

# MP-IDSA

## *Issue Brief*

# Turkiye and the Organization of the Black Sea Economic Cooperation

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## **S***ummary*

The Organization of the Black Sea Economic Cooperation (BSEC) emerged from a vision to unite the Black Sea region through economic collaboration. Turkiye's Chairmanship of the Organization of the Black Sea Economic Cooperation (BSEC) gives it an opportunity to shape the trajectory of the pivotal regional organisation, established in 1992. Despite geopolitical tensions and institutional limitations, BSEC's significance lies in its potential to foster dialogue and cooperation amidst evolving economic interests.

## Introduction

The Organization of the Black Sea Economic Cooperation (BSEC) was conceptualised by Turkish diplomat, Sukru Elekdag, and found endorsement from the then Turkish President Turgut Ozal in 1990.<sup>1</sup> Subsequently, BSEC was established on 25 June 1992 when the leaders of the nations in the Black Sea region approved the Istanbul Summit Declaration and the Bosphorus Statement. The establishment of the BSEC marked a significant milestone in giving a fillip to regional and multilateral political and economic collaboration. By implementing its Charter on 1 May 1999, the BSEC gained international legal recognition and became a regional economic organisation known as the BSEC.<sup>2</sup> On 25 June 2023, BSEC completed 31 years of its establishment. Turkiye took over the rotating presidency from 1 July 2023 to 31 December 2023 for six months, succeeding Serbia.

## Significance of BSEC

The primary objectives of the BSEC are to promote harmony and interaction among its Member States and to foster peace, stability, and prosperity in the Black Sea region.<sup>3</sup> The organisation strives to cultivate friendly and cooperative relations among its 13 Member States, namely Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, North Macedonia, Romania, Russia, Serbia, Turkiye and Ukraine. To facilitate its activities, the BSEC established its headquarters, the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS), in Istanbul in March 1994.<sup>4</sup>

Through fostering closer economic ties, the BSEC promotes diversification and further development of bilateral and multilateral relations, ultimately envisioning a region that thrives on mutual benefit and collaboration.

BSEC encompasses an extensive geographic area spanning the territories of the Black Sea littoral states, the Caucasus and the Balkans, covering an expanse of approximately 20 million square kilometres. Positioned across two continents, this region holds significant importance in various aspects. As the sole comprehensive organisation that encompasses the broader Black Sea region, BSEC has established itself as an exceptionally valuable platform for regional economic collaboration and communication.<sup>5</sup>

With a population exceeding 350 million people, the BSEC region preserves substantial economic potential. Its trade turnover reaches approximately US\$ 1.5

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<sup>1</sup> Tunc Aybak, *Politics of the Black Sea: Dynamics of Cooperation and Conflict*, I.B. Tauris, London, 2001, p. 31.

<sup>2</sup> “[Black Sea Economic Cooperation](#)”, BSEC, 25 June 1992.

<sup>3</sup> “[Organization of the Black Sea Economic Cooperation](#)”, Ministry of Foreign Affairs, Republic of Turkiye.

<sup>4</sup> “[Organization of the Black Sea Economic Cooperation](#)”, BSEC, 26 May 2023.

<sup>5</sup> Lazar Comanescu, “[Message by the BSEC PERMIS Secretary General](#)”, BSEC Permanent International Secretariat, 25 June 2023.

trillion, contributing to a combined nominal GDP of around US\$ 2.95 trillion.<sup>6</sup> Notably, the region stands as the second-largest source of oil and natural gas after the Persian Gulf, and it possesses considerable reserves of minerals, metals, and other valuable natural resources. Moreover, the Black Sea region is emerging as a crucial corridor for transport and energy transfer in Europe.<sup>7</sup> This region’s strategic location and abundant resources highlight its pivotal role in regional and global dynamics, making it a significant area for economic, geopolitical, and environmental considerations.

