

УДК 339.9

BSEC AS A GROWTH FACTOR OF ECONOMIES OF THE COUNTRIES OF THE BLACK SEA REGION

Izmailov K. R., Rudnitskiy A. O., Mirankov D. B.

*V. I. Vernadsky Crimean Federal University, Simferopol, Russian Federation
E-mail: khalil.izmailov.96@mail.ru*

Using the example of the Organization of the Black Sea Economic Cooperation, the article examines the integration process in the Black Sea region, touches upon the issue of the prospects and potential of cooperation between the participating countries. The effectiveness of the BSECO functioning in the member countries was analyzed, and the assessment of the BSECO strategy in Russia was carried out in order to increase the efficiency of cooperation between them.

Keywords: integration, regionalization, international organization, Black Sea region, BSEC, BSTDB, Russia in BSEC.

INTRODUCTION

Currently, the world economy, which is qualitatively transforming within the framework of the globalization process, needs productive cooperation between countries and regions, which is aimed at identifying ways and means of effectively countering the threats and challenges of our time. In this regard, regional integration associations can play a priority role in the development of interstate relations.

Regional cooperation is one of the main directions of modern processes in international relations and occupies no less important place than globalization. Certain regions, which for a long time were outside the zone of interests of the international community, are now becoming the focus of increased attention from the leading world powers. Under these conditions, the status and significance of such regions begins to change significantly, which, on the one hand, become more influential regional players, and on the other, feel more influence and pressure from international actors. The Black Sea region also belongs to this category of regions.

Today the Black Sea region attracts the strategic attention of all leading countries and organizations (EU, NATO, USA, etc.). This is due not only to its important geostrategic position and energy potential, but also to the strengthening of the political, economic, transport aspects of regional development, as well as the problems of maintaining stability and security. Another important factor in strengthening the presence of the above organizations in the Black Sea region and attaining a qualitatively new level for them was the accession of Romania and Bulgaria to NATO and their membership in the European Union. An important factor is the unification at the ontological level of the Black Sea region with the Baltic and Caspian regions, which enables experts to develop the concept of cooperation in the format of the “Baltic-Black Sea-Caspian Region” as a single mesoregional system. The entry of the EU and NATO directly into the region testifies to its strategic importance in the world geopolitical and geo-economic space. Regional cooperation in the Black Sea region is considered by most of the participants as the main mechanism of interaction with the pan-European integration process.

A significant contribution to the formation of integration theory and practical aspects of regional integration within the BSEC was made by the works of M. G. Nikitina, D. B. Mirankov, O. N. Baburina, E. D. Eshba, V. M. Yurchenko, S. Teleke, L. N. Velichko, O. S. Oshchepkova and other specialists.

The purpose of the work is to analyze the effectiveness of the activities of the Organization of the Black Sea Economic Cooperation and the prospects for its development from the standpoint of Russia.

MAIN MATERIAL

The Black Sea region occupies a worthy place in international trade and economic relations, because it has a powerful purchasing power: for example, the population for 2021 is about 335 million people, the total GDP is almost 3 trillion US dollars, and the annual trade volume is over 1.5 trillion US dollars. The geographic and economic parameters of the BSEC look quite impressive - the richness of natural resources, a powerful production base, and a skilled labor force. All this offers a wide range of opportunities for the world economic community and creates great prospects for regional cooperation and rallying these states around the Black Sea.

BSEC activities can be considered one of the successful integration projects. Within the framework of this organization, the Black Sea Trade and Development Bank functions as a financial institution. Thus, as of January 31, 2021, 420 projects were signed in the BSECO member countries for a total investment of US \$ 6.5 billion. The main areas of interaction within the BSEC include various areas: agriculture, industry, infrastructure development, scientific and technological progress, trade, tourism, energy, environmental protection, etc. An important role is also given to combating organized crime and terrorism in the Black Sea region, strengthening cultural and socio-economic ties (see Fig. 1).

