



Black sea area members transition in the post-soviet period - between geography and politics

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BLACK SEA AREA MEMBERS TRANSITION IN THE POST-SOVIET PERIOD - BETWEEN GEOGRAPHY AND POLITICS

Andrei Mihnea Vicențiu Popescu¹

Abstract. In the Black Sea area, states undergoing post-communist transition experience different political and economical developments which are heavily dependent on their geographical position, access to resources and the influence of the power blocs in the region. This paper aims to identify and illustrate correlations between the economic performance of the area states and the positioning of national policies towards the power blocs in the area. The research takes into account the natural potential of each state, respectively of the energy resources. The results aim to quantify how the clear positioning towards a power bloc influences the appropriate level of economic development corresponding to the human and geographic potential of each country.

Keywords: Black Sea, geography, politics, transition, post-soviet period.

Introduction

When dealing with a subject related to geography or history on the Black Sea one cannot begin but begin with a distinguished quote by Gheorghe I. Brătianu from "Black Sea: from origins to the Ottoman Conquest", namely:

"... It's about an almost enclosed sea, indeed, which is not communicating with the Mediterranean other than through the narrow exit of the Straits; however, because of the great rivers that flow into it from the depths of the steppe or Central European massive, due to the continental road network reaching multiple ports, it deserves just as much as other seas open to offshore currents the name of "hub" of the great international traffic and trade. It passes this character of transition zone and crossroads between Europe and Asia to the states and people bordering its shores."

Hitchner, R. Bruce (2004) in his work "The Sea Friendly to Strangers: History and the Making of a Euro-Atlantic Strategy for The Black Sea" notes the diversity of civilizations formed in the Black Sea area, making a remark for the need for greater integration in blocs of interest:

"The Black Sea could form a distinct geographic unit, but geography alone was not the source of its identity or power in terms of politics and economics. Rather then, its potential and performance have always been most capitalized when integrated into larger communities from Europe and the Mediterranean."

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In distant times, when the Mediterranean was the star of world geography and history, the Black Sea was less known but strongly marked by regional trade and the Mediterranean civilizations contacts with people in the area. Quite often, Greek cities were carrying large political operations with attracting and involving local leaders, so the events around the Black Sea were determining the factors contributing actively to seizing the power in Greece and Asia Minor.

Also later, people from the northern region of the Black Sea were involved in games of power within the Byzantine Empire and the Italian maritime states warring among themselves to acquire commercial positions across the Straits. The Ottoman Empire expansion was marked by the desire to transform the Black Sea into their own inland sea, desire that Russia has taken over from Peter the Great Testament. Even today, the EU enlargement at the Black Sea adds a new actor, which at least economically, is one of humanity's leading powers.

Post communist period, in the context of the former USSR implosion, provided an increase in the number of independent states bordering the region to six: Bulgaria, Georgia, Russian Federation, Romania, Turkey and Bulgaria. Except Turkey, all other countries were part of the Soviet bloc, with Georgia and Ukraine as countries of the former USSR. Closely related to the Black Sea area can be considered: Moldova and South Caucasus republics: Armenia and Azerbaijan.

Moldova is linked by proximity and the close relationship with Romania. Although Armenia is landlocked, it depends almost entirely on the relationship with the Russian Federation and is inextricably included in the development area through relations with neighbouring states. Azerbaijan, bordering the Caspian Sea, is also linked by trade and its role as potential geographic bridge between Central Asia and Central Europe is heavily dependent on the developments in the Black Sea Area.

As already mentioned, the shared geographic space did not generate a mutual identity of the zone, nor the membership in the Communist bloc has scored a close economic and political behaviour.

Of course, enlarged economic space of the Black Sea is also associated with other countries in neighboring regions. In some cases, including Balkan states (Greece, Macedonia, Albania), other countries that might be associated economic potential of the Danube (Hungary, Slovakia, Serbia) and Asian countries seeking access to Europe, mostly the ones bordering the Caspian Sea with recognized interests - pursuing direct export of hydrocarbons to the European market.

Limiting the number of states to the immediate vicinity of the Black Sea, it is worth mentioning that eight of them were communist countries, of which six were part of the former USSR. Each state's post communist transition is particularly important in building a prosperous economic zone, allowing exploitation of existing resources and ensure a high standard of living. No economic program, no major regional investment effort can be guaranteed in conditions of instability caused by conflicts characterized by density and intensity.

