With Turkey, since 1996 the EU has implemented a Customs Union, excluding agricultural products and coal and steel products from its scope. These products are, nonetheless, subject to preferential agreements.

The other policy instruments deployed in the WBSA at the bilateral level are weaker in the integrative power they carry. Following the adoption of the EaP, Moldova and Georgia have been negotiating a deep and comprehensive FTA (DCFTA) with the EU. Armenia, Azerbaijan,

Georgia are also entitled to the EU's Generalised System of Preferences which allows them access to EU markets and lower duties on some of the goods they export to the Union. And the recent WTO membership of Russia in winter 2011 is expected to open up new opportunities for both the EU and Russia in terms of trade. At the declaratory level, finally, the Commission reviews annually the progress made by most of the WBSA states in implementing the objectives related to regulatory approximation in the field of trade, contained in the PCA and ENP Action Plans. In its progress reports, it also assesses the progress made by the individual WBSA states with regard to DCFTA negotiations, and occasionally addresses critical recommendations (e.g. on capacity-building). This assessment is also based on field-inspections by EU experts, deployed through the use of "overt instruments" supportive of trade integration.

Conclusions

The aim of this study was to measure and compare the strength of BSEC-driven and EU-driven regionalism in the WBSA, from the practices dimension. The analysis of the region's trade accounts brought to light the following findings.

Trade in the WBSA is primarily directed at the EU, the region's first trading partner. This is not surprising, considering the relative size of the European market, and above all, the policy instruments that the EU deploys in the WBSA at the bilateral and multilateral levels. Both give the EU a considerable power of leverage on WBSA states. The EU approach to the WBSA commands changing practices in WBSA regionalism. Once committed to regionalism *à la* BSEC (emphasising intra-regional trade), WBSA countries have increasingly interacted with the EU, both bilaterally and multilaterally, e.g. most recently in the framework of the Black Sea Synergy. Their practice of trade regionalism has thus moved its emphasis towards cross-regional exchanges. Today, significant distortions in the distribution of WBSA trade have been observed, which testify to the effectiveness of the EU's approach for trade integration in the WBSA.

WBSA trade with the EU is twice as large as the intra-regional trade relative to WBSA's overall trade profile. Trading with the EU is, plainly said, much more important to WBSA countries than trading with peer WBSA countries, although this result encompasses considerable disparities. A country-specific RMTI analysis shows that intra-regional trade is, for some smaller economies, at least as important as cross-regional trade with the EU. Besides, the analysis has shown, somehow surprisingly, that for the individual WBSA states, the BSEC remains a more powerful trade-diverting actor than the EU. But since the BSEC has not built up its policy instruments in order to support its regionalist scheme in the WBSA, this power merely reflects the fact that geographical proximity continues to act in the WBSA as a key factor in trade deviation. In fact, regionalism *à la* BSEC is diverting increasingly less the trading preferences of the individual WBSA states', unlike EU-driven regionalism which becomes increasingly practised in the WBSA. This finding is a positive sign that the EU's policy instruments in the WBSA stimulate regionalism more effectively than the BSEC's.

The study examined the intertwined relationship between the BSEC and the EU, and showed that rather than interpreting EU-driven regionalism as a concurrent development to BSEC-driven regionalism, the two phenomena should be seen as overlapping and mutually reinforcing. Although it is clear that the EU–BSEC relationship is a rather asymmetrical one, trade dependence between the two has increased in both ways. And virtually all WBSA countries have witnessed an increase in their dependence on both intra-regional and cross-regional trade – a conclusive sign of the "openness" of their regional integration, and more roughly of "new" regionalism in the WBSA.