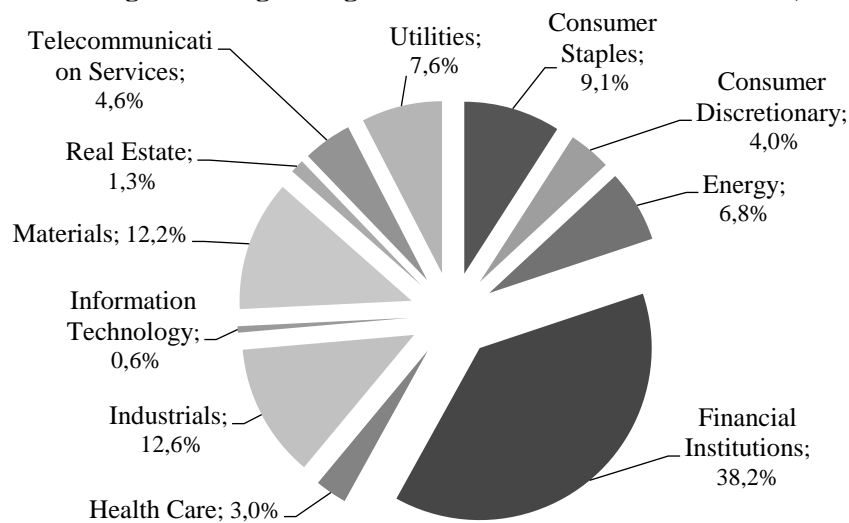


Fig. 1. Distribution of BSTDB loans by sectors of the economy from June 1999 to January 2021.

Source: [2].

BSEC AS A GROWTH FACTOR OF ECONOMIES OF THE COUNTRIES...

During the period of its activity, most of the projects of the Black Sea Trade and Development Bank have been approved in the field of project and corporate finance. Financing of small and medium-sized businesses accounted for a fifth of the loan portfolio operations. The leading countries in terms of allocated finance and the most creditworthy borrowers from the Black Sea region are Russia, Turkey and Greece. Operations in the financial sector of the economy occupy a predominant place in the sectoral structure of the BSTDB loan portfolio for the entire period of the BSECO activity.

Moving on to the consideration of large projects within the framework of the BSECO operation, the idea of creating a free trade zone should be mentioned. It was first announced in 1997, but due to the low indicators of intraregional trade (about 13 % of the total trade volume in 2020), as well as the accession of Greece, Romania and Bulgaria to the EU, it was never implemented. But at the same time, the BSECO developed a common decision on the gradual removal of customs barriers between the member states, and also concluded a number of bilateral agreements. The current trade situation in the Black Sea region is complicated both by the obligations of the EU member states and by internal political instability.

The BSEC member countries have significant potential in the energy sector. Thus, in 2010, the energy ministers of the countries of the Black Sea Economic Cooperation Organization adopted a Declaration on the Creation of a Regional Energy Market. An important factor in the development of this sector in the Black Sea region is the coordination of national energy strategies. This will include programs for the implementation of long-term contracts for the supply of energy resources, the transition of vehicles to ecofuel, as well as the creation of an integrated market for natural gas and electricity.

The main strategic goal of the BSTDB within the BSEC in the field of small and medium-sized enterprises is “to promote the development of this sector by financing and ensuring cooperation between enterprises in the region, as well as by providing preliminary export financing services through the Trade Facilitation Program”. The SME sector, as well as the financial sector, public policy and the availability of external finance for SMEs, are at different stages of development in different member countries. In this regard, the Bank offers specific products for the needs of each country. The regional nature, knowledge of market demand and conditions allows the Bank to develop these individual products. The BSTDB strategy takes into account natural constraints in the SME sector, such as: limited resources, limited funds for technical assistance, high, strong competition in the market.

In achieving its goals, the BSTDB uses adequate technological and institutional mechanisms: loan guarantee funds, technical assistance funds, venture capital investment funds and specialized financial and credit institutions for microfinance, leasing operations, as well as credit lines through individual financial intermediaries.

One of the priority tasks of the BSEC is the creation of a ring highway around the Black Sea. This project was prepared by Russia at the end of 2006. At the moment, this direction can become decisive for the organization as a whole [9].