In this regard, it is important to understand, at least partially, some of the reasons for the slow economic growth in the area. Without wishing a comprehensive approach, it necessary to investigate the existence of a clear link between economic growth and strategic political decisions, marked quantitatively.

Current political context

Nowadays, the Black Sea is the boundary between military blocs, between political structures with superpower aspirations, between religions. Meanwhile, the Black Sea transit

remains the same vital space for access from the Central Eurasian bloc to Western cultures and hence, to the whole world, starting, of course, from economic exchanges and continuing to cultural, scientific and social.

Being about a semi-closed region with small reach, the subject is not common for many through media and for most of the world's population, but the Black Sea remains one of the most interesting points for aspects such as the development of geographic, economic, political and socio-cultural phenomena in the broadest possible ways.

Over the last decades, the Black Sea held the headlines of world politics through numerous conflicting events held in the proximity, problems of Crimea, Georgia, and if we talk of a wider region, we can mention Chechnya, Transnistria, Nagorno-Karabakh. Except maybe Turkey, though its Kurdish issue returns regularly, the rest of the area is in an extended post communist transition. The collapse of the communist bloc has left behind unresolved conflicts and created new ones, triggered mainly by variegated structures of population within borders drawn arbitrarily in many cases. The deportation of populations that characterized the USSR period changed the ethnic structures, thus contributed to local conflicts worsening.

Armenia, Azerbaijan and Georgia are countries located in the Caucasus, small and with limited natural resources available. The exception is Azerbaijan with its oil and gas resources from the Caspian Sea. The area represented a natural border for civilizations that have developed in this geographical region but also a transit route for goods and people between Europe and Asia.

Armenia and Azerbaijan are belligerent parties of the province Nagorno-Karabakh conflict (1988-1994). Moreover, Armenia has a historical conflict with Turkey which places it in almost total geographical isolation. The only support for Armenia comes from Russia, and the frozen conflict from the province, placed under independent management, turns into a factor of Russia's pressure against Azerbaijan. Under an agreement concluded within the CIS, Russia has a military base in Gyumri, Armenia's border with Turkey at a former airbase in Erebuni civil airport since 1995.

From a geographic perspective, Azerbaijan is a less mountainous area and the access to Caspian energy resources gives significant advantage. An important part of the historical Azerbaijan is currently part of Iran, for which the Caspian vicinity is a historical conflict with major potential of backfiring. Traditional oil and gas producer, Azerbaijan has sought to sell its products in neighbouring markets, the closest partner being Turkey which has developed and is developing several large scale projects, especially in the field of transportation. These projects include Georgia as a transit country. In 2010, Azerbaijan signed a strategic partnership and mutual support with Turkey. By this treaty Turkey has undertaken to sustain the Azerbaijanis by any means. This arrangement can be regarded as a counterweight to the alliance between Armenia and Russia.

Georgia has the advantage of geographical position which facilitates the transit between the Caspian and Black Sea region, but lacks outstanding natural resources. Avoiding an engagement position with either Russia and Turkey, Georgia has sought a rapprochement to NATO and the EU. Russian-Georgian war in 2008 ceased these relations, but in 2013, signing the EU Association Agreement in Vilnius was marked as a step forward towards democratization and economic openness.

The Republic of Moldavia, a small country with limited natural resources, has followed a trajectory during the post communist similar to the CIS, while the War of Transnistria (1992) and the presence of Russian troops in the created enclave puts major pressure on the political situation. A decisive orientation towards the EU has been registered since 2009, and in 2013 the Association Agreement with the EU was signed in Vilnius.

Romania and Bulgaria have followed a somewhat similar path, marked by the old communist influence in the early 90's. In Romania, after a period of attempts aimed to follow a breaking through path so called "original democracy ", came the accession to power of the Democratic Convention in 1997, which marked a clear orientation towards NATO and the EU. In Bulgaria, political and economic reforms started in the late 90's with the truly democratic orientation marked by Simeon II coming in position as prime minister (born in 1937, King of Bulgaria from 1943 to 1946). In a joint journey, both countries joined NATO (2004) and integrated in the EU (2007).

