

BULGARIA AND THE BALKANS

**BULGARIA'S BILATERAL RELATIONS
IN A REGIONAL CONTEXT**

**FOSTERING REGIONAL COOPERATION: POLITICAL,
ECONOMIC, SECURITY AND DEFENSE
COOPERATION IN SOUTHEAST EUROPE**

**BULGARIA IN THE BALKAN'S POST-CONFLICT
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BULGARIA AND RUSSIA

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BULGARIA'S BILATERAL RELATIONS IN A REGIONAL CONTEXT

Bulgaria's overall regional policy approach has already been outlined in this book, and a restatement is not required at this point. Nevertheless, Bulgaria's unequivocal recognition and respect for territorial integrity, the firm decision not to use force as a political instrument, the policy of non-interference and active cooperation, and the full respect for the sovereignty of all states have all been important elements in a region that has had to deal with the violent dissolution of a large federation and with political, economic and social transition. Bulgaria's conscious effort to avoid appearing to play favorites in bilateral dialogue has played an extremely positive role in a regional context that is burdened by difficult historical legacies. Implementation of this even-handed approach in the context of bilateral relations with neighboring countries has proceeded at varying speeds but has yielded a number of positive outcomes.

The attainment of positive outcomes has required a patient approach to many issues that have remained unresolved for decades. Therefore, Bulgaria has placed an emphasis on efforts designed to enhance trust and predictability in bilateral relations, thereby creating an environment appropriate for tackling the longstanding points of disagreement. Bilateral relations in the region have been informed by patience and by realistic estimations of what is possible. Successive Bulgarian governments have implemented this policy gradually since 1989.

Matters relating to state borders have been an important area of bilateral cooperation. They are particularly important for the enhancement of trust and predictability between states. Bulgaria proposed the removal of the barbed wire line of protection at all mutual borders with Turkey and Greece. The country also proposed the de-mining of all territory around the borders. Bulgaria has already implemented these proposals on its own side of the borders, thereby removing the symbols of division and mistrust at the points where its territory meets Turkey and Greece.

The delimitation of borders is another area where progress in bilateral

relations between states was long overdue. Culminating in 1998, Bulgaria and Turkey held a series of negotiations on the precise delimitation of the Bulgarian-Turkish border along the Rezovo River. This dispute had lasted for decades and represented a continued source of tension between the two countries. Finally, the year 1998 saw the conclusion of an agreement, which settled the issue of borders along Rezovo River as well as the issue of the maritime borders between the two countries.

Bulgaria and Romania have conducted numerous negotiations on delimitation of sea borders and demarcation of the border along the Danube River. These negotiations were discontinued in 1983, but were resumed, upon Bulgaria's proposal, in 1992. In May 2000, Bulgaria and the Republic of Macedonia concluded an agreement on the improved marking of the borders.

Over the last few years, Bulgaria initiated a series of bilateral discussions on the general issue of possible border crossing facilitation and of a facilitated regime for the entry and exit of people, goods and vehicles. The idea was also informed by the attempt to stimulate cooperation and interaction between the populations in the border areas. These discussions were, however, placed in the context of the increased need to cooperate in combating organized crime. Bulgaria has managed to achieve a great deal in this field. Bulgaria has already signed agreements with most neighboring states for the construction of new border crossing points. Three new crossing points are being constructed along the Bulgarian-Greek border, and three more are under construction along the border with Yugoslavia. Three new crossing points are being built along the border with the Republic of Macedonia; five are underway along the border with Romania (four of which are linked by ferries and one involving the construction of a second bridge over the Danube River); and one new crossing point into Turkey is under construction. Bulgaria has also initiated discussions on the construction of joint border crossing points with Romania, Yugoslavia, and the Republic of Macedonia.

Bulgaria has also been very active in improving the frameworks for cooperation and development of trans-border regions. A key element in this field is the attempt to cooperate to resolve some longstanding economic, infrastructure and environmental issues with neighboring states. In November 2001, Bulgaria and Romania signed an agreement for the establishment of the Lower Danube Region, thereby providing a common framework for discussion and decision on matters of bilateral interest. Negotiations for the establishment of similar regions are presently being con-

ducted with the state authorities of Yugoslavia and the Republic of Macedonia.

Numerous activities have been implemented in the important area of minority rights protection. Bulgaria has ratified the Council of Europe's Framework Convention on the Protection of Minority Rights, thereby enhancing its policy of protecting the rights of the various minorities who are citizens of the Republic of Bulgaria. In addition, this has allowed Bulgaria to legitimately raise the matter of adequate protection of the rights of Bulgarians in neighboring countries. This has already yielded positive results in the bilateral dialogue with Yugoslavia, especially in the context of the recent democratization of Yugoslav politics.

Bulgarian governments have also been very active in dealing with outstanding matters relating to historical, cultural, and religious heritage. This has allowed constructive dialogue with Romania and Turkey leading to the renovation of important cultural and church monuments on the territory of both countries. In 1992, Bulgaria and Turkey signed an agreement of friendship, cooperation, security and good neighborliness, which resolved any outstanding issues linked to property, as well as those related to social and humanitarian claims. The issue of Bulgarian Church properties in Istanbul was also resolved in a satisfactory manner.

Bulgaria and Turkey continue to negotiate on the recognition of property rights and the modes of compensation for all ethnic Bulgarians who were forced to flee Eastern Thrace after the series of Balkan wars at the turn of the 20th century. The two countries have also managed to successfully complete negotiations on the property-, social-, and civil rights of Bulgarian Turks who established themselves in Turkey in the 1980s seeking refuge from the persecution of the last communist leader of Bulgaria. As Bulgarian citizens, they presently enjoy full civil rights on the territory of Turkey, and the rights to own property and to receive pension insurance from the Bulgarian state.

In 1999, Bulgaria and the Republic of Macedonia managed to resolve the persistent issue of language recognition. The Prime Ministers of the two countries signed a declaration, thus opening the way for the completion of a long series of bilateral agreements. The formula stated that agreements are signed by the two parties in the language recognized by the Constitution of the respective country. Both countries came to agreement and consensus around the idea that all matters relating to the origins and evolutions of languages are a domain of scientific inquiry and should not constitute an obstacle to political dialogue and cooperation.

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A very important element of the bilateral regional policy of Bulgaria has been the response to the dissolution of the FR Yugoslavia. Bulgaria has managed to implement a consistent policy over a number of years in a volatile area, while also preventing any spillover effects during the dissolution of the federation. Moreover, the country has managed to remain stable and proceed successfully with reform and transition. Supporting the right of self-determination for the constituent nations of the

federation, Bulgaria recognized, on January 15, 1992, the newly independent states of Slovenia, Croatia, Bosnia and Herzegovina and the Republic of Macedonia. Consequently, Bulgaria established full diplomatic relations with all these countries. Subsequent events only reaffirmed the policies of that Bulgarian government.

Bulgaria firmly supported all efforts of the international community vis-a-vis the authoritarian regime of Slobodan Milosevic and considered the democratization of Serbia as the key to creating greater stability and prosperity in Southeast Europe.

During the 1990s and towards the end of the century, Bulgaria firmly supported all efforts of the international community vis-a-vis the authoritarian regime of Slobodan Milosevic and considered the democratization of Serbia as the key to creating greater stability and prosperity in Southeast Europe. Since the emergence of a democratic government in Belgrade, the Bulgarian authorities have provided a great deal of assistance and expertise to Serbian authorities, particularly in the area of democratization.

This short overview has focused primarily on the bilateral dimension of the regional policy of Bulgarian authorities. Bilateral cooperation has been revived over

the last couple of years and many unresolved matters have found their solutions. These efforts have been made in a context where multilateral frameworks and initiatives are gaining momentum and increasingly constitute the main arena of regional politics. Bulgaria has been an active participant in the Process of Cooperation in Southeast Europe, the Sta-

bility Pact, the Black Sea Economic Cooperation, the Central European Initiative and other contexts. At all levels, Bulgaria has made an attempt to approach regional cooperation afresh, seeking gradually to resolve any outstanding issues and to proceed with concrete, mutually fruitful ideas and projects. This is an ongoing task that Bulgaria will continue to work on in the region of Southeast Europe.

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FOSTERING REGIONAL COOPERATION: POLITICAL, ECONOMIC, SECURITY AND DEFENSE COOPERATION IN SOUTHEAST EUROPE

The post–1989 regional context in Southeast Europe (SEE) is one of diversity and complexity. We have seen the emergence of new states and the return of successor states in the Western parts of the region as a consequence of the prolonged dissolution of the Federal Republic of Yugoslavia. These new political entities have had to manage two immensely difficult tasks at once. They struggle simultaneously with the fundamentally important processes of state and constitution–building and consolidating the transition to democracy, as well as the politically risky, but equally important process of introducing market economies in environments unready to accept these changes. Countries in the Southern and Southeastern parts of the region have continued to fulfill the obligations of EU and NATO members, thus performing a stabilizing role in a region seeking a new configuration of political and economic relations. At the same time, countries in the Central and Northern parts of the Balkans region embarked on radical transformations of their political and economic systems in a less-perilous setting, devoid of any challenges to state and territory.