These empirical developments in the WBSA patterns of trade can be analysed as changing practices in WBSA regionalism. They respond to the differential implantation of policy instruments for trade regionalisation in the WBSA, as provided by the BSEC or the EU. On the one

side, the BSEC has not been able to frame its member states' practices of regionalism in the WBSA through the provision of effective mechanisms for trade regionalisation. Its lack of institutional depth and cohesion, and the difficulty to assert its collective interests have hampered the development of regionalism *à la* BSEC in the WBSA. Of course, the BSEC can still count on geographical propinquity as an asset to sustain the emergence of regional biases in trade. As physical and cultural distances increase the costs related to trade, close neighbours are rationally more induced to develop intense relationships than distant partners. This is even more so, if neighbours set up an institutional framework aimed at lowering the risks related to economic cooperation and escaping the security dilemma. Countries around the Black Sea do not stand out as an exception to this rule. Their geographical closeness, historical heritage and cultural features that many of them share with each other cannot be neglected, and must surely be part of the explanation of the relatively high level of trade regionalisation that still prevails around the Black Sea. But disappointingly, the BSEC does not stand out in the WBSA by its capacity to effectively promote regionalism through the use of policy instruments (geographical propinquity is by no means a policy instrument). Indeed, for most of the countries of the region, regionalism *à la* BSEC did not translate into higher intra-regional trade intensity. More importantly, it did not succeed in preventing a certain de-regionalisation of intra-regional trade in the WBSA.

On the other side, the EU has actively sought to shape states' trading behaviour through the actual deployment of policy instruments, which have proved remarkably effective. These policy instruments have been deployed at the multilateral as well as bilateral levels, and have been articulated through different approaches. They contribute to the success of the EU-driven regionalism in the WBSA. Though important cross-national differences remain, it is striking to note the intensification of cross-regional trade between WBSA countries and the EU, as well as the growing interdependence between the two. These trends denote the gradual inclusion and interweaving of the WBSA within the continental-scale scheme of EU-driven regionalism. The Black Sea Synergy is the most recent step taken by the EU and the WBSA countries in this sense. It strengthens the already well-established practices of EU-driven regionalism in the WBSA by furthering the emergent social structure in Europe's Black Sea region, which views the WBSA as part of Europe. Considering the success of the EU's cross-regional policy in the WBSA, and the comparative misfortune of the regionalism *à la* BSEC, it is unlikely that the WBSA will further integrate centripetally, as a sub-region nested in Europe. In all likelihood, its practice of EU-driven regionalism will instead bring the WBSA individual states closer to the EU, though differentially, while their mutual relations would benefit from a shared preference towards the EU.

The findings of this paper also highlight the fundamental argument of new regionalism. The Black Sea regionalisation, which started in 1992, stands out as open regionalism and has much interaction with the neighbouring regionalism centred on the EU. Some analysts including Doidge (2011, 5) have pointed out that regionalism among developing countries emerged as a response to the European example of protectionist development strategies. However, the BSEC should not probably be perceived as a bulwark against either globalisation or the hegemony of any global power, as the foremost feature of the BSEC project is that it is an open regionalisation, and is certainly not a closed/introverted or protectionist group of allies. Even the obstacles to trade within the BSEC group itself have not been eliminated, not to mention the (tariff) barriers between BSEC countries and third parties in the rest of the world. They have failed to finalise even a Free Trade Agreement, which would have constituted a basis for cooperation and ultimately integration in the WBSA. A tentative action plan was drafted but never made it to the final decision-making process that would have enabled it to be channelled into the higher level within the BSEC organisation. Thus, it could be argued that BSEC is not an EU-like block, nor does it resemble the Union in economic terms. In sum, the integration process of the EU member states has not provoked any kind of defensive or introverted regionalism in the wider Black Sea area. In sum, we contend that new regionalism is

an inclusive rather than an exclusive structure and the post-Cold War regionalisation should not be perceived as a fixed outcome of the changing process of regional political interactions in transformation, but rather an open one. The conclusion is that no regionalism is an island, especially the model of new regionalism which entails both modernist and traditional approaches to understanding region-building.

Acknowledgements

The authors of this paper are listed alphabetically. The authors are grateful to the editors of this special issue and for their insightful comments on earlier versions of this article. The authors thank Dr Richard Connolly for the assistance with methodology and data collection, University of Birmingham. Also, the authors are thankful to Prof. Stephen G. Hall of the University of Leicester for his helpful comments on the earliest draft of this paper. Our sincere gratitude to Dr Carol Weaver of Leicester University for ensuring that this article is in good English. Florent Marciacq is supported by the National Research Fund, Luxembourg (AFR 2718121).