The Russian Federation has assumed the role of heir of the former USSR, also the largest republic of the former union. The territorial dimension places it in the forefront of this ranking, however, the population is about 140 million people. After the breakup of the USSR, the Russian Federation, together with the other 10 republics formed the CIS. Since 1992, Russia launched an intensive plan of economic liberalization but immediate results were marked by deepening hyperinflation and brought to bankruptcy most of the Russian industry. Subsequently, Russia's economy collapsed into a deep crisis and was hit hard by the economic crash of 1998, amid falling commodity prices. The economy began to recover in 1999-2000 and still amid the raw material prices, it was growing this time. The whole Russian society has been affected by corruption. If the pyramid top was formed by enriching oligarchs, at the bottom there were the drug traffickers and organized crime leaders - powerful Russian Mafia.

With the Russian leadership coming to Vladimir Putin (Boris Yeltsin's appointed Prime Minister in 1999, then interim President and elected president in 2000) economic reforms were redirected to a centralized system, which contributed to an improvement in the economy, with consistent effects in people's living standard. Economic growth has been sustained by a period of rising oil prices. Still, the revenue growth was not uniformly reported to the mass of the population and social inequality has reached alarming levels.

Putin's two terms (2000-2004 and 2004-2008) were marked by economic growth but this was favoured by the increase in raw material prices. Also, economic and technological cooperation with the EU helped restore local industry.

Economic policy of centralizing major decisions continued with Dimitri Medvedev's presidential term (2008-2012) and of course with the new six years mandate of Putin, re-elected in 2012.

Post communist period was marked by Chechen wars (1994-1996, continued by local clashes and terrorism since 1999), and the interventions in Abkhazia and North Ossetia (Russian-Georgian war in 2008). Currently, despite denying any connection with the 'pro-Russian' separatists, Russia is involved in the Ukrainian crisis, marked by annexation of the Crimea State to the Federation.

Russian Federation, in spite of its economic and political development, remains a major global power, keeping its strategic positioning at the Black Sea area, aiming to regain political control and its economic position previously held in the communist period.

In 1991, the Ukrainian Parliament adopted the Declaration of Independence, in which Ukraine was declared independent democratic state . In the same year, the leaders of Belarus, Russia and Ukraine officially dissolved the Soviet Union and formed the Commonwealth of Independent States (CIS). Although it was forecast to have a high economic potential, Ukraine suffered an economic decline deeper than other countries in the region. The Ukrainian economy has stabilized only during late 90's. Subsequently, the average economic growth was 7% per year. In 2004, at the outbreak of the Orange Revolution, with President Viktor Yushchenko and prime minister Yulia Tymoshenko stepping up on the political scene, appeared the premises of a pro EU orientation.

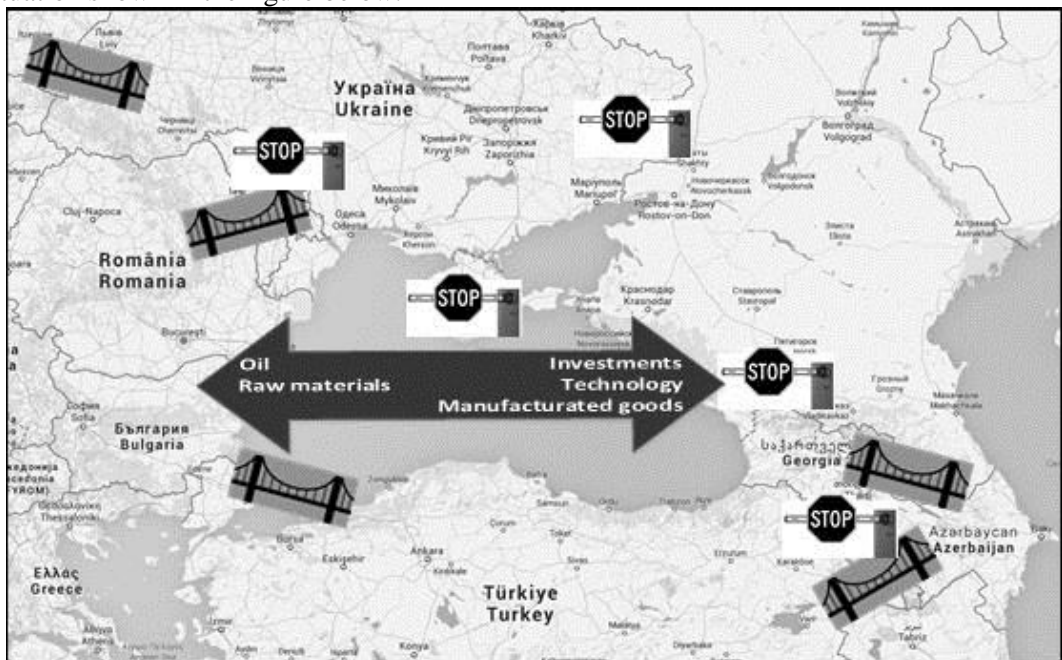
The insufficient impact of the reforms led to the coming to power of Viktor Yanukovych. Its refusal to sign the Association Agreement with the EU in Vilnius triggered the subsequent events that led to the loss of Crimea and the armed conflicts in the territories with a Russian majority population.