BULGARIA’S POLICY APPROACH

Since 1989, Bulgaria has based its policies upon the recognition of the complexity and diversity of development paths of the countries of the region. Bulgarian politicians and decision–makers have invariably articulated and supported policies which have their foundations in several important perceptions, principles and beliefs:

- Based on Bulgarian values and aspirations, politicians believe that the country’s national interests will be fulfilled through membership of the European Union and NATO.
- Bulgaria unequivocally recognizes and respects the territorial integri-

ty of all sovereign states. It also renounces the use of force as an instrument of politics and pursues a policy of non-interference and full respect of the sovereignty of all states.

- Bulgaria is committed to a regional policy of equal and intense cooperation with all neighboring states and avoids exclusionist approaches such as axis-building.
- Bulgarian leaders believe that Southeast Europe should never again be a site of clashing, exclusive national projects, but rather a terrain of new, multilateral, interlocking sets of cooperation arrangements producing stability, prosperity and security.
- Regional policy is an important and inseparable component of Bulgaria's foreign policy, and it is implemented with an eye toward attaining the strategic goals of NATO and EU membership.
- Southeast Europe has emerged as an important region in the efforts to enlarge the EU and NATO. Bulgarian leaders recognize that integration will and should happen at different speeds, in accordance with the pace of reform in the countries of the region.
- Due importance should be given to the European and Euro-Atlantic prospects of the countries of the region that are not yet actively involved in the accession processes. Recognition of the need for these states to advance on the path to integration will facilitate cooperation and make it more fruitful.

These assumptions have been at the core of successive governments' foreign policy. Numerous foreign policy decisions since 1989 exemplify this. In 1991, Bulgaria was the first state to recognize the Republic of Macedonia. The period 1998–1999 marked the conclusive resolution of the linguistic differences between Bulgaria and the Republic of Macedonia, thus opening the way for signing of numerous bilateral international agreements. Bulgaria launched the idea of regular summits between the leaders of the countries of Southeast Europe in 1996–1997. Decades-long differences with Turkey over the precise fixing of the border along the Rezovo River were resolved in 1998. Successive Bulgarian governments and non-governmental organizations provided support to the democratic forces in neighboring FR Yugoslavia during the 1990s and presently provide expertise on EU accession and cooperation. Bulgaria has been very actively participating in various PHARE Programs with Greece and Romania. These examples are only a brief sample of Bulgarian foreign policy decisions. A more detailed examination follows in the remainder of the chapter.

REGIONAL POLITICAL, ECONOMIC AND SECURITY COOPERATION

Bulgaria's policy approach has already been articulated in this volume. Yet, two perceptions need to be emphasized. Firstly, cooperation and new security arrangements can only be achieved through multilateralism. Secondly, the period since 1989 provides a unique opportunity to consolidate democracies in Southeast Europe and enhance long-term stability and prosperity through active membership in the EU and NATO.

THE SOFIA PROCESS AND ITS EVOLUTION

The Dayton Agreements and the ensuing political processes provided an appropriate context to launch a new framework for intensive, multilateral cooperation. With the support of Greece, Turkey and Romania, Bulgarian policy-makers initiated a meeting of the Foreign Ministers of the states of SEE. A conference was held on July 5–6, 1996 in Sofia. The meeting launched a process of comprehensive and intensive multilateral cooperation. Many analysts have described this process as “the Southeast European Cooperation Process” or the “Sofia Process.” The Sofia Declaration on Good-Neighborly Relations, Stability, Security and Cooperation in the SEE, signed by the Ministers of Foreign Affairs and the heads of delegations of Albania, Bosnia and Herzegovina, Bulgaria, the Federal Republic of Yugoslavia, Greece, Romania and Turkey, was a founding document of these efforts to improve multilateral cooperation with a view toward enhancing stability and security.

The Helsinki principles of international relations, confidence and security-building measures, the implementation of the Dayton Peace Agreement and support for regular meetings of the Defense Ministers of the SEE states were among the key points adopted at the meeting. The Ministers also agreed to develop multilateral regional economic cooperation, especially in the areas of cross-border cooperation; transport, telecommunications, and energy infrastructures; trade and investment promotion; and protection of the environment. They also agreed to cooperate in the fields of humanitarian, social, and cultural affairs and to fight illicit drug and arms trafficking, organized crime and terrorism. The USA, EU, UN, Council of Europe, Russia, France and the Central European Initiative countries declared their support for this new process.

A follow-up meeting of the Foreign Ministers was held on June 9–10, 1997, in Thessaloniki, Greece, and paved the way for the first meeting of the Heads of State, which took place on November 3–4, 1997 in Hera-

cleion, Crete, Greece. The seven leaders of Southeast European states, along with a non-voting observer representing the government of Bosnia and Herzegovina, issued a joint statement that outlined a framework for economic growth and political cooperation. The declaration noted the determination of participating states to work together to create conditions of prosperity for the nations in the region within a framework of peace, security, good-neighborliness and stability.

After the first summit, cooperation continued. The Foreign Ministers involved in the Sofia Process participated in a third meeting, held on June 8-9, 1998 in Istanbul, Turkey. The seven regular and two observer participants from Southeast Europe reaffirmed, yet again, that European and Euro-Atlantic integration represent a key premise in promoting common objectives. Turkey and Greece reiterated their support for early extension of the NATO enlargement process to SEE. This meeting strengthened the Sofia Process and its role as an initiative generated by the states of the region themselves, providing a comprehensive framework for cooperation.

The second summit meeting of countries from the SEE was held on October 11-12, 1998, in Antalya, Turkey, with the participation of the Prime Ministers and Foreign Ministers of Bulgaria, FR Yugoslavia, Greece, the Republic of Macedonia, Romania, and Turkey, as well as the Foreign Minister of Albania. A common declaration on the Kosovo crisis was adopted upon a Bulgarian proposal. It urged Serbs and Kosovar Albanians to reach an agreement through negotiations and to implement UN Security Council Resolution 1199, dated September 1998. For the first time, both FR Yugoslavia and Albania agreed to be party to such a declaration. Over the year 1999, cooperation further intensified and regular meetings became a feature of the Sofia Process. On February 12, 2000, Bucharest, Romania was host to the third summit meeting of the leaders of SEE. The leaders of the region, with the exception of FR Yugoslavia, signed a Charter of Good-Neighborliness, Stability, Security, and Cooperation in Southeast Europe.

A specific extension of the Sofia Process for Stability and Cooperation was the meeting of the Prime Ministers of the states neighboring Yugoslavia. Bulgaria initiated the meeting, which took place in January 2000 in the Bulgarian spa town of Hissarya. Extensive discussions addressed the need to stabilize the volatile regional situation, despite the difficulties presented by the continuing sanctions against Yugoslavia and the country's continuing internal strife, caused by Milosevic's unpopular policies. The Prime Ministers also discussed possible ways and initiatives to assist the democratic opposition in the FR Yugoslavia.

In continuation of the active dialogue, a fourth summit took place on October 25, 2000 in Skopje, the Republic of Macedonia. This time the

new, democratically elected Yugoslav President was also present. This was a momentous event, at which all Southeast European states defined their approach through full recognition of and respect for democracy, human rights, market economy and the rule of law. The meeting also provided a unique opportunity to strengthen the emerging new security arrangements of the nations of SEE, arrangements based on the firm resolve to eliminate the use of force – or even considerations to use force – once and for all. The removal of the last authoritarian regime in the region makes these prospects very likely indeed.

The participating states in the Sofia Process of stability and cooperation were instrumental in finding a constructive solution to the crisis that erupted in Macedonia in February 2001. The Ministers of Foreign Affairs of the states of the region gathered on April 12, 2001 in Skopje, Macedonia. US Secretary of State Colin Powell attended this meeting as well. The regional representatives confirmed their countries' commitment to the rule of law and economic development as the source of sustainable stability in SEE while at the same time condemning violence and corruption. They also confirmed their commitment to fully respect the rights of ethnic minorities and to make efforts to transform any inter-ethnic differences into a source of cultural and democratic vibrancy. The Foreign Ministers also expressed their support for the efforts of the parties in the dispute in Macedonia to launch a broadened dialogue to strengthen inter-ethnic cooperation and move the country closer to Europe.

The emergence and evolution of the Sofia Process has played a very important role in the efforts to give structure and direction to the myriad of other bilateral and trilateral initiatives. Thus far, it has been instrumental in providing a framework for discussion and cooperation on an unprecedented range of matters of common interest and concern. From its inception, the Sofia Process has been an inclusive process seeking to bring together all states of the region. Cooperation is presently past the stage of declarations and summitry. The process has provided an important momentum, which has led to numerous activities in many areas of multilateral regional cooperation.