Analysis of the main macroeconomic indicators of all 12 countries for 2020, presented in the annual report of the Black Sea Trade and Development Bank “Meeting Regional Expectations”, allows us to determine the impact of the BSEC on the economies of its member countries. In general, the BSEC and the BSTDB have developed and steadily

maintain a fairly successful business activity in the Black Sea region. According to the BSTDB system of independent assessment of operational activities, the implementation of the last completed country Strategies for 2015–2018 was assessed as “excellent” based on the fact that all targets were met, taking into account the unfavorable political and economic background. It can be noted that all the main macroeconomic indicators of the BSEC member countries for 2020 are equal to the world average. (see Table 1).

Table 1
Key Macroeconomic Indicators of the BSEC Member Countries for 2020

| Country | GDP growth | Av. inflation rate | Current balance to GDP | FDI to GDP |
|------------|------------|--------------------|------------------------|------------|
| Albania | 3,9 % | 2,0 % | −7,0 % | 7,5 % |
| Armenia | 7,5 % | 1,0 % | −3,5 % | 1,9 % |
| Azerbaijan | −0,1 % | 12,9 % | 4,1 % | 16,7 % |
| Bulgaria | 3,6 % | 2,1 % | 4,6 % | 1,9 % |
| Georgia | 5,0 % | 6,0 % | −8,6 % | 8,5 % |
| Greece | 1,4 % | 1,1 % | −0,7 % | 2,1 % |
| Moldova | 4,5 % | 6,6 % | −8,1 % | 2,3 % |
| Romania | 6,9 % | 1,3 % | −3,4 % | 2,8 % |
| Russia | 1,5 % | 3,7 % | 2,2 % | 1,9 % |
| Serbia | 1,9 % | 3,0 % | −4,4 % | 5,8 % |
| Turkey | 7,4 % | 11,1 % | −5,6 % | 1,3 % |
| Ukraine | 2,5 % | 14,4 % | −1,9 % | 2,3 % |
| BSEC | 3,5 % | 5,8 % | −0,9 % | 2,1 % |

Source: compiled by the authors based on [1; 2].

The specificity of the Black Sea region, which lies in its geostrategic position and diversity in terms of the levels of development of the composition of countries, determines the presence of a significant number of not only economic problems, but also political, social, financial, environmental and others, which it is advisable to combine into groups and consider as disintegration factors of development economic cooperation of the BSEC member countries. The number of negative factors is very significant: from the complete instability of the member countries and their economic infrastructural incompatibility to socio-cultural differences [7].

As of early 2021, the total portfolio of transactions approved by the Board of Directors of the Black Sea Trade and Development Bank in the Russian Federation amounted to 73 transactions with a total investment of USD 1.4 billion. Of these, 66 agreements were signed for a total investment of US \$ 965,8 million. The disbursed amount on loans is USD 246,4 million. In terms of the volume of approved loans, the Russian Federation ranks second (21% of the total portfolio of the BSTDB). The BSTDB portfolio of approved active operations in Russia reached USD 251,7 million.

Russia in BSEC is the coordinator of three working groups: 1) on science and technology, 2) education, 3) banking and finance, as well as special working groups on large-scale forest fires, floods, seismic risks [4], until June 2017 g. also coordinated the

activities of the BSEC on energy [3]. The positioning of Russia in the BSEC is determined on the basis that the Organization should be aimed at resolving issues of an economic nature, which is defined in its statutory documents, excluding attempts to introduce political problems into the agenda, including the settlement of territorial disputes.

The total contribution of Russia to the authorized capital of the BSTDB within the BSEC is 128,5 million US dollars, on a par with Turkey and Greece. In turn, the Russian Federation received funds for \$ 1,3 billion. Accordingly, for every \$ 1 invested in the Bank, Russia received \$ 10,1 of BSTDB funding. In our opinion, this situation corresponds to the efficient use of public funds. But this does not negate the need for Russia to more effectively use its position in the Bank through the active participation of Russian companies in tenders for the purchase of BSTDB products for the implementation of investment projects in other BSEC member countries. All these activities will help to update the policy of the Russian Federation in relation to BSEC, as well as increase the impact of this cooperation.