For Turkey, the relations with Europe have always been the centre of foreign policy. Turkey has a strategic position on the southern coast of the Black Sea Straits and controls the sea traffic which ensures linkage the rest of the world. Turkey is a NATO member since 1952 and is engaged in accession negotiations with the EU. Together with Romania and Bulgaria, Turkey forms a NATO strategic platform around the Black Sea and the Caucasus - Caspian Sea region.

Turkey participated in the construction of natural gas and oil pipelines from Baku in Azerbaijan to Ceyhan port in Turkey. Baku-Tbilisi-Ceyhan pipeline has become a major energy route to the West. Turkey has made a remarkable economic growth in the last four decades. Since 2003, Russia is the first trade partner of Turkey, with exchanges peaking 38 billion dollars in 2007. Turkey has gradually opened markets through economic reforms by reducing government controls on foreign trade and foreign investment.

The current situation is marked by the empowering block NATO - EU around the Black Sea and Russia's desire to return as a military power in the region. Small and medium states in the area not clearly joined to one of the blocks and are caught in numerous direct or indirect conflict situations marked by stagnation or recession.

Conflicts, frozen or actual, generated numerous rifts, which unlike the situation in the Baltic Sea, hinder bilateral energy and technology flows between East and West. Unfortunately, today, the share of rifts exceeds the closures. A graphical representation of the situation shown in the figure below.



(Source: Google Maps, own edit)

Figure 1: Geopolitical rifts and closures in the Black Sea Region

Looking at the preceding figure map it cannot be failed to notice that the Caucasus, by its geography and population structure constitutes "a service rift" in East-West trade, even somewhat independent of neighbouring power blocs. Armenian-Azerbaijan conflict, even if today completely "frozen", debuted in 1988 despite both countries belonging to the USSR. The problems in the North Caucasus, peaking with Russian-Chechen wars will create enough turbulence in the area, regardless of the situation in the South Caucasus. Looking and trying to analyze the situation would require to go back to a quote from Kaplan (2012 - "Revenge of Geography" on the situation in Afghanistan:

"Because we can send satellites into solar system abysses - and the truth is that financial markets and cyberspace know no limits - but the Hindukush mountain range still constitutes today a barrier that imposes respect".

However, the relative solving of conflicts in "Powder Barrel" of Europe (the Balkans), based on military force and economic pressure encourages the seek for acceptable solutions at power blocs level. Economic pressure based on sanctions and rewards (oil blockade and accelerated EU integration for "obedient" states - Croatia and Slovenia) are actions that show that economic factors can play a major and real role in solving historic conflicts.

Linking development of national economies of countries in the region with the strategic decisions of political and economic alignment may reveal ways and solutions to reduce rifts and open new bridges in a corridor with great potential for development: Europe-Central Asia.

Hypothesis and assumptions of the analysis model

It is assumed that there is a clear correlation between the evolution of economic performance indicators and certain strategic decisions that governments of post-communist Black Sea area have adopted in connection with their orientation towards power blocs existing in the region.

Economic development can be characterized by numerous macroeconomic indicators, of which perhaps the most frequently mentioned is the gross domestic product (GDP). Using GDP is the most widespread and is widely understood, despite some shortcomings related to explaining the qualitative aspects of the formation. However, by the nature of the components, GDP reflects quantitatively and qualitatively the economic performance of the state. The World Bank's definition is as follows: "Gross domestic product is the sum of added value by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of gross products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources." (Source : <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>)

To make comparisons related to GDP Black Sea area countries was necessary to eliminate the population factor. As a consequence, the proposed indicator is GDP per capita, calculated as GDP divided by mid-year registered population.

The large diversity of analysis factors for comparing the economic performance in the context of major strategic decisions imposed usage of elements outside of reporting methods outside the CSI, the reporting element is Turkey's GDP per capita. This is characterized by a relatively constant evolution and consistency on both natural factors, as well as access to technology and openness to foreign investment.