REGIONAL DEFENSE COOPERATION

From the beginning, a significant aspect of the “Southeast European Process of Cooperation” was in the fields of defense and security. The efforts of Bulgaria to kick-start cooperation in these areas date back to 1995 when a series of meetings of the Defense Ministers of the states of the region was proposed. Further exploration of this idea was possible during the March 1996 meeting of the Defense Ministers of the region, the USA,

Italy and Russia, which took place in Tirana, Albania. The ministers agreed that the fundamental principle of cooperation in security and defense would be its inclusiveness and “equal proximity,” ensuring symmetry in treatment and perception.

The start of the Sofia Process provided the necessary spur. Though not originally envisioned as part of the Partnership for Peace (PfP) process and at the initiative of Bulgaria, cooperation in defense and security assumed a clear PfP/EAPC format. On October 3, 1997 the first meeting of the Ministers of Defense of PfP countries of Southeast Europe took place in Sofia, Bulgaria. The participants included all states of the region aspiring to join NATO, representatives of the USA, Greece, Turkey and Italy as well as representatives from NATO Headquarters, OSCE and the WEU. The remaining NATO member states and the three already successful NATO applicants from Central Europe participated as observers. Political and policy statements of intent represented the main thrust of the agenda.

A next meeting, this time at the level of Deputy Defense Ministers, took place on the May 22, 1998 in Tirana, Albania. The representatives of Albania, Bulgaria, Greece, the Republic of Macedonia, Romania and Turkey signed a letter of intent to create a multinational peace-keeping force in SEE. Formal agreement on the matter was reached on September 26, 1998 at a meeting in Skopje, the Republic of Macedonia. By September 1999 three NATO (Greece, Italy and Turkey) and four PfP countries (Albania, Bulgaria, Macedonia and Romania) were to form the rapid reaction force, which represented a major confidence-building step in the region as well as a significant contribution to NATO’s cooperative defense arrangements in a volatile region. All willing NATO and PfP countries from the region were free to join this rapid reaction unit of 2,000 soldiers. It was designed to provide a contribution to NATO- or EU-led conflict prevention and other peace support operations under the mandate of the UN or the OSCE. Enhanced contacts, cooperation and efforts to increase the interoperability of the armed forces of these six countries within NATO standards and requirements have made a contribution to collective peace- and confidence-building.

The driving idea behind the Multinational Peace Force Southeast Europe (MPFSEE) has been, and remains not the formation of a “regional club” or “regionalized security,” but rather the consolidation of democracy and stability in the SEE, as well as the formation of a broad coalition of states willing to act together in addressing specific security threats. Bulgaria was chosen to be the host country of the rapid reaction force for the first four years, and was responsible for providing logistics, infrastructure and other facilities for the force in the city of Plovdiv, Southern Bulgaria.

Another important Bulgarian achievement was its contribution to regional cooperation prior to the Kosovo crisis. The framework of regional cooperation greatly facilitated the efforts of the governments of the SEE to address the Kosovo crisis in a collaborative manner. On May 25, 1999 Sofia was host to the second meeting of the Deputy Ministers of Defense of the countries participating in the MPFSEE – the joint rapid reaction force of the seven countries from the region and Italy. The meeting addressed numerous issues of concern ensuing from the events of Kosovo.

After the end of the Kosovo crisis, regional defense cooperation continued. At the Bucharest meeting of the SEDM on November 30, 1999 two additional proposals were approved: one concerning the establishment of an engineering-type task force that will consist of on-call components from various partner countries that can undertake activities in the region. The other proposal concerned the creation of a Crisis Information Network based on the Internet. The Network will keep track of needs and requirements and is to be utilized in times of crisis in order to respond to humanitarian and natural disasters.

The third meeting of the Ministers of Defense of Albania, Bulgaria, Greece, Italy, Macedonia, Romania and Turkey who gathered on June 6, 2001 in Thessaloniki, Greece, was also noteworthy. Representatives of the USA, Croatia, and Slovenia attended the event as observers, as did US Secretary of Defense Donald Rumsfeld. The MPFSEE's operational readiness and the criteria for involving the FR Yugoslavia in the Defense Ministerial were the main topics of discussion.

The present discussion of regional defense cooperation is by no means an exhaustive list of activities. Nevertheless, it points towards the creation and functioning of a framework of interaction that has already produced tangible results. Most importantly, the efforts made up to the present time have bred an unprecedented degree of confidence and trust in a region where both are sorely needed.

REGIONAL ECONOMIC COOPERATION

THE SOUTHEAST COOPERATION INITIATIVE (SECI)

The Southeast Cooperation Initiative was initiated by the US Government and launched on December 6, 1996. The Statement of Purpose that the participating states signed defined a scope of cooperation including the areas of regional economic and environmental cooperation. The participants agreed that SECI would take the approach of project-led coopera-

tion on matters with a regional dimension. The Initiative's declared intention was to complement the efforts of the EU, the Sofia Declaration on Good-Neighborly Relations, the Black Sea Cooperation and the Central European Initiative. Eleven countries became founding states: Albania, Bosnia and Herzegovina, Bulgaria, Greece, Macedonia, Moldova, Romania, Slovenia, Turkey, Hungary and Croatia. The increased efforts to involve the private sector constituted an important element of SECI from its inception.

One of the main areas of focus for SECI was the facilitation of trade across borders in the region and the facilitation of trade in general among the states in SEE. This has led to a number of projects targeted at improving the conditions of trade. Issues such as transport systems, trade documentation, infrastructure, and energy supply and use also attracted a great deal of attention. Gradually, cooperation on customs and police matters also received due attention. The areas of activity were structured into six working groups in 1997, each with a leading country.

The following areas of cooperation have been defined: facilitation of regional and trans-border trade (coordinated by Greece), improvement of transport systems, especially the major routes of the region (coordinated by Bulgaria), financial support for small- and medium-sized enterprises by means of credit expansion and credit guarantees (coordinated by Romania), establishment of a network of zones of effective management of energy (coordinated by Hungary), the interconnection of gas supply systems, diversification of energy sources and improved security of gas transport systems (coordinated by Bosnia and Herzegovina) and programs for cleaning up the Danube River (coordinated by the Danube Committee).

Bulgaria has been an active participant in all the activities of SECI. Bulgaria has made particular effort in the areas of energy supply, transport systems and customs cooperation. The country has been especially supportive of the extension of activities into the area of police and organized crime cooperation. Successive Bulgarian governments have expressed their support for the Center for Combating Organized Crime, which was established in Bucharest, Romania under the SECI. Bulgarian customs and law enforcement authorities have posted liaison officers to the Center. Bulgaria is directing the work of the task force on drug trafficking within the Center in Bucharest.

SOUTH BALKAN DEVELOPMENT INITIATIVE (SBDI)

The US Government unveiled the South Balkan Development Initiative in the year 1995. The initiative was designed to assist Bulgaria, Albania

and the Republic of Macedonia in their efforts to further modernize their transportation infrastructure along the East-West corridor. The task of the initiative has been threefold: to assist economic development and trade through improvement of infrastructure; to foster of a regional approach in matters of transport planning and attainment of synergies of public and private capital; to use the experience in regional transport cooperation in the wider context of regional cooperation. The implementing US authority, the US Trade and Development Agency, and the Bulgarian authorities have cooperated on numerous projects in the context of SBDI. They have done so through direct procurement of equipment and machinery, feasibility studies, pilot projects, provision of advice, definitional visits, desk studies, training assistance, and other methods. The SBDI has funded a number of region-wide activities. Some examples include regional traffic analysis equipment and regional highway mobile laboratory equipment.

The US authorities, in concert with their Bulgarian counterparts, have implemented numerous activities under the SBDI. These include, among others, a feasibility study of a Sofia Southern Highway Bypass, a feasibility study for an inter-modal container terminal at the Port of Bourgas, and a pilot project on railroad crossing safety panels.

PHARE – FUNDED PROGRAMS

Bulgaria has been an active participant in a number of EU PHARE-funded programs. Within the context of these programs, the country has cooperated extensively with Greece and Romania. One such program, INTERREG, emphasizes the development of transborder regions between current and future member states of the EU. Participating countries also cooperate in a number of other fields: transport (border crossing points, roads and railways, transborder transport services); infrastructure (water, gas, electricity, irrigation systems, telecommunication systems, improvement of transit energy systems); environment (waste management, protection of natural resources, transfer of technologies, measures against pollution) and economic development (development of tourism, support for small- and medium-sized enterprises, enhancement of investment opportunities).

Bulgaria cooperates with Greece and Romania in the context of a number of other PHARE – Horizontal Programs as well. These include the EU programs on telecommunications and post, environmental protection, development of trade, development of transport, combating drug trafficking, energy industries, and others.