The most promising areas of cooperation between Russia and the BSEC are joint concerted actions in the field of energy and transport, support for small and medium-sized enterprises, including financing of trade and export operations. It is advisable to implement projects in the financial sector aimed at lending to Russian banks.

The main priority of the strategic cooperation of Russia with the BSEC and the BSTDB is to assist in obtaining an investment credit rating and in the growth of lending. Based on this, during the formation of the structure of the loan portfolio, the Russian representatives of the Bank should not only focus on short-term revolving trade loans and high-yield medium-term, long-term project and corporate loans, but also to build a more balanced structure of the project portfolio, in particular, an increase in transactions with participation Bank in the share capital of other companies.

The interest of the Russian Federation in expanding the functioning of the Black Sea Trade and Development Bank within the framework of the Organization of the Black Sea Economic Cooperation is explained by the fact that the BSTDB plays an important and useful role in restoring and developing relations between Russia and the CIS countries and Eastern Europe, consolidating Russia's economic and political presence in the Balkan Peninsula. Ove, as well as in ensuring strategic trade and economic cooperation with Turkey and Greece.

Despite the fact that the basic guiding principles of macroeconomic policy of the BSEC member countries are developed to address the most important short and medium-term challenges of the economies of the member countries, during 2020–2022. they will focus on overcoming the current negative economic situation by ensuring macroeconomic stability, as well as creating the necessary conditions for sustainable development and the resumption of economic growth.

“In the conditions of active manifestation of destabilizing processes that carry risks for the long-term prospects of sustainable economic development of the BSECO member states, the most important task is to search for internal sources of economic growth, including through the effective interaction of the economies of the member states and the implementation of the integration potential of the Organization”.

Also, the most important tasks in the short and medium term for the BSEC will be the expansion of sales markets for products manufactured in the BSEC countries, support of

mutually beneficial economic relations with existing trading partners and assistance in the development of commodity and geographic diversification of trade and economic relations with third countries of the world [2] (fig. 2)

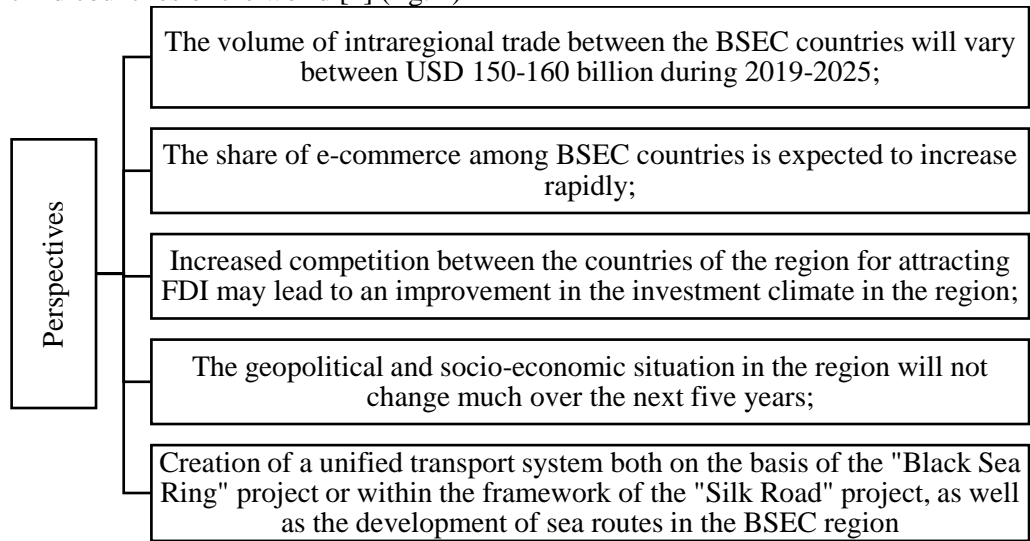


Fig. 2. Prospects for the development of integration of countries within the BSEC
Source: compiled and calculated by the authors.