Since the intensified exploitation of natural resources, especially hydrocarbons is a major source of GDP growth even in the absence of production capacities and diversified services, the impact of oil extraction was also introduced and compared.

Post-communist transition began differently in each country from the region. For Romania and Bulgaria, the start was by removing the communist regimes, while for Armenia, Azerbaijan, Georgia, Moldova, Russian Federation and Ukraine was given through the dissolution of the USSR. As the inheritor of the former USSR, Russian Federation proposed cooperation between former soviet countries within the Community of Independent States (CIS). This formula of cooperation was a sign of the efforts to continue building global power structure of the Russian Federation and upheld the bipolar configuration of the area.

Turkey, of course, despite being a NATO member, through the impact which a prosperous country with a long tradition has on Turkmen populations in Asia, is playing the role of regional power and can be regarded as a power pole, especially in relationship to Azerbaijan and to a certain extent with Georgia.

The analysis of countries in the region positioning towards power blocs in the period since the fall of the communist bloc will be overlapped on analysis of the evolution of economic indicators and will aim to identify significant correlations.

Developments, correlations

Data on GDP for the countries forming the Black Sea area are taken from World Bank statistics, as summarized and posted on the UN website. Values are shown in US \$, current values. Despite the effects of inflation on the US currency, as a consequence that the analysis does not extend to the real living standards or purchasing power, it can be used for trend analysis without the need for conversion to comparable values. The data is presented in the following table.

The data series allow some temporal segmentation. Thus, for 2011-2013 it can be identified a group of performing countries in the region, consisting of Russian Federation, Turkey and Romania. While the Russian Federation has an economy predominantly based on exploitation, processing and exporting of natural resources, of which hydrocarbons are dominant, Turkey and Romania are based on various resource-based economy and investments in medium technology.

A second category consists of countries with an average level of GDP per capita, Azerbaijan and Bulgaria, which are differentiated in the same way the same by the production and exploitation of hydrocarbons and development based on the diversification of production and services.

States with a low level of the indicator: Armenia, Georgia and Moldova are small countries without access to substantial natural resources, whose development was marked by internal or external post communist conflicts . A surprising case is that of Ukraine, despite the potential a large country, access to resources and being a major energy transit country, occupies a lower position. Data sets are shown in Table 1 below.

If a similar segmentation is being done within the start of the post-communist period, there could be seen some changes which show which countries have missed the start in economic competition. For the early 90's, it can be observed position of the Russian Federation and Turkey in the lead, with Bulgaria and Romania coming close, while Ukraine and Georgia are placed at an average level of performance, hovering near Azerbaijan and Moldova. In that period, Armenia was on a lower position among the states in the Black Sea area.

Table 1: Gross domestic product (GDP) per capita, USD, current values

	Armenia	Azerbaijan	Bulgaria	Georgia	Moldova	Romania	Russian Federation	Turkey	Ukraine
1990	637	1.237	2.377	1.611	972	1.651	3.485	2.791	1.570
1991	589	1.209	1.268	1.310	835	1.254	3.427	2.751	1.490
1992	369	676	1.214	757	625	1.101	3.095	2.850	1.418
1993	357	530	1.279	550	640	1.158	2.929	3.181	1.258
1994	400	436	1.149	517	461	1.323	2.663	2.268	1.012
1995	456	397	1.555	569	477	1.564	2.670	2.896	936
1996	503	409	1.063	670	462	1.562	2.644	3.053	873
1997	523	506	1.210	775	528	1.565	2.738	3.144	991
1998	608	562	1.582	805	449	1.871	1.835	4.392	835
1999	597	574	1.161	629	321	1.584	1.331	4.012	636
2000	621	655	1.579	692	354	1.662	1.772	4.220	636
2001	692	704	1.729	734	408	1.834	2.100	3.058	781
2002	780	763	2.031	779	459	2.116	2.373	3.576	879
2003	925	884	2.642	922	548	2.756	2.975	4.595	1.049
2004	1.182	1.045	3.249	1.187	721	3.533	4.109	5.867	1.367
2005	1.625	1.578	3.733	1.470	831	4.652	5.338	7.130	1.829
2006	2.126	2.473	4.313	1.765	951	5.789	6.948	7.736	2.303
2007	3.079	3.851	5.581	2.318	1.231	8.170	9.145	9.312	3.069
2008	3.917	5.575	6.917	2.920	1.696	9.949	11.700	10.379	3.891
2009	2.914	4.950	6.524	2.441	1.526	8.069	8.616	8.626	2.545
2010	3.125	5.843	6.453	2.614	1.632	8.139	10.710	10.136	2.974
2011	3.422	7.190	7.286	3.220	1.971	9.064	13.324	10.605	3.575
2012	3.354	7.394	7.022	3.529	2.047	8.437	14.091	10.661	3.873
2013	3.505	7.812	7.296	3.602	2.230	9.499	14.612	10.946	3.900