BULGARIA IN THE BALKAN'S POST-CONFLICT REHABILITATION AND DEVELOPMENT

As a consequence of a decade long inter-ethnic wars and destruction, the societies of ex-Yugoslavia have been reduced to the status of the poorest and most fragmented region of Europe – the so-called “Western Balkans”. The economies of Serbia, Bosnia and Herzegovina and Kosovo are in shambles. The ethnic conflicts have prevented most of the region’s communities from implementing the necessary reforms of the post-communist transition to market economy. The destruction caused by the war has additionally impoverished the societies of the region. Instead of establishing effective democratic institutions, most of the countries, emerging from former Yugoslavia have experienced mass scale institutional disintegration and reduction of social relationships to the status of traditional – clan based – forms of social solidarity. The hostilities among the nations and the communities of the Western Balkans have brought expanding organized crime, mafia economics and intense corruption resulting in dramatically high levels of insecurity and instability.

As a country in the immediate neighborhood of former Yugoslavia, Bulgaria has been strongly and negatively affected by the inter-ethnic hostilities in the Western Balkans. The basic trade routes of Bulgarian commodities to the European markets were cut of by the wars and the embargo imposed by the UN over the Milosevic regime in Belgrade. Being part of the Balkan region, Bulgaria suffered the lowest possible credit ratings and investors’ interest towards the war-torn region. Heavily corrupt businesses developed and corrupt pressure was exercised upon consecutive Bulgarian governments in order to bypass the restrictions of the embargo over Serbia.

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Even if badly affected, Bulgaria has developed throughout the 1990s as a relative success story of post-communist transformation in Southeast

Europe. The country has successfully developed the institutions of representative democracy in the early 1990s, overcoming a legacy of harsh communist totalitarianism, practiced for 45 years under Soviet imperial supervision.

As an insistent applicant for NATO and EU membership, Bulgaria has maintained a high level of stability and security thus serving as a bridgehead of the international community in its efforts to resolve the ethnic crises in ex-Yugoslavia and to pacify the region.

The market transition that was delayed in the first half of the 1990s was successfully implemented by the end of the decade. Only an effective performance of the legal system needed to be developed in order to qualify for a full-fledged market economy to function. As an insistent applicant for NATO and EU membership, Bulgaria has maintained a high level of stability and security thus serving as a bridgehead of the international community in its efforts to resolve the ethnic crises in ex-Yugoslavia and to pacify the region.

Bulgaria has contributed to the post-Dayton settlement of Bosnia and Herzegovina by sending policing forces and a platoon of military servicemen within the SFOR international mission. The most dramatic challenge to the Bulgarian polity though came with the Kosovo crisis and the NATO military campaign of 1999. The war reached the very borders of Bulgarian territory. The western parts of the country were directly exposed to incidental collateral damage of bombs and missiles that might have missed their targets in Serbia. Fortunately, there were no casualties. The public opinion of Bulgaria – as in most other Balkan countries – was split over the assessment of the military campaign. This time the small, but noisy group of anti-Western campaigners were complemented by a large number of pacifists who shared the values of the international community to stop inter-ethnic violence but rejected bombing and other military actions as a means to resolving it.

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At this point of high public tensions and controversy, the Bulgarian government and the vast majority of political fractions represented in the Parliament unanimously sup-

ported the NATO action, its mission and motivation. The government immediately delivered upon the NATO request for air corridors over Bulgaria to serve the operation. The government and the pro-Atlantic public circles successfully convinced public opinion about the moral integrity and political reasons behind Bulgaria's support for the international community. Bulgaria contributed to the environment of integrity and solidarity of the international community in its efforts to oust the last communist dictator in Europe and to restore the rights of the Kosovo Albanians who were suffering from Milosevic's authoritarianism.

At the end of the crisis, Bulgaria, together with Romania and Hungary, made an important contribution to the settlement of the Kosovo crisis. Attempting to widen its own role in resolving the crisis, Russia decided to act in the 19th century style of "Great Power" and to fly a large military contingent into Kosovo before the NATO allies. Moscow requested an air corridor from Sofia, Bucharest and Budapest. All three countries refused to deliver upon this request. Kosovo has remained a land of joint NATO and Russian coordinated action. In this way Bulgaria and her neighbors have successfully prevented a painful split of interest and action among the international actors in the crisis, which may have caused further destabilization of the region.

After the end of the Kosovo crisis, Bulgaria joined her efforts with the international community for the successful post war reconstruction and development of the region. The efforts of peace and the reconstruction initiatives have been as difficult and painful as the military campaign itself. The leaders of the Kosovar Albanians from the KLA (Kosovo Liberation Army) returned to Kosovo from exile and allowed, and to a large extent supported, a militant campaign of ethnic cleansing of the region's minorities. Serbs, Roma and Turks suffered the same hostilities that the Albanians themselves were recently subjected to. The territory of Kosovo turned into a land without law and order and one with high rates of crime and illegal activity. This type of environment strengthened the position of the Milosevic regime in Serbia. Badly hit by the NATO campaign, the last communist dictator in Europe preserved power and status over an exhausted and impoverished Serbian society. The regime of Milosevic turned out to be the last major obstacle to

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the regions' recovery from an age of ethnic wars and destruction.

The Bulgarian government, the NGO sector and public opinion as a whole developed an intense strategy of participation in efforts to democratize Serbia and Yugoslavia. A program of regular contacts and exchange of experience between the Democratic Opposition of Serbia (DOS) and the Bulgarian democratic political parties were initiated. The governing United Democratic Forces (UDF) of Bulgaria shared the experiences they accumulated in their efforts towards democratic transformation throughout the 1990s, with their Serb counterparts. The mayor of Sofia – Mr. Stefan Sofiyanski exchanged a series of visits with the democratic mayors of Belgrade and Nis in efforts to help the major Serb cities to cope with the hardships of destruction, energy and food shortages in the winter of 1999-2000.

Bulgaria, primarily Sofia, has become a meeting ground for various groups and political platforms from Yugoslavia. With the help of Bulgarian NGOs (the Center for Liberal Strategies, the Institute for Regional and International Studies), the US Institute of Peace has organized a series of meetings between Serb public figures of Kosovo and Bulgarian leaders, journalists and scientists, as well as between Kosovo Albanian leaders and the Bulgarian public. These were meetings that began the healing process of the painful wounds that war and dictatorship caused to all parties in this inter-ethnic conflict. A number of Bulgarian NGOs, operating in different fields of civil and social activities, developed joint projects with their Serb counterparts that were aimed at supporting the democratization efforts of Serb society. Electoral training and public mobilization, coalition building and local government support were only a part of the topics of Bulgarian – Serbian joint NGO partnership.

The post-war rehabilitation and reconstruction of the Balkan region has included several basic fields of strategic transformation. The first one encompassed the efforts of democratization, including development of democratic institutions and strong civil society. The second sphere of change applies to the coordinated efforts to achieve a new system of regional security and stability after the end of the conflicts. The third aspect of transformation focused on the efforts for economic reconstruction and market transformation of the post-war societies. The international community began

a broad initiative to coordinate the efforts of the transatlantic partners and the countries of the region, called “Stability Pact for Southeast Europe”. Regardless of the international efforts, the successful transformation of the Balkans in these three fields has been primarily dependent on the will and capacity of the societies in the region to catch up with the process of post-communist reformation that took place in all parts of Central and Eastern Europe in the 1990s. Therefore countries like Bulgaria, which have already achieved a particular success and maturity in democracy and market reforms in the last decade, play an important role.

The process of democratization of the Western Balkans has included the following major tasks. First, Milosevic’s regime in Belgrade had to be terminated, possibly with peaceful actions and at the ballot box. Second, democratic representative institutions had to be created and strengthened, including development of popular and responsible political parties and movements. Third, adequate public administrative reforms had to take place in most countries of the region in order to guarantee effective democratic action and development. Fourth, civil society actions and institutions had to be developed, especially in the field of inter-ethnic dialogue and tolerance, to support post-conflict healing of interethnic relations in the region.

Bulgarian government, the major political parties and the NGOs of Bulgaria have been, and continue to be, active participants in all major efforts of democratization in the region. Apart from the contribution Bulgarian institutions have made in the successful removal of Milosevic from office in Belgrade, Bulgaria’s help to the democratic stabilization of the neighboring countries in the Western Balkans has grown since 1999. The efforts of the Bulgarian government to support democratic constitution of Kosovo as an entity have included a series of meetings of Prime Minister Kostov with Kosovar leaders. The Bulgarian involvement has initiated delicate and indirect dialogue with the new political leaders of Kosovo Albanians with their neighbors, including the authorities of the Republic of Macedonia. Intense dialogue with the new democratic government of the Democratic Opposition of Serbia (DOS) has been maintained by the Bulgarian authorities, supporting and delivering all kinds of basic help to the newly established democratic leadership in Belgrade. Being a country that has successfully passed democratic political reform in the 1990s, Bulgaria has

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been providing its political know how to all fundamental partners in the Western Balkans. Bulgarian NGOs are active participants in this process (please, see Appendix 5).