Even more attractive is the prospect of cooperation between the BSEC countries and the Shanghai Cooperation Organization, where, together with Russia, China plays a key role with its rapidly growing economy and almost one and a half billion population. the possibility of cooperation between the BSEC and the SCO countries will create tremendous opportunities for discussing and implementing joint economic projects in a large geopolitical space. Thus, the BSEC, the Eurasian Economic Union and the SCO could jointly implement economic and energy projects and take measures for scientific and cultural cooperation. This collaboration between things is in harmony with the idea of creating a "New Silk Road" developed in China.

According to Evgeny Stanislavov, Director of the Department for Economic Cooperation of the Russian Foreign Ministry: "We have expressed interest in international organizations, large investors, banks, in particular, the Asian Infrastructure Investment Bank, to look at this project. The highway is also connected with another famous project "One Belt - One Road", and this bank aims to finance similar projects. " This, in turn, is the defining direction for the OCSE as a whole [6].

The effectiveness of the BSEC in the near future will largely depend on whether the leaders of the participating countries can avoid a situation in which economic difficulties and differences at certain moments develop into a crisis of confidence.

CONCLUSIONS

Taking into account all of the above, it can be concluded that the BSEC has a high integration potential. This organization is a way to achieve new heights as a result of eliminating disagreements and implementing promising projects. The capacity and regular meetings of representatives of member countries, representatives of foreign affairs, as well as committees created in the framework of regular meetings. But most often these meetings are of a protocol nature, in which some practical implications for strengthening the BSEC are not noticed.

Analyzing the participation of the Russian Federation in the BSEC, we can conclude that the potential of the Organization has not been fully used. The position of the Russian Federation as one of the influential shareholders of the BSTDB - the financial instrument of the BSEC - implies an increase in lending to the BSTDB for projects in the Southern Federal District of Russia. To increase the investment attractiveness of the southern regions of the Russian Federation, it is necessary to create comprehensive state and regional programs to attract FDI. In this regard, it becomes necessary to create a Russian technical assistance fund under the BSTDB to enhance the participation of Russian companies in BSEC projects. Fulfillment of these conditions will allow Russia to continue its development as one of the leading countries in the Black Sea region. The most promising areas of cooperation between Russia and the BSEC are general coordinated actions in the field of energy and transport, support for small and medium-sized enterprises, including financing of trade and export operations. It is advisable to implement projects in the financial sector aimed at lending to Russian banks.

Despite the difficulties of an economic nature, which, of course, are present in the activities of any international organization, BSEC is an important integration association capable of realizing complex and large-scale ideas in the near future thanks to clearly set goals, mutual respect and close mutual contact.

Sources

1. Официальный сайт ОЧЭС [Электронный ресурс]. URL: <http://www.bsec-organization.org>
2. Официальный сайт ЧБТР [Электронный ресурс]. URL: www.bstdb.org
3. Официальный сайт Министерства энергетики РФ [Электронный ресурс]. URL: <https://minenergo.gov.ru>
4. Официальный сайт МИД РФ [Электронный ресурс]. URL: <http://www.mid.ru>
5. ЧБТР. Годовой отчет 2020 [Электронный ресурс]. [Электронный ресурс]. URL: https://www.bstdb.org/publications/BSTDB_Annual_Report_2020.pdf
6. Измаилов Х. Р., Мираньков Д. Б. Анализ функционирования ОЧЭС как диалоговой платформы между Европой и Азией // Интеграционные процессы в современном геоэкономическом пространстве: материалы научно-практической конференции. Симферополь, 2018. С. 134–137.
7. Никитина М. Г., Бабашина А. С. ОЧЭС: тенденции, проблемы, перспективы // Ученые записки Крымского федерального университета имени В. И. Вернадского. Экономика и управление. 2015. Том 1 (67). № 3. С. 3–10
8. Мираньков Д. Б. ОЧЭС: развитие региональной транспортной инфраструктуры // Ученые записки Крымского федерального университета имени В. И. Вернадского. Экономика и управление. 2012. Том 25 (64). № 3. С. 153–158

Статья поступила в редакцию 10.02.2021