(Data source: World Bank, available at:

http://data.un.org/Data.aspx?d=WDI&f=Indicator_Code:NY.GDP.MKTP.KD.ZG)

Compared with GDP growth per capita in Turkey, the winner state whose economy had an almost continuous growth rate during the period is the Russian Federation, which has increased its advance from 125% (in 1990) to 133 % (2013); Romania, which increased from 59% to 87% and Azerbaijan, from 44% to 71%. Within the same comparison, Armenia has recorded a slight increase, but the remaining countries are being considered losers in the competition GDP per capita. The series of comparative data between member developments in the Black Sea area compared to the development of Turkey as shown in Figure 2.

Trying to grasp the quality components of the results, it is observed that Russia and Azerbaijan have a major component of growth based on the exploitation and marketing of hydrocarbons. The data series in the following table marks a considerable increase oil and gas production in Azerbaijan in 2012 compared to 1990 (over 4 times to 2.1 times the oil and natural gas) and an increase of about 35% oil production in the Russian Federation. Apart from these issues it is necessary to take account the developments in oil prices and natural gas, which, despite some fluctuations, increased significantly during this period.

In Romania, hydrocarbon production decreased both oil and natural gas, which would lead to the conclusion that economic performance was based mainly on increased production and diversified services, technology and investment flows from West.

Oil and gas production development in the Black Sea countries is shown in the following table.

Using statistics correlation model (Microsoft Excel 2013 Data Analysis) can be assessed the impact of oil and natural gas production over the evolution of GDP actors bordering the Black Sea, as this impact is expected to be different from case to case.

The data series are shown in Tables 1 and 3. There were selected only the 5 countries showing significant values for the production and transportation of hydrocarbons.

Table 2 GDP per capita comparison between countries in the Black Sea area (for each year, the GDP per capita in Turkey = 100)

	Armenia	Azerbaijan	Bulgaria	Georgia	Moldova	Romania	Russian Federation	Turkey	Ukraine
1990	23	44	85	58	35	59	125	100	56
1991	21	44	46	48	30	46	125	100	54
1992	13	24	43	27	22	39	109	100	50
1993	11	17	40	17	20	36	92	100	40
1994	18	19	51	23	20	58	117	100	45
1995	16	14	54	20	16	54	92	100	32
1996	16	13	35	22	15	51	87	100	29
1997	17	16	38	25	17	50	87	100	32
1998	14	13	36	18	10	43	42	100	19
1999	15	14	29	16	8	39	33	100	16
2000	15	16	27	16	8	39	42	100	15
2001	23	23	57	24	12	60	69	100	26
2002	22	21	57	22	13	59	66	100	25
2003	20	19	57	20	12	60	65	100	23
2004	20	18	55	20	12	60	70	100	23
2005	23	22	52	21	12	63	75	100	25
2006	27	20	56	23	12	75	90	100	30
2007	33	41	60	25	13	88	98	100	34
2008	28	54	67	26	16	96	113	100	37
2009	24	57	76	28	18	94	100	100	30
2010	21	58	65	26	16	88	106	100	29
2011	32	68	69	30	19	85	126	100	34
2012	31	68	66	32	19	79	132	100	36
2013	32	71	67	33	20	87	133	100	36

The Nagorno Karabakh conflict - 1988 - 1994

The start of economic reforms, a clear orientation towards NATO and the EU, EU integration

Orientation to block NATO - EU economic projects with Turkey start

The coalition called the Alliance for European Integration is taking the lead in Moldova (2009) and determines a clear orientation towards the EU

Enhancing economic cooperation with the EU in the field of energy and exploitation of hydrocarbons

Inefficient government Yushchenko - Tymoshenko in implementing economic reforms

(Source : own interpretation of the data in Table 1 , in conjunction with the current political context section)

For the Russian Federation and Azerbaijan, hydrocarbon production has a positive impact on GDP given the massive exports. Indicators are situated close to 1 for Azerbaijan and above 0.5 for the Russian Federation. In case of Russian oil production, growth based on technologies including the one from partner companies in the West, and it registers a good correlation with GDP per capita.