Democratization could not successfully take place without establishing a sufficient level of security and stability in the region. Coping with this legacy of conflict in the 1990s has been and is the major task in the efforts of the region and the international community. Despite the intense international efforts in the protectorates of Bosnia and Herzegovina and Kosovo (after the year 2000 – also in Macedonia), the security environment in the region remains tense. After the removal of Milosevic from office in late 2000, the major security challenges for the region come from the territories of Kosovo, South Serbia and Macedonia, where Albanian communities attempt further emancipation from the old institutional and national dependencies and try to re-establish themselves as independent (Kosovo) or equal by status (in Macedonia). This process involves further hostilities, armed actions and disturbs law and order on almost a permanent basis. Without trying to assess – positively or negatively – the aims of the Albanian armed movements, we need to say that their cause could hardly contribute to stabilization in the conflict stricken region of the Western Balkans.

Having always supported the just cause of all communities on the Balkans, fighting for freedom and democracy, Bulgaria has firmly defended the following principles of democratic coexistence in the Balkan region. First, democratic rights and emancipation for all nations and ethnic communities in the region. Second, non-violation of borders, systemic efforts

Defending the principles of democratic settlement of disputes and non-violation of borders, Bulgaria is an active member of the international community in its efforts to contain and resolve ethnic tensions and their destabilizing effects in the region.

to achieve peaceful and democratic coexistence of all communities without major changes of borders and violent disputes upon such changes. Those principles do not come from speculations about democratic theory but rather they stem from the very logic of the modern Balkan history encompassing a series of unresolved, bitter disputes. Under these circumstances consecutive Bulgarian governments play an important role in the stabilization of the region. It encourages all peaceful civic initiatives attempting at ethnic disputes' resolution within the system of dialogue and tolerance.

Defending the principles of democratic settlement of disputes and non-violation of borders, Bulgaria is an active member of

the international community in its efforts to contain and resolve ethnic tensions and their de-stabilizing effects in the region. Bulgaria participates both in the SFOR and the KFOR with its specialized army and police forces. Bulgaria is an active member of the united armed forces of SEEBRIG, attempting to develop it to a sustainable regional security force within the defense system of NATO.

Ethnic conflict and institutional destruction inevitably lead to high rates of organized crime and corruption. The Balkans suffer both from their internal networks of illegal economic activities, arms smuggling and “white slave” trade, and from the international mafia drugs channels and networks, using the Balkan region as a major road to the West. Establishing law and order in the post-conflict zones of Kosovo, Serbia, Macedonia, as well as in Albania and Bosnia & Herzegovina plays a pivotal role not only for the peace and stability in the region, but also for the stability and security of Europe and the entire West. The international drug trafficking networks are part of a broader system of the global underground, involving terrorist networks and their local cells, arms proliferation mafia groups etc. The global underground has penetrated the Balkans because of the intense ethnic conflicts and the need to smuggle arms for them. Today, in the post-conflict period, the international mafia rely upon the established networks and upon the fact that former guerilla chiefs have now reestablished themselves as high ranking political leaders in the Balkan countries.

Bulgaria has always played a major role in terminating the operation of the international mafia networks in the Balkan region. Huge packages of drugs are frequently detected and stopped at the Bulgarian borders. The Bulgarian model of ethnic tolerance, established with the process of democratic change and based on a long tradition has prevented the country from being part of the Balkan post-communist inter-ethnic disputes. Such an environment not only supports the internal stability of Bulgarian society, but also provides Bulgarian governments and civil society with an effective model of communal stability, law and order, and security to offer to our partners of the Western Balkans. It is evident, though, that the efforts of Bulgaria and the other countries in the region will not be sufficient in stopping the international organized crime’s activities on Balkan soil. We need the intense efforts and support of the international community not simply to resist

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drugs and arms traffic, but also to avoid the use of the Balkans as a corridor for the activities of the global underground, including terrorism.

Democracy and stability cannot be planted onto the Balkan post-conflict environment without a reliable strategy of market oriented economic development and cooperation among the nations of the region. The Balkans have always been quite an amorphous economic space with a very low degree of communication and cooperation between nations and communities. The inter-ethnic wars have abolished the Yugoslav space of economic cooperation and development. Today we face the ruins of the former Yugoslav economy with poor nations and regions, trying to cope both with the effects of the destruction caused by war and the economic reforms that were skipped. Economic hardships do not apply solely to the post-Yugoslav nations. Even nations such as Bulgaria, which have been successful in democratization and inter-communal dialogue and stability now face the grim results of a decade long isolation from the world markets as a consequence of war and regional instability. The credit rating of the Balkan region is low. Investors associate the Balkans with bloodshed and destruction. We need to find a common way out.

All Balkan countries wish to make it one day into the EU. This is the economic union, which can offer the most to the long-term priorities of economic and social development of the Balkan region. The EU membership, though, is a high threshold. We need to qualify for membership. Therefore, all countries in the region, and mostly those from the Western Balkans need a short- and mid-term strategy for economic development in order to catch-up with the European integration mainstream. Bulga-

ria has always been a strong supporter of the initiatives of the international community, including the Stability Pact in SEE, but we have also often been critical of the bureaucratic manner of the Stability Pact's functioning and the failure of the Pact to deliver adequate support for the regional development strategy.

The first thing the Balkans need to recover is a realistic strategy for development. Foreign investment will not pour into the region without an adequate administrative and legal background being prepared, and institutional development – both legal and administrative – does not take place overnight. A realistic assessment of the region's preparedness for economic change show that countries have different levels of adaptation to market economy. Even if delayed by the standards of Central Europe, Bulgarian market reform is one of the very few examples of how a country could perform successfully in this most painful part of the reform process – the market transformation.

The Balkan countries will not be able to deliver upon the necessary process of regional cooperation without reaching relatively high standards of economic transformation. Therefore, it is quite premature to plan radical and complex strategies for a “monetary union”, “one customs for the Balkans” etc, without having first reached national economic performance or coping with the following key issues. First, legal and economic domination over the gray and the black market. Second, reliable legal and administrative institutions that regulate these activities. Third, adequate legislation and legal background for decent economic exchange. Fourth, stable monetary systems – using local currency, or inclusion into the Eurozone. This is the necessary background for a full-fledged economic cooperation in the Balkans, which will allow different countries to make progress and not slide down to the level of the less equipped partners. We need to develop an open and legitimate system of regional economic cooperation. If we do not make the necessary efforts to transform our national economies, our cooperative efforts may mostly support the illegal, mafia type of “regional cooperation”, which has unfortunately developed much more successfully in the years of ethnic wars under the auspices of the global underground.

We need to develop an open and legitimate system of regional economic cooperation.

All countries in the region, Bulgaria included, support a strategy of advanced infrastructure development for the Balkan region. It is difficult to make progress in free trade or in any other dimensions of regional cooperation given the present devastated state of the infrastructure in the region. The aver-

age speed of the railway transport of commodities is less than 30 mph. Bad roads and bureaucratic border checks make driving little faster than railway transportation. The geographical constitution of the Balkans makes the region a natural crossroad of trade and communication both between the East and the West, and the North and the South at a point where Europe and Asia meet. Bulgaria has always supported the cooperation among the SEE countries in developing their transport infrastructure strategies. It is useless to emphasize the competition among Balkan countries and who will dominate the infrastructure development of the region. We all need to develop extensive transport routes in order to qualify as a region with a balanced infrastructure network, providing flexible options for travel and transportation.

Energy projects are another basic priority of infrastructure and economic development of the SEE region. Given her stability and central geographic location in the Balkans, Bulgaria is a very appropriate choice to host major energy projects developing in the context of the Caspian basin energy development. The pipeline projects, attempting to stretch between the Bulgarian port of Bourgas and the Albanian port of Vlore (the AMBO project), and between Bourgas and the Greek port of Alexandroupolis are among the most realistic options of bringing Caspian oil into the European markets. Bulgaria also qualifies as a prospective electricity hub of the Balkans, given its tradition of electricity production and the interests of major international companies (“Entergy”, AES) to further develop the capacities of Bulgarian power stations.

Being a stable democracy and making advanced market reforms, Bulgaria is capable of serving as one of the SEE region engines towards integration into the EU and the NATO. The country is also one of the most active participants in the Black Sea cooperation process, which provides the background for economic and security cooperation of the Balkan region with the neighboring realms of the Middle East, Russia and the Caucasus. Such a position and performance of Bulgaria within the Balkan and the Black Sea context makes the country a valuable asset for NATO within the present enlargement process. As any security alliance NATO needs members to serve as donors of security and stability. Bulgaria’s Balkan record makes it the number one country to qualify for such a position.