The wider Black Sea region, characterised by instability and significance as an energy corridor, has become a complex playing field in contemporary geopolitics. Many actors are involved, including local players from the Black Sea littoral states, influential external players such as the United States, European Union, Iran and China, and various regional and global intergovernmental organisations. The engagement of ‘global intergovernmental players’ is evident through the involvement of organisations such as the United Nations (UN), the Organization for Security and Cooperation in Europe (OSCE), the North Atlantic Treaty Organization (NATO), and the Council of Europe. Additionally, non-governmental organisations and multinational companies contribute to the multifaceted dynamics in the region.<sup>8</sup>

The Communique released by the NATO Heads of State and Government on 11 July 2023 emphasises NATO’s growing acknowledgement of the strategic significance of the Black Sea region, when it states:

The Black Sea region is of strategic importance for the Alliance. This is further highlighted by Russia’s war of aggression against Ukraine. We underline our continued support to Allied regional efforts aimed at upholding security, safety, stability and freedom of navigation in the Black Sea region including, as appropriate, through the 1936 Montreux Convention.<sup>9</sup>

The Communique also underscores NATO’s commitment to supporting regional efforts to maintain security and stability in the Black Sea area, both in response to current events and as part of a broader strategic approach.

## **Turkiye’s Foreign Policy and BSEC**

Situated at a critical juncture in geopolitics, Turkiye plays a pivotal role as a connecting link between the East and the West. It serves as a dynamic hub for trade and holds significant strategic importance in global economics and politics. The disruption caused by the end of the Cold War left a void that posed a threat to Turkiye’s stability. To counter this, Turkiye’s leaders recognised the need to focus on

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<sup>6</sup> [“Facts about the BSEC Region”](#), BSEC, 25 June 1992.

<sup>7</sup> Ibid.

<sup>8</sup> Ebru Kunt Akin, [“The New Geopolitical Order in the BSEC Region”](#), Ministry of Foreign Affairs, Republic of Turkiye.

<sup>9</sup> [“Vilnius Summit Communique”](#), North Atlantic Treaty Organization, 11 July 2023.

regional economic cooperation in their immediate vicinity following the collapse of the Soviet Union. Consequently, Ankara actively participated in international cooperative endeavours such as the BSEC.<sup>10</sup> Turkiye led and created the BSEC with 11 members in 1992.

It has been contended that the formation of the BSEC was conceived by Turkish foreign policy strategists with the dual purpose of fully integrating Turkiye into the global economic landscape and fulfilling their aspirations for modernisation. This strategic shift aimed to transition from insular economic policies to more outward-looking approaches. The end of the Cold War, the favourable outcomes observed within the European Community, such as the triumph of the single European Market, and the transformative shifts in the global economic structure collectively nudged Turkiye towards heightened collaboration within its regional sphere.<sup>11</sup>

Furthermore, it is posited that the origins of BSEC can be traced to Turkiye’s disenchantment following the European Community’s unenthusiastic reception of its bid for complete membership. The Bosphorus Statement of 1992 confirms that the BSEC initiative emerged to facilitate the intricate processes and structures integral to the larger tapestry of European integration.<sup>12</sup> Essentially, the establishment of BSEC can be interpreted as an integral component of Turkiye’s comprehensive strategy of aligning itself with European norms. This deliberate direction was chosen to effectively navigate the repercussions of globalisation and the rise of regional dynamics following the Cold War.<sup>13</sup>

Signifying the importance of Turkiye, the General Secretary of BSEC, Lazar Comanescu, asserted that “Turkiye has been one of the most active participants in the decision-making process in this organisation, and one of the most active members of the BSEC in terms of bringing up, launching, and promoting initiatives”.<sup>14</sup> Comanescu also appreciated Turkiye’s effort in the Grain Corridor Agreement by explicitly asserting that “thanks to the efforts of actors such as Turkiye, keeping the doors open has enabled this agreement to be made”.<sup>15</sup>

The UN initiated the Black Sea Grain Initiative in July 2022 to facilitate the safe transportation of grain and foodstuffs from Ukrainian ports. The initiative aimed to resume Ukrainian grain exports via the Black Sea amidst the ongoing Russia–Ukraine War. It supported the stabilisation of global food prices by ensuring the flow of Russian food and fertiliser to international markets. As part of the initiative,

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<sup>10</sup> Davut Han Aslan and Muhammadqosim Sharapov, “[Turkey and the Black Sea Economic Cooperation \(BSEC\)](#)”, ZNUV, 2014.