Notes

1. In this paper, the WBSA refers to the region defined by the European Commission in its Communication on the EU's Black Sea Synergy. It contains Greece, Bulgaria, Romania, Moldova, Ukraine, Russia, Georgia, Armenia, Azerbaijan and Turkey (European Commission 2007a).
2. The Organization of the BSEC counts as founding members: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine. Serbia joined the BSEC as Serbia-Montenegro in 2004.
3. The Black Sea Synergy has the same membership as the BSEC minus Albania and Serbia.
4. Despite (or precisely because of) these functional and geographical overlaps, the relationship between the EU and the BSEC organisation did not flourish. The European Commission has acquired the status of observer in the BSEC in 2008, but inter-organisational cooperation remains otherwise very limited and has not produced concrete progress.

Notes on contributors

Dr Mukhtar Hajizada is a Research Fellow at the Center for International and European Studies at Kadir Has University supported by a TÜBİTAK research grant. He specialises on the political economy of regionalism, international regionalisms, regionalisation in the wider Black Sea area and also the EU actorness, foreign and neighbourhood policies. He holds a PhD from the Department of Politics and International Relations at the University of Leicester. He also holds an MA from Istanbul University and a BA from the Academy of Public Administration in Baku. He was a Visiting Fellow at the Brussels-based Centre for European Policy Studies (CEPS) in 2010.

Mr Florent Marciacq is a research associate at the European Governance Programme, University of Luxembourg, and a researcher at the Chair for Legislative Studies, Chamber of Deputies of Luxembourg. He graduated in political sciences from the Vienna Diplomatic Academy (MAIS) and in international economics from the Reims Management School (MSc). He now completes his joint PhD studies at the University of Luxembourg and University of Vienna with the support of Luxembourg's National Research Fund (AFR 2718121).

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Appendix

Table A1. Statistical appendix.