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BULGARIA AND RUSSIA

Why do we focus on the relations between Bulgaria and Russia in a book dedicated to Bulgaria's candidacy for NATO membership? The answer cannot be simply reduced to the fact that Russia is a partner whom the West would like to see as an ally in the future. After the collapse of Communism in the early 1990s, Russia has engaged in alternating and contradictory policies towards the countries of the former Eastern Europe. Officially, Moscow claims that Russia aspires to equal partnership with these countries in the framework of the common European integration process. Unofficially and in practice, however, Russia seems determined to re-establish political influence in Eastern Europe. Although this desire does not take the form of overt or direct control over these countries, Russian policies are aimed at aborting the pro-Western aspirations of Eastern European countries and disqualifying them as reliable candidates for EU and NATO membership.

The fall of the Milosevic regime created an unsteady situation in the Balkans. In this context, President Putin's Russia significantly changed the instruments and approaches that it used for influencing the post-communist states of Central and Southern Europe (CSE). If, in the Yeltsin era, Russia's influence was based on its economic policy for participation in the privatization of strategic enterprises and making an impact on the economic and political processes related to privatization, the Putin team's strategy is much more focused and politically activist. The Russian capital sponsors powerful political and public relations campaigns, which are aimed at replacing the political teams and national strategies of the countries in the region.

In one popular joke from the Bulgaria's communist period, a young boy asked his father, "Dad, why do they always say that the Russians are our brothers? Why don't they just call them our friends?" The father replied, "Because, my son, friends are friends by choice." Though born during the communist era, this joke aids any understanding of Bulgarian –

Russian relations both before the establishment of the communist system in the country and after its collapse.

RUSSIA'S STRATEGIC INTEREST IN BULGARIA

Russia's strategic interest in Bulgaria has remained stable over the last 150 years. Bulgaria and Russia have close historic and cultural traditions. During the early Middle Ages Russia successfully adopted Christianity thanks to Bulgaria, which had already developed a Christian Slavonic culture and the Slavonic script. After the onset of Ottoman rule in Bulgaria in the late fourteenth century, Russian literature and culture helped to preserve and develop Bulgaria's national identity. As a result of the Russo-Turkish War of 1877 – 1878, Bulgaria was emancipated from Ottoman domination and regained its national independence.

All of these historical ties help explain some of the good reasons that Bulgarians have to think of Russia as an important friend and benefactor. However, immediately after its re-founding in 1879, the young Bulgarian state was forced to come into conflict with its liberator. Russia's imperial interests demanded the newly liberated Bulgarian state's total economic and political dependence on Russia. Bulgarian national interest, by contrast, dictated the need for freedom – specifically, for the freedom to choose development and progress. Bulgaria needed new industrial technologies and efficient political and social institutions. The young nation could achieve

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these in cooperation with the West, but not with Russia, which at that time was still a backward and feudal society. Thus, even before the turn of the 19th century, our country faced the main dilemma of its relationship to Russia: How could Bulgaria maintain close cultural ties with Russia, while at the same time preserving its own national independence, its freedom of political and economic choice, and the progressive pro-Western orientation that the young Bulgarian state desired?

After the establishment of Soviet imperial control over Eastern Europe in 1944, this dilemma was resolved. The nature of the resolution was entirely to Bulgaria's detriment. Consequently, the fall of Bulgaria's

communist regime in November 1989 again raised the question of how to protect national independence and at the same time maintain healthy and balanced relations with Russia. It is more difficult for Bulgaria to resolve this issue than it has been for Poland, the Czech Republic, or Hungary to do so. The reason is not simply the cultural and historical bond between the two countries, but rather the Russian superiority complex – Moscow seems confident that this bond commits Bulgaria to remain part of the post-Soviet space both economically and politically, and in the sphere of national security, as well.

Bulgaria's success at reforming its society, its achievement of Western-style market and democratic standards, and its progress toward joining the EU and NATO together have contributed to the country's growing tensions with Russia since 1989, and particularly after 1997. Today, we are once again faced by a difficult task: How can Bulgaria develop as an independent democratic country, become a member of the European and the Euro-Atlantic community, and still maintain a healthy partnership and good relations with Russia along the way?

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Bulgaria's primary national interest in its relations with Russia is to restore the trade positions of Bulgarian exports on the Russian market. In the decades when the Council for Mutual Economic Assistance (CMEA or COMECON) used to be the principal trade regulator in the communist block, Bulgarian exports enjoyed a privileged position on the Soviet market. Of course, during the communist times there was no proper market in the true sense of the term. The commercial exchange among the Eastern Block countries took place on the basis of administrative and political agreements signed on central level. This is why the CMEA was founded. Competition and freedom of trade were non-existent. Within this system, Bulgarian exports enjoyed access to the politically guaranteed enormous Soviet "market" even if parts of them did not meet international quality standards.

The fall of communism led to the emergence of real markets for goods and services, in which political protectionism from the COMECON era had no role to play. All of Moscow's former allies from the communist period faced the threat of being completely pushed out of the new Russian

market, while leading international companies rushed in to get their share of the business. To save its former satellites from complete commercial fiasco on the Russian market, Moscow introduced special status for “developing nations” (comparable to the US “most favored nation” (MFN) status), thus allowing import duty rates for the respective importer to be several times lower than the standard rate.

The only country denied this “developing nation” status was – and still is – Bulgaria. As a result of Moscow’s discrimination, Bulgarian industries lost almost their entire market for the export of tobacco products, wine, processed food and canned produce to Russia. The high trade risk, the lack of an adequate banking system, and the flourishing arrogance of organized crime in Russia and the former Soviet republics further contributed to the ousting of Bulgarian businesses from the former Soviet markets.

Why was Bulgaria denied “developing country” status in its trade with Russia? As a result of the one-sided cooperation between the Bulgarian and Soviet economies during the communist period, Bulgaria still needs and depends on massive imports of Russian raw materials and equipment for its own economy to function.

It is precisely this condition of the certainty and inviolability of the Russian monopoly over strategic sectors of the Bulgarian economy that led Moscow to employ the policy of customs duties as means to exert political

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pressure over the Bulgarian institutions. Bulgaria does not want to remain in the orbit of Russian political domination. Bulgaria is looking to the West and trying to join the EU and NATO, but it has to pay the price of severe discrimination against Bulgarian exports to Russia. In practice, this means a negative trade balance for Bulgaria in its relations with Moscow. Bulgaria is not in a position to give up Russian oil, gas, and equipment, but Russia can afford to dis-

criminate against Bulgarian goods without bringing any economic or political risk upon itself. Thus, the negative trade balance increasingly becomes an instrument for exercising pressure on any Bulgarian government that is unwilling to make political concessions with the country’s national interests just to earn Russia’s approval.

It is evident to the post-imperial Russia of the nineties that it cannot afford to exercise direct political pressure on its former satellites from Central Europe. Moreover, the post-communist countries of Central Europe

(Poland, the Czech Republic, Hungary) reacted firmly and decisively to counter Russia's coercion both with regard to key aspects of their national security (such as the enlargement of NATO, Russian spy affairs, etc.) and to safeguard their economic independence from the former Big Brother. For instance, Russia's attempt to exert pressure on Prague in the mid-nineties through the business policy of the Russian *Gazprom Corporation* led to a straightforward and definitive response. The Czech Republic connected its gas transmission network with that of Western Europe and the Norwegian gas deposits ahead of schedule, despite the higher price of the North Sea gas. This move finally terminated the monopoly of Gazprom in the Czech Republic.

In the context of this crisis of Russian influence over Central Europe, Russia's amplified pressure in Bulgaria manifested itself mainly in trade policy and in the economic expansion of the emerging Russian business oligarchy. Bulgaria was deemed an appropriate outpost for the onset of Russia's strategic comeback in Europe for several reasons. First, Bulgaria is situated in the eastern part of the Balkan peninsula, where the post-Yugoslav wars have raged to the west of its borders for over a decade. The UN embargo on Serbia isolated Bulgaria from its major foreign market – the European Union. The armed conflict on the Balkan peninsula caused a sharp decline in the credit rating of all countries in the region. Investors lost interest even in those countries – like Bulgaria – that were making an honorable attempt at introducing reforms. The adverse situation in the region slowed down and frustrated Bulgaria's economic and social reforms in the first half of the 1990s. The proximity of the former Yugoslavia promoted the growth of corruption and organized crime in Bulgaria. All this helped create an environment conducive to the expansionist efforts of the Russian business oligarchy, which has its roots in the mafia and the underworld.

Second, Bulgaria was chosen to be the focus of Russia's quiet strategic comeback in Europe because of the traditional cultural and historic kinship between the two countries. Another important fact is that the majority of Bulgarian industrial managers during the communist period had worked with Russia for decades, and therefore had informal ties and contacts with their Russian partners.