<sup>11</sup> Tunc Aybak, [Politics of the Black Sea: Dynamics of Cooperation and Conflict](#), no. 1, p.32.

<sup>12</sup> “[The Bosphorus Statement](#)”, BSEC, 25 June 1992.

<sup>13</sup> Tunc Aybak, [Politics of the Black Sea: Dynamics of Cooperation and Conflict](#), no. 1, p. 33.

<sup>14</sup> [Faruk Hanedar, ‘Turkiye key actor of Black Sea Economic Cooperation,’ Says Head of Regional Body](#)”, Anadolu Agency, 25 June 2023.

<sup>15</sup> Ibid.

commercial food and fertiliser exports, including ammonia, were permitted from three major Ukrainian ports in the Black Sea—Odesa, Chornomorsk, and Yuzhny/Pivdennyi.<sup>16</sup>

To ensure safe passage, Ukrainian vessels guide cargo ships away from mined areas and along a designated maritime humanitarian corridor towards Istanbul. Joint Coordination Centre (JCC), hosted in Istanbul, oversees the initiative’s implementation, with representatives from Russia, Turkiye, Ukraine, and the UN. The UN acts as the Secretariat for the JCC. JCC teams inspect ships travelling to and from Ukrainian ports. This inspection process ensures compliance with safety and humanitarian standards. The initiative holds great significance in ensuring the stability of grain exports from Ukraine and providing relief to global food prices.<sup>17</sup>

However, on 17 July 2023, Russia withdrew from the Black Sea Grain Initiative, citing dissatisfaction with the West and the international community’s inability to guarantee unhindered export opportunities for its agricultural commodities. Moscow contends that challenges related to payment mechanisms, logistical processes, and insurance provisions have impeded the smooth flow of shipments. During the operational period of the Black Sea deal, approximately 33 million tons of Ukrainian grain found its way into the global export market.<sup>18</sup>

Turkish President Recep Tayyip Erdogan is scheduled to visit Russia in the first week of September 2023 for a meeting with Russian President Vladimir Putin. This upcoming meeting holds considerable anticipation as Turkiye intensifies its endeavours to resurrect a crucial Black Sea Grain Initiative that facilitated the transportation of Ukrainian grain to global markets.<sup>19</sup>

Amid the ongoing Russian–Ukrainian conflict, global natural gas dynamics have shifted significantly. This reshuffling has caused supply shortages, notably seen in Europe. To counter these shortages, the focus is shifting to the offshore sector, especially in the Black Sea, with Turkiye taking centre-stage. Having discovered the Sakarya gas field in 2020, Turkiye is now a major deep water gas producer. Sakarya gas field is believed to hold the largest gas reserves in the Black Sea. Moreover, Russia sees Turkiye as a potential partner to establish a hub for its gas exports, considering Turkiye’s strategic location.<sup>20</sup>

Turkiye unveiled its first natural gas discovery in the Black Sea through the Tuna-1 well. This discovery, amounting to 405 billion cubic meters (bcm), marked the world’s largest offshore find in 2020. Building on this achievement, Turkiye continued its

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<sup>16</sup> [“Beacon on the Black Sea”](#), United Nations, 27 July 2022.

<sup>17</sup> Ibid.

<sup>18</sup> [“Erdogan Says West Must 'Keep Promises' on Ukraine Grain Deal”](#), *Daily Sabah*, 9 August 2023.

<sup>19</sup> Ezgi Akin, [“Erdogan to meet Putin in Sochi as Turkey looks to save Ukraine Grain Deal”](#), *Al-Monitor*, 28 August 2023.