Table 3 Average production of crude oil and natural gas of the main producers in the Black Sea Area (1992 - 2012)

	Oil - thousand barrels per day					Natural gas - million cubic feet				
	Azerbaijan	Romania	Russia	Turkey	Ukraine	Azerbaijan	Romania	Russia	Turkey	Ukraine
2012	931,9	101,6	10.397,0	56,7	80,4	606,6	375,3	21.685,3	22,3	694,0
2011	993,2	105,3	10.239,2	57,6	78,9	577,3	374,7	22.213,2	26,9	699,2
2010	1.044,9	107,1	10.156,9	57,8	83,3	588,9	374,0	21.536,0	24,1	683,7
2009	1.015,9	112,7	9.933,8	54,6	93,6	576,6	383,5	19.303,0	24,2	715,5
2008	878,2	117,0	9.797,2	47,7	99,4	591,5	403,3	21.515,0	35,9	699,2
2007	849,1	115,7	9.878,4	45,8	107,7	380,4	432,3	21.595,1	31,5	688,6
2006	646,6	116,6	9.677,4	45,1	107,8	240,8	449,2	21.736,4	32,0	688,6
2005	440,0	124,7	9.511,2	46,0	99,4	205,5	413,2	21.224,3	31,7	685,1
2004	317,6	131,6	9.273,8	42,9	96,9	176,9	416,7	20.991,2	24,3	678,0
2003	325,2	133,7	8.534,8	45,8	88,8	181,2	434,4	20.507,4	19,8	688,6
2002	315,4	140,4	7.658,9	47,1	85,5	181,9	469,7	19.684,6	13,3	649,8
2001	308,9	139,6	7.159,7	46,8	86,7	202,0	505,0	19.222,0	11,0	642,7
2000	288,6	137,2	6.723,6	51,4	84,9	199,9	480,3	19.335,0	22,6	635,7
1999	283,6	139,9	6.312,3	58,4	87,5	211,9	501,5	19.592,8	25,8	632,1
1998	236,7	147,4	6.069,7	66,1	89,7	197,4	515,6	19.553,9	20,0	639,2
1997	179,9	149,6	6.101,1	67,2	94,7	210,5	614,5	18.900,6	8,9	639,2
1996	180,3	150,2	6.016,6	66,1	91,6	236,6	634,3	19.864,7	7,3	642,7
1995	180,5	149,0	6.172,5	66,1	88,0	232,0	683,3	21.005,4	6,4	619,9
1994	191,2	149,1	6.306,9	71,6	89,9	225,3	691,8	21.450,3	7,0	642,7
1993	206,5	142,8	6.951,0	74,1	84,2	240,1	745,9	21.814,1	7,1	678,1
1992	222,2	146,9	7.818,7	81,0	81,7	275,5	776,9	22.615,7	7,0	738,1

(Source: U.S. Energy Information Administration, available at: <http://www.eia.gov/countries/index.cfm?view=production>)

In contrast, Romania could not capitalize on this natural resource effectively as to record a positive trend in this balance. Certainly, its economic growth has other causes. Analysis of the correlation is shown in the following figure.

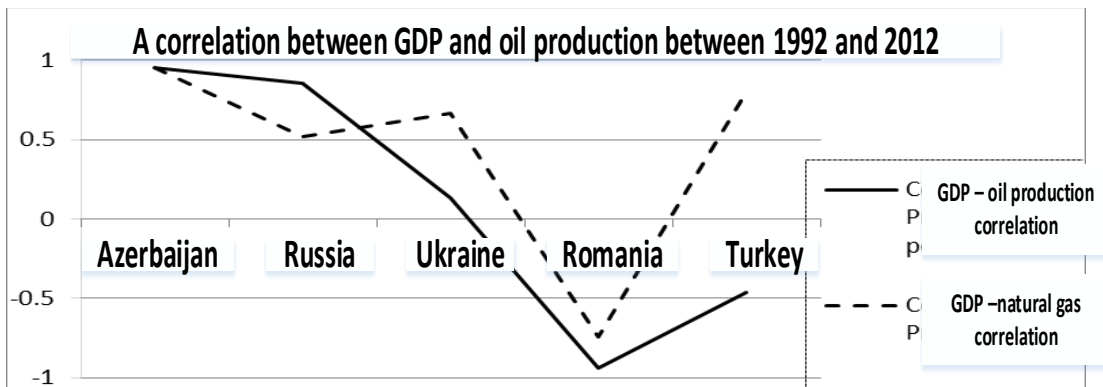


Figure 2: Correlation between GDP and production of hydrocarbons between 1992-2012