The third, but not the least important, reason that Russia chose Bulgaria as the staging ground for its comeback in Europe is that this was the easiest choice. Russia's economic expansion in Bulgaria encountered almost no competition from the West. Soon after the fall of the Berlin Wall, all major European and American companies rushed to do business in

Prague, Budapest and Warsaw. The post-communist states of Central Europe became a competitive ground for strategic investment from all the Western countries, and investment from Germany and the US were especially quickly forthcoming. The Balkans, by contrast, and especially Bulgaria, remained complete outsiders to this process for both purely business-related and strategic reasons. Therefore, Bulgaria had no economic choice but to welcome any investor – including those, supposedly related to the Russian mafia.

Bulgaria's geographic location makes it a natural energy hub.

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Bulgaria's geographic location makes it a natural energy hub. Bulgaria is both a producer of energy and a crucial juncture in the key energy distribution networks of Southeast Europe. Bulgarian territory is the natural throughway for the transmission of gas from Russia to Turkey, which is the largest regional importer and consumer of energy in the Balkans and the Middle East. Turkey and the Balkan countries other than Bulgaria consume increasingly large amounts of energy. Bulgaria, by contrast,

produces a significant surplus of electric power and has the capacity to considerably increase its production. The routes of two of the four potential pipelines for transporting Caspian oil to Western Europe – the Bourgas-Alexandroupolis Pipeline and the AMBO (Albanian-Macedonian-Bulgarian Oil) pipeline – run across Bulgarian territory. The people and firms who will manage the production and transit of power on Bulgarian territory will have enormous influence and power. It matters who these people and firms are.

The Russian corporation *Gazprom* made a systematic effort to monopolize control over the state owned Bulgarian gas transmission network. Ousting the Bulgarian government from control over the gas trade would not only deprive the country of a natural strategic resource, but would also guarantee *Gazprom* the free expansion of its gas supply network to the enormous Turkish market. When the Bulgarian government declined to sell the gas transmission network to *Gazprom* in the mid-nineties, the Russian corporate lobby exerted enormous political pressure for the privatization of the pipelines and channeled the relations between Bulgaria and *Gazprom* in favor of the (nominally) Bulgarian *Multigroup* Corporation.

The reform-minded UDF government did not yield to *Gazprom's* pressure and maintained Bulgarian state control over the gas transiting across

Bulgarian territory. *Gazprom* then turned to a new project that would distribute gas to Turkey along the bottom of the Black Sea. The *Blue Stream* project, as it was called, would avoid the transportation of gas across Bulgarian territory.

As a candidate for EU accession and NATO membership, Bulgaria is interested in developing a law and order, reputable and socialized capitalist system of a Western type, based on clear rules and principles.

It is notable that Russia's economic expansion is not an end in itself. Russia's longer-term goal is the restoration of its political influence in Bulgaria under a more sophisticated and toned down form, with the prospect of expanding this influence over an increasing part of the Balkans. Over the past few years, a derisive type of skepticism became common among a number of Western observers, concerning Russia's post-imperial helplessness to uphold its position as a first-rate world power. This skepticism is partially justified, considering the actual crisis of the Russian economy and statehood during the 1990s. However, if Russia is not in a position to decisively influence the key power factors of international life, this does not mean that Moscow is helpless to exert pressure on smaller and weaker partners in the international community, such as Bulgaria.

It will be hard for Russia to reinstate its status of a first-rate international factor without at least partially regaining its influence in Europe. (The restoration of Russian influence in Asia is more difficult, given the growing power of China, Japan and India.) Russia cannot rely on reclaiming the Central European states or the Baltic republics back and bringing them back into Moscow's sphere of influence. The Balkans, with their reputation of a zone of discord and hostilities, represent one of the most vulnerable zones to restored Russian influence in Europe. Russia's economic and political interests in the Balkans were demonstrated throughout the 1990s. It was only the deep crisis of Russian statehood in the post-Soviet period that prevented Russia from being involved as an adverse party in the post-Yugoslav conflicts, where Moscow offered direct support to the regime of Slobodan Milosevic, the last communist dictator in Europe.

Today, Russia is gradually emerging from the deep crisis of statehood, and Moscow's growing activity in the Balkan region has been evident both in the still-unresolved conflicts in Kosovo, Serbia and Macedonia, as well as in the politically stable but still economically vulnerable Bulgaria. With the impending partial withdrawal of the US armed forces from Bosnia and Herzegovina and from Kosovo, fresh opportunities are opening up for Russia's strategic penetration of the Balkans. The European countries, which will replace almost completely the US in their role of exercising

military control over the Balkans, have varying interests and historically determined relations with Russia. Balancing between intra-European differences and contradictions will give Moscow the opportunity to take advantage of and, whenever possible, to augment the dissension between Europe and the USA on various aspects of Europe's defense. Thus, Russia will take a step towards the fulfillment of its major, long-term strategic objective in Europe – undermining the North Atlantic solidarity and establishing a predominantly Russian-European system of international security.

Throughout the years of its post-communist development, Bulgaria has been and remains a loyal partner to the West in upholding the values of freedom.

Throughout the years of its post-communist development, Bulgaria has been and remains a loyal partner to the West in upholding the values of freedom. Having suffered severe losses from the wars and the embargo on former Yugoslavia, Bulgaria stood up for the interests of the international community throughout the process of handling and settling the post-Yugoslav crises. Bulgaria explicitly supported NATO in all of its activities on the Balkans, operating as though it were an actual member of the Alliance.

In June 1999, the Bulgarian government responsibly took the risk of denying Russia a flight corridor for landing in Kosovo. This saved Europe from a possible escalation of the Kosovo conflict and from turning it into a conflict between NATO and Russia.

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The only way to accommodate Bulgarian–Russian relations on the basis of principle and fairness in the context of today's strategic situation on the Balkans is to accept Bulgaria for full membership in NATO. A strong, democratic, and western-oriented Bulgaria cannot be a part of the Russia's plans for its European comeback in the style of a 19th century Great Power. Moreover, a strong, democratic and stable Bulgaria is in the interest of the international community as a whole and will only promote peace on the Balkans and in Europe. Bulgaria meets all political and institutional criteria for NATO membership. Army reforms aimed at restructuring the Bulgarian armed forces are already well underway. If Bulgaria is

turing the Bulgarian armed forces are already well underway. If Bulgaria is

accepted to become a member of NATO in 2002, this will have a direct positive impact on the stability of the Balkan region. Bulgaria's membership in NATO will be instrumental in providing the only substantive basis for new and balanced relations between Bulgaria and Russia.

WHAT WILL CHANGE AFTER BULGARIA JOINS NATO?

First, Bulgaria's becoming a member of NATO will represent the country's huge investment in stability and progress. Foreign investment in Hungary, Poland and the Czech Republic increased significantly since those countries joined NATO in the late 1990s. Bulgaria's capacity to attract additional foreign investment on its territory aimed at balancing Russian economic influence will have a powerful stabilizing effect on the Bulgarian economy and Bulgarian politics.

Second, Bulgaria's membership in NATO will enhance cooperation among all the Balkan countries and will bring stability to the region. This, in turn, will produce an environment much more conducive to achieving the objectives of the international community in the conflict zones (Bosnia, Kosovo and Macedonia). This will block the channels for 19th century "Great Power" politics and its negative impact not only in Bulgaria and the Balkans, but throughout the whole international community, as well. This will affect issues such as the control of the Mediterranean, the stability of Southeast Europe and others.

Third, Bulgaria's membership in NATO will open up real opportunities for cooperation between Bulgaria and Russia on an equal footing, both in the field of trade and on issues of national security. Thanks to its traditional historical bond with Russia, Bulgaria is one of the gateways for international business into the territory of the former Soviet Union. Bulgarian managers, engineers and professionals have extensive contacts and admirable expertise for doing business in Russia. The national security guarantees that NATO membership can provide for Bulgaria will allow the economic cooperation between the two countries to become the basis for a common security policy in mid-term and long-term perspectives.

Russia is a desirable partner for the international community in the development of a common system of Euro-Atlantic security. However, Russia must walk its part of the road to transform itself into an equal and democratic partner in the Euro-Atlantic space. Bulgaria's acceptance into NATO, along with the rest of the candidates from the Balkans and the Baltic region, will send Russia a clear and unambiguous signal that

Bulgaria's acceptance into NATO, along with the rest of the candidates from the Balkans and the Baltic region, will send Russia a clear and unambiguous signal that Moscow's road towards a positive presence in Europe passes through equal cooperation with all its neighbors and not through attempts to subdue them again to the interests of a revived imperial ambition.

Moscow's road towards a positive presence in Europe passes through equal cooperation with all its neighbors and not through attempts to subdue them again to the interests of a revived imperial ambition. There is no place for "Great Powers" and "spheres of influence" in a united Europe of the 21st century. The only means of eradicating the "gray zone" in Eastern and Southeast Europe is to build a Europe made up of a single institutional space of mutually guaranteed responsibility and security.