<sup>20</sup> Fernando C. Hernandez, [“Turkey and Russia's Impact on the Black Sea Becoming an Emerging Natural Gas Region”](#), *Journal of Petroleum Technology*, 23 June 2023.

success in 2021 with another discovery in the Amasra-1 well, revealing reserves totalling 135 bcm.<sup>21</sup>

Turkiye’s announcement of a substantial natural gas find in the Black Sea, with 58 bcm discovered in the Caycuma-1 field and a revision increasing the estimated Sakarya gas field reserves from 540 bcm to 652 bcm, signifies a critical development. Facing high dependence on gas imports from various countries, particularly Russia, Azerbaijan and Iran, Turkiye’s own gas production was limited to 397 million cubic metres in 2021. Therefore, this newfound domestic gas reservoir presents the opportunity to enhance energy security, reduce import reliance, and potentially transform the nation’s energy landscape, with plans to incorporate the gas into the national grid by 2023 and achieve stable production by 2027 or 2028.<sup>22</sup>

## **Turkiye’s Key Priorities during Chairmanship-in-Office**

During the chairmanship-in-office from 1 July 2023 to 31 December 2023, Turkiye’s main goal is to re-establish extensive cooperation among Member States, despite persisting challenges. Turkiye is planning to capitalise on the progress achieved so far and focus on unexplored avenues of collaboration to serve the shared interests of the diverse populations across the broader Black Sea region. Some of the key priorities are as follows:

### *Revamping BSEC Economic Agenda*

Turkiye seeks to update the BSEC Economic Agenda to align with evolving regional and global economic conditions. This updated agenda will serve as a strategic framework for BSEC’s endeavours, guiding Member States through changing times. Turkiye is striving to finalise the BSEC Economic Agenda by the end of 2023, taking inputs from the ‘Informal Ad hoc Group of Experts on Updating the BSEC Economic Agenda’, established during the Serbian Chairmanship. Turkiye intends to work to develop concrete mechanisms for enhanced cooperation among Member States in various domains. The adoption of the ‘Regional Trade Facilitation Strategy for the BSEC Region’ and the ‘Framework for BSEC Single Window Cooperation’ is anticipated to facilitate smoother trade processes among BSEC Member States.<sup>23</sup>

### *Activating Project Development Fund*

Enabling the Project Development Fund (PDF) is a crucial component of promoting economic collaboration by formulating and executing effective and mutually advantageous projects. Despite being a recognised funding mechanism for realising collaborative initiatives within BSEC, the PDF has remained dormant because of

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<sup>21</sup> Ebru Sengul Cevrioglu, [“Türkiye Revises up Recoverable Gas Reserves in Black Sea after Latest Discovery of 58 bcm”](#), Anadolu Agency, 27 December 2022.

<sup>22</sup> [“Turkey makes a 58 bcm Gas Discovery at the Çaycuma Gas Field in the Black Sea”](#), Enerdata, 3 January 2023.

<sup>23</sup> [“Priorities of the Turkish Chairmanship-in-Office of the Black Sea Economic Cooperation Organization”](#), BSEC, August 2023.



inadequate financial contributions from the Member States. Turkiye is vigorously urging Member States to contribute to revive the PDF and initiate collective projects, thereby activating regional collaboration.<sup>24</sup>

#### *Reactivating BSEC Business Council*

Revitalising the BSEC Business Council (BSEC BC) is essential, as an economic cooperation entity lacking a robust private sector dimension is inconceivable. Turkiye is likely to provide substantial backing for the undertakings of the BSEC BC and foster private sector engagements to enhance trade ties among Member States.<sup>25</sup>

#### *Resuming the work of the BCCESDEI*

The BSEC Coordination Centre for the Exchange of Statistical Data and Economic Information (BCCESDEI) was previously active, publishing materials that encompassed socio-economic indicators and trade statistics of Member States until 2007. However, due to limited data-sharing from corresponding agencies of Member States, the Centre, hosted by the Turkish Statistical Institute (TUIK) in Ankara, has remained inactive since then.