(in million dollar)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Cross-regional trade (exports)	49,204	52,696	67,526	70,456	73,327	68,495	70,091	94,382	90,672	102,511	134,209	174,986	230,831	287,289	329,779	438,917
Intra-regional trade (exports)	8067	19,591	25,082	26,735	26,378	21,866	18,269	24,340	23,906	26,774	35,143	49,905	64,854	82,188	105,032	140,156
Intra-regional trade shares (exports + imports)																
Armenia-WBSA	169	228	318	334	426	368	331	342	356	472	502	542	770	981	1513	2118
Azerbaijan-WBSA	737	548	508	789	874	896	696	778	687	906	1201	1746	2441	3323	4374	5365
Bulgaria-WBSA	2432	2350	3894	3859	3071	2983	2688	3742	3794	3851	5293	7274	9409	8813	17,035	21,739
Georgia-WBSA	246	196	389	588	669	804	620	552	548	567	749	1197	1794	2440	3293	3866
Greece-WBSA	1693	2307	2784	2963	3158	2891	2774	4055	4587	5516	6910	8204	9807	11,888	13,201	16,889
Moldova-WBSA	855	977	1178	1289	1377	989	609	683	788	884	1157	1466	1750	2698	3836	4936
Romania-WBSA	2159	2410	3075	2908	3155	2750	2436	3699	3653	4026	6034	8725	11,273	14,105	18,286	22,569
Russia-WBSA	3830	15,953	19,527	20,364	18,656	14,547	11,875	16,213	15,577	17,153	22,394	31,713	43,118	55,097	68,041	94,227
Turkey-WBSA	3551	3743	6365	6459	8190	7155	6386	9003	8320	9970	14,008	21,604	28,490	38,046	50,728	65,637
Ukraine-WBSA	1522	10,817	15,480	16,216	13,651	11,812	9696	11,451	11,949	12,361	16,184	23,032	25,957	29,393	39,218	48,896
Growth intra-regional exports			28.0%	6.6%	-1.3%	-17.1%	-16.5%	33.2%	-1.8%	12.0%	31.3%	42.0%	30.0%	26.7%	27.8%	33.4%
Growth in cross-regional exports			26.2%	5.0%	3.4%	-8.6%	2.3%	28.1%	-9.4%	23.6%	25.5%	26.6%	29.6%	19.0%	21.3%	34.4%
Growth in world exports			19.5%	4.5%	7.2%	-1.5%	3.6%	12.7%	-3.6%	4.8%	16.3%	22.2%	14.3%	16.0%	13.9%	15.9%
RMTI, intra-regional trade (exports)	9.9%	17.7%	17.9%	18.1%	17.4%	16.0%	13.5%	14.0%	15.0%	13.7%	14.3%	15.8%	15.8%	16.6%	17.4%	17.3%
RMTIm cross-regional trade (exports)	60.2%	47.5%	48.1%	47.7%	48.4%	50.3%	51.8%	54.1%	56.7%	52.6%	54.6%	55.2%	56.2%	58.2%	54.6%	54.1%
RMTI of intra-regional trade (exports)																
Armenia	39.3%	35.7%	30.2%	29.0%	37.9%	32.8%	30.8%	28.8%	29.2%	31.7%	25.5%	26.1%	27.7%	30.9%	34.2%	38.6%
Azerbaijan	45.3%	38.7%	41.8%	49.6%	55.5%	53.2%	35.4%	26.7%	18.3%	23.6%	23.0%	24.5%	28.5%	28.6%	37.2%	9.8%
Bulgaria	35.7%	28.9%	36.4%	39.9%	37.5%	32.4%	29.9%	33.6%	31.0%	28.6%	29.3%	30.0%	31.4%	25.4%	35.0%	36.5%
Georgia	53.0%	39.8%	71.8%	66.4%	57.7%	51.5%	50.8%	52.4%	51.1%	49.6%	46.6%	48.0%	53.7%	52.4%	51.0%	49.6%
Greece	5.8%	7.8%	7.5%	7.3%	8.3%	7.3%	7.2%	10.3%	12.1%	13.2%	11.9%	12.1%	13.7%	14.1%	13.2%	14.8%
Moldova	76.8%	79.8%	74.3%	69.0%	67.5%	59.7%	58.0%	54.7%	54.0%	52.6%	52.8%	53.3%	52.3%	55.4%	45.8%	47.9%
Romania	18.9%	18.2%	16.7%	16.5%	16.2%	13.6%	12.7%	15.8%	13.6%	12.7%	14.5%	15.6%	16.6%	16.8%	16.5%	16.8%
Russia	5.4%	15.7%	15.7%	15.8%	13.6%	12.7%	11.6%	11.8%	13.0%	11.2%	11.9%	13.5%	12.8%	13.0%	12.3%	13.0%
Turkey	7.9%	8.9%	11.1%	9.9%	10.9%	9.8%	9.5%	10.9%	11.4%	11.4%	12.0%	13.5%	15.0%	16.9%	18.3%	19.6%
Ukraine	18.4%	52.5%	44.0%	50.7%	43.5%	43.2%	41.4%	40.1%	37.3%	35.4%	33.5%	37.4%	37.0%	35.2%	35.9%	32.1%
Intra-regional trade gravity index (exports)																
Armenia	17.0	17.7	11.8	16.6	14.7	11.0	10.9	11.5	12.8	8.1	7.1	6.4	6.5	6.6	9.2	8.8
Azerbaijan	18.4	18.1	16.4	18.5	21.0	24.5	14.7	9.6	6.8	7.2	6.9	7.6	8.9	6.6	9.6	1.3
Bulgaria	8.8	12.7	13.4	14.6	14.7	12.7	13.3	12.7	12.4	11.1	9.9	10.0	9.1	8.4	8.3	7.8
Georgia	32.7	28.8	34.1	31.3	28.3	25.9	25.7	30.1	28.5	22.7	20.5	19.6	20.1	16.1	13.9	14.7
Greece	3.6	5.5	4.6	4.9	5.6	5.4	6.3	8.0	7.9	6.8	6.1	6.2	5.7	5.7	4.8	4.5
Moldova	34.8	39.3	31.8	31.1	29.6	30.3	31.0	30.9	31.1	25.2	22.9	20.4	19.8	15.2	7.3	7.4
Romania	7.8	6.7	5.5	5.4	5.3	4.7	6.5	7.7	5.5	4.3	4.2	5.0	5.5	5.4	4.6	4.7
Russia	2.6	7.3	5.7	5.9	5.7	5.7	5.9	5.5	6.3	5.0	4.6	5.1	4.6	4.5	3.7	3.7
Turkey	2.9	4.0	4.6	5.1	5.7	4.9	4.1	4.1	4.4	4.1	3.8	3.7	3.8	4.1	4.0	3.8
Ukraine	12.4	22.4	19.7	20.2	14.8	14.4	16.5	18.0	17.7	13.8	10.9	11.5	12.1	11.5	11.0	9.5