Going back to Table 2, it is obvious that coming out of communism and the political and economical restructuring of the countries of the Black Sea area generated an initial decline in economic performance expressed in GDP per capita. Restructuring of distressed companies, corruption, delays in reforming the administration, especially the judiciary system, are major known causes from published analyzes in the literature. It can be observed an acceleration of this decline in the countries involved in conflicts (Armenia, Azerbaijan, Georgia, Moldova) but, for the vast majority of these states, the delay in assuming clear orientation towards democracy, economy and trade liberalization caused restrained economic development. The case which appears to be successful is that of Romania, despite the known

difficulties; at the opposite pole is undoubtedly Ukraine, which today seems not only the powder barrel of the area, but of all mankind.

Conclusion

The post communist period consistently marked the economies from the Black Sea area. The economic transition of countries in the region, joint with the political transition, began with a decade of decline in GDP per capita. Returning after this period has been consistent in the Russian Federation and Azerbaijan's economic growth, supported by the reserves, production and marketing of oil and natural gas. Good economic recovery was recorded also in Romania, but this was possible due to opening economy towards the EU, and the same applies in case of Bulgaria.

At the opposite pole lies Ukraine, which failed to capitalize on its geographical and demographic potential. In addition, its attitude towards neighbours (Moldova - Palanca and Giurgiulești cases, and Romania - Chilia, Channel Bâstroe, Snake Island) was not favourable for an economic openness that would contribute to the development of economic and political relations in the area.

Dual positions, in which some states have tried to play a dual role in certain periods in relation to power blocs, did not produce favourable economic effects and were losing positions. The longer was this assumption, the stronger the economic downturn. The reason is partly related to foreign investment and access to technology.

Without insisting on an obvious case, it should be noted that the negative role of conflict, even "frozen", is the factor for rift generation, of barriers to development and prosperity. These conflicts have historical and cultural background, but many were generated by the USSR policy of population mixing and drawing borders irregular to the situation and local requirements, being in many cases restored by the foreign policy of the Russian Federation in the area.

The case of Russian Federation requires special treatment as a consequence of very large geographical expanse and the military force in its possession. These elements place it as a world power bloc, despite the decline compared to the force of former USSR. Natural resources have a richness without comparison and the potential of its almost untouched regions paves advanced economic growth and social development. Exploiting natural resources in Siberia and the Arctic Ocean would still require the technology from Western companies.

In support of the analysis, we quote from an article by Korányi, David (Deputy Director of Eurasia Centre of Atlantic Council-2014), which although published in the context of economic sanctions against Russia with the occasion of the intervention in Crimea has a connotation linked and hydrocarbons flow technology between East and West:

"Russia is still among the world's largest producers of both oil and natural gas. But as conventional reserves tend to decrease and production becomes more expensive, Russia has greater need for Western technology to maintain production of oil and to control production costs, using modern drilling techniques and capture unconventional resources and marine Russia is already the second largest market outside North America for hydraulic fracturing (China is first).

...

The hydrocarbons still account for more than two-thirds of Russia's exports and about half of its budget revenues. Putin needs high oil prices and sustained production to balance the budget and to balance social discontent through the use of this money away ."

Moreover, since almost a decade, Brzezinski, Zbigniew (2005) said:

" Immeasurable riches of Siberia provide Russia a great opportunity for the future, but without the help of the West, Russia cannot be sure that its domination over the region will endure."

Clearly, both quotations refer to the necessity of maintaining flows between East and West on the exchange energy counter technology. East-West transfer is efficiently achieved in the Baltic Sea region and in the mutual investments developed in the energy sector between the EU-USA and Russian Federation.

These exchanges, however, are not possible in the Corridor Black Sea-Caspian Sea, old route associated with the Silk Road (Mircea Malița about the Silk Road map from Beijing). The existence of multiple rifts with mixed populations and cultures, shows that the Black Sea closure with Caspian area remains only a prospect. The quantitative approach presented confirms what was intuited, that economic performers in the area are countries which have opted for democracy and economic openness. Unfortunately, it also confirms the existence of a rift which for the moment impedes the progress of trade. To strengthen the quantitative expression is useful to apply the analysis model not only to GDP per capita but also for foreign investments and expenditures for the acquisition of technologies.

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