As per the Turkiye government, TUIK is now fully prepared to resume data collection and publication, which will serve as a robust and scholarly benchmark for enriching trade and economic cooperation within the Black Sea region. Turkiye is actively encouraging all Member States to contribute their data to the Centre and will diligently monitor progress in suitable formats.<sup>26</sup> If implemented sincerely, this collective effort is likely to contribute to the shared goals of informed development and harmonious economic cooperation.

In addition to the already mentioned priorities, Turkiye’s focal priorities encompass augmenting the external relations of BSEC and PERMIS, reinforcing the Troika mechanism, and facilitating in-person meetings to foster effective collaboration.

## **Persisting Challenges**

### *Regional Power Dynamics*

Turkiye’s regional autonomy is limited by Russia’s dominance in the Black Sea region. The 1936 Montreux Convention conferred Bosphorus and Dardanelles Straits control to Turkiye, and it claims that it has maintained an unbiased approach to avert disputes between Russian ships and NATO vessels. However, during the Russia–Ukraine war, Ankara has restricted the passage of Russian warships through both Straits while persistently delivering military resources to Ukraine. Despite this stance, Turkiye has refrained from aligning with Western sanctions imposed on

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<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

Russia, indicating “proactive neutrality”.<sup>27</sup> For Turkiye, balancing national security and fulfilling NATO commitments remains a challenge.<sup>28</sup> Russia’s strong influence in the Black Sea region has limited Turkiye’s ability to assert its interests within BSEC.

### *Security Concerns and Financial Constraints*

The region’s geopolitical tensions and conflicts, such as the Ukraine crisis, have impacted the security environment and hindered cooperation in BSEC. The operational dynamics of the BSEC also mirror the distinct challenges its Member States encounter, which are evident across the broader Black Sea vicinity. These challenges can be succinctly categorised as economic hardships coupled with constrained fiscal capacities, intricate security issues, and obstacles linked to the process of state-building.<sup>29</sup>

## **Conclusion**

The inception and evolution of the BSEC reflect the intricate interplay of geopolitical considerations, economic ambitions, and the desire for regional stability. The organisation emerged from the vision of a unified and interconnected Black Sea region, driven by the determination of Turkiye and like-minded states to capitalise on their shared potential. BSEC has developed into a significant platform for economic cooperation and dialogue among its diverse Member States. However, the organisation faces challenges ranging from geopolitical tensions to financial constraints and institutional efficacy.

Amid this backdrop, Turkiye’s chairmanship-in-office gives it another opportunity to shape the trajectory of BSEC. As Turkiye assumes the rotating presidency until December 2023, it aims to enhance economic cooperation by revamping the BSEC Economic Agenda, activating the Project Development Fund, reactivating the BSEC Business Council, and resuming the work of the BSEC Coordination Centre. Despite Russia’s influence and security challenges in the Black Sea region, Turkiye’s role remains pivotal in promoting regional stability, economic growth, and collaboration among diverse member nations.

However, the strength and effectiveness of any international organisation are inherently tied to the level of political and material support it receives from its Member States. Ultimately, BSEC’s success hinges on the collective commitment of its Member States to overcome challenges and seize opportunities, thereby transforming the vision of a harmonious and prosperous Black Sea region into a concrete reality.

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<sup>27</sup> Ezgi Akin, “[Erdogan to Meet Putin in Sochi as Turkey Looks to Save Ukraine Grain Deal](#)”, *Al-Monitor*, 28 August 2023.

<sup>28</sup> Boris Toucas, “[Turkey Has No Allies in the Black Sea, Only Interests](#)”, Center for Strategic & International Studies, 13 February 2018.

<sup>29</sup> Panagiota Manoli, “[Reflecting on the BSEC: Achievements, Limitations and the Way Forward](#)”, Policy Brief-1, International Centre for Black Sea Studies (ICBSS), July 2006.



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