(Continued)

Table A1. Continued.

(in million dollar)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<i>Cross-regional trade gravity index (exports)</i>																
Armenia	0.5	0.6	0.5	0.5	0.7	0.9	1.1	1.0	0.7	1.0	0.9	0.9	1.2	1.3	1.3	1.5
Azerbaijan	0.6	0.4	0.4	0.2	0.3	0.6	1.2	1.7	1.8	1.7	1.6	1.3	1.3	1.5	0.7	1.5
Bulgaria	1.3	1.2	1.0	1.1	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6
Georgia	0.3	0.1	0.2	0.4	0.3	0.5	0.7	0.6	0.5	0.5	0.4	0.5	0.7	0.7	0.6	0.6
Greece	1.7	1.6	1.7	1.5	1.6	1.6	1.6	1.5	1.5	1.4	1.5	1.6	1.6	1.7	1.7	1.7
Moldova	0.8	0.6	0.7	0.6	0.5	0.6	0.9	0.9	0.8	0.9	0.9	1.0	1.1	1.2	0.5	0.6
Romania	1.2	1.3	1.4	1.4	1.6	1.7	1.8	1.9	1.9	1.8	1.8	1.8	1.8	1.9	1.9	1.9
Russia	1.5	1.1	1.1	1.1	1.2	1.1	1.2	1.4	1.5	1.2	1.3	1.3	1.5	1.6	1.4	1.5
Turkey	1.3	1.2	1.3	1.3	1.3	1.3	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.5	1.4	1.3
Ukraine	1.3	0.5	0.5	0.5	0.6	0.7	0.8	0.8	0.8	0.9	0.9	0.8	0.8	0.8	0.7	0.7
<i>Trade dependence ratios (total trade)</i>																
EU trade dependence on WBSA		1.35%	1.69%	1.67%	1.72%	1.58%	1.41%	1.62%	1.50%	1.68%	2.16%	2.67%	3.14%	3.65%	4.22%	5.21%
WBSA trade dependence on EU		5.72%	7.59%	7.74%	8.02%	7.72%	6.92%	7.70%	7.06%	7.64%	9.33%	10.91%	12.29%	13.73%	15.25%	18.25%

Trade gravity index (exports)		Armenia	Azerbaijan	Bulgaria	Georgia	Greece	Moldova	Romania	Russia	Turkey	Ukraine
1993	Intra-regional trade	17.0	18.4	8.8	32.7	3.6	34.8	7.8	2.6	2.9	12.4
	Cross-regional trade	0.5	0.6	1.3	0.3	1.7	0.8	1.2	1.5	1.3	1.3
2008	Intra-regional trade	8.8	1.3	7.8	14.7	4.5	7.4	4.7	3.7	3.8	9.5
	Cross-regional trade	1.5	1.5	1.6	0.6	1.7	0.6	1.9	1.5	1.3	0.7
Trade dependence ratios (total trade)											
1994	On intra-regional trade with WBSA	0.03	0.01	0.10	0.00	0.13	0.05	0.06	0.05	0.06	0.02
	On cross-regional trade with the EU	0.06	0.04	0.05	0.03	0.02	0.18	0.02	0.02	0.01	0.06
2008	On intra-regional trade with WBSA	0.10	0.37	0.37	0.10	0.20	0.27	0.35	0.17	0.15	0.14
	On cross-regional trade with the EU	0.11	0.07	0.23	0.18	0.05	0.46	0.08	0.04	0.07	0.14

Source: F. Marciacq's calculations based on UN Comtrade (2010) and IFS Online (2010)