The enlargement of NATO will play a notably positive role for the conversion of Russia itself to the norms and principles of the democratic community of civilized nations.

REMAINING CHALLENGES AND CONCLUSION

Bulgaria's regional policy has been consistently multilateral in nature and has been based on mutually beneficial cooperation. The country has made important contributions in the areas of political and security co-operation. The Sofia Process has proved to be an invaluable framework for effective regional cooperation, which has persisted and evolved over the last few years. It has matured into an inclusive and recognized forum for political and policy discussions on matters of regional co-operation.

Security cooperation has been an important offshoot of the political process of regional co-operation. Given the uneasy post-conflict rehabilitation of the former Yugoslav war-torn space ranging from the tough state-building in Bosnia and Herzegovina, through the uncertain status of Kosovo lacking any efficient institutions and the vague political future of Macedonia, the region needs more than ever inside security-promoters. Southeast Europe Defense Ministerial meetings, as well as the establishment and operation of the Multilateral Peace Force in SEE are crucial assets for further enhancing and generating security. For the past decade Bulgaria demonstrated and assured both its regional and Western counterparts of its capacity and determination to pursue and sustain a sound policy, thus keeping its role of mainstay of stability and security in SEE.

Regional economic cooperation has also been an important part of Bulgarian policy. However, the prospects for such cooperation initiatives are still few. They used to be projected mainly within the Stability Pact for Southeast Europe, SECI, SBDI and some other bilateral and multilateral regional initiatives. The ultimate goal is to promote them as a security policy factor in the region. However, quite ambitious most of the commenced projects stay at the level of feasibility studies. The Stability Pact as a new type of comprehensive mechanism of large scope and regional impact dramatically failed to meet the expectations that were initially vested in it due to its incapacity to mobilize efforts and resources for implementing its ambitious goals.

The attempts at developing economic cooperation throughout the region

go along with the efforts for stabilization, rehabilitation and development of Southeast Europe. Nonetheless, the promotion of such initiatives remains solely within the capacity of the countries concerned. Since there are quite few instruments for promoting these efforts, the interested countries may rely upon some EU development programs, such as PHARE and INTERREG, using them for common integrated goals. A special emphasis in this regard should be put on fostering communications by implementing a set of physical infrastructure projects that are to integrate the region within the European mainstream.

Still, challenges persist. The evolution of regional cooperation has been patchy, leaping ahead in some areas and lagging behind in others. Ensuring effective distribution of external funds and adequate compatibility between organizations and initiatives continue to represent an important task. Moreover, the proper balancing of regional and other foreign policy objectives will need to find its continuation the coming years.

APPENDIX 4

BULGARIA AND THE BALKANS: GEOPOLITICAL AND GEO-ECONOMIC ASPECTS

HISTORY

Historically the Balkans is one of the world's most important geopolitical regions. In the past two successive Great Powers, the Byzantine and Ottoman Empires, ruled over the region. While these empires flourished, the Balkans were a source of imperialist influence, but since the late 17th century, when the Ottomans entered an era of irreversible decline, the expansionist ambitions of Russia and the Western powers came head to head in a great struggle for domination.

After Constantinople fell to the Ottomans in 1453, the principality of Muscovy became the only remaining Orthodox state in the world. The principality declared itself the legitimate heir to Byzantium, and was recognized in this quality by the ecumenical patriarch. With providential zeal, Moscow's rulers adopted the mission of protecting Balkan Christianity. They did so with the ultimate goal of achieving the restoration of the Byzantine Empire in one form or another. By the time of Peter the Great, when Russia became involved in the European power policy, this mission was rationalized by the means of geographic arguments: Russia had to have access to the Southern Seas in order to establish herself as a dominant world economic and military power. The 19th century, with its ideological bias towards nationalist and racial theories, added new arguments to the Russian aspirations for the Balkans. The Pan-slavists and the Slavophiles proclaimed with a new kind of missionary ardor that Russia must liberate her South-Slavic brothers from the Ottoman yoke. A dozen Russo-Turkish wars were born from these more or less obsessive ambitions between 1676 and 1878. It is logical to conclude that *Muscovy*, once a small principality in the far north-eastern periphery of the European state system, emerged and established itself as a great power by virtue of its drive to liberate the Balkans. This specific amalgamation of a missionary vision, racial ties, geographic necessity, military epic and last but not least, historical inertia, explains the fatal tenacity with which Russia pursued her goals in the Balkans.

In the 18th and 19th century the Western powers systematically hindered the Russian advance towards Constantinople and the Straits by supporting

the integrity of the Ottoman Empire. The Balkans thus became a focal point of great geopolitical rivalries, complicated by the controversial aspirations of the emerging local nations. On the eve of World War I, however, France and Britain made a historical concession and recognized Russia's claim to the Straits and the adjacent land zone in order to assure Russia's aid against Germany. Only the Russian Revolution and Civil War that began before the World War's end prevented Russia from achieving her centuries' old national dream. Nevertheless, World War II offered another opportunity for Russian expansion onto Balkan territory. Defining the post-war spheres of influence in Europe, the Anglo-American allies agreed in 1943-45 that the Soviet Union would dominate in Bulgaria and Romania, while the Allies would administer Greece and Turkey. Yugoslavia was to be treated a neutral state. The geopolitical rationale in this division was that Russian expansion would be permitted only in those Balkan countries that did not have access to the Mediterranean coast.

THE CONTEMPORARY CONTEXT

The year 1989 was a turning point for the post-war world order. Processes of global importance that had been underway for decades were by then finally reaching their culmination. Out of these processes a new system emerged, based upon fundamentally new principles. The center of economic gravity shifted from the Atlantic to the Pacific, and the center of political gravity moved from Europe to Central Asia. The socio-economic crisis in the Eastern Bloc required reforms, but their result was to cause the old structure to crumble away entirely. One by one the Bloc's segments for foreign influence – the Warsaw Pact and the COMECON – disappeared, and finally, at the end of 1991, the Soviet Union itself dissolved.

The political disintegration and economic decline of the landlocked core of the great Euro-Asian mainland was in sharp contrast with the processes unfolding at its opposite edges. In the Far East, after two centuries of wane and anarchy, China was re-united under the severe grip of the Communist Party. If there is any one constant in the history of China, it is that the country's unity has always led to economic prosperity. The post-Maoist Chinese leadership, with its pragmatic economic policy, made the best possible use of the situation to open an era of growth. Since 1990s China's GDP increased by almost 240 percent. This is a real achievement towards China's re-establishing itself among the Great Powers of the contemporary world. In a broader perspective, this economic boom – combined with the already huge economic potential of Japan, the dynamic economies of South Korea and the South-Eastern Asia countries, and with the prospering western coast of the United States – will cause the global economy to shift its focus from the Atlantic to the Pacific Rim.

On the Atlantic shore, the economic integration of the West European countries, which developed after World War II under the aegis of the US

economic support and security umbrella, acquired political dimensions. The process was unchained by the successful solution of the German question in the frames of the West-European structures. East-West antagonism ended, in ideological perspective, with a complete triumph of Western-style liberal capitalism. The resultant picture of the world, however, was too complicated to constitute *the End of History* that some philosophers envisioned in the exaltation of the late 1980s. The disappearance of the opponent confronted the Euro-American alliance with a need to re-examine its *raison d'être*. German unification implied that Germany should no longer be treated as a vanquished country. The future role of the NATO, and in particular – the US role in the security of Europe had to be re-legitimized within the new post Cold War strategic environment. Even provided the controversial stand points on the two sides of the Atlantic on issues like: who pays the bills of European security, what would the role of the EU in an autonomous European security effort be, nobody at any time has questioned the importance of continued transatlantic partnership for the security of post-Cold War Europe. Under these circumstances, doctrines appeared that preached the preservation of the Western bloc on the basis of its common origins and of the values that distinguishes the West from the rest of the world.

The newly emerging world system has five major centers of power:

- The USA is both an economic and a military superpower, the only one among the Great Powers that has the capacity to exercise a worldwide influence;
- The European Union is major economic power with rising political ambitions, but it still lacks efficient decision making mechanisms;
- China possesses a rapidly growing economy and political claims based on strong and vivid imperial traditions of universalistic bias;
- Russia, though of irrelevant economic basis, has a huge military arsenal and a territorial mass that puts it in contact with virtually all foci of crisis on the Euro-Asian continent;
- Japan is a prominent economic power.

A number of regional powers, such as India, Pakistan, Iran, Turkey, Indonesia, and Brazil, only complicate the picture.

In the decade after 1989, the US could reassert its role as leader of the Western world by involving its allies, Japan and especially its European partners, in various undertakings, defined as issues of principle and common interest. The Gulf war, the campaign in Yugoslavia, and the recent campaign in Afghanistan are only a few examples. The US will undoubtedly enjoy an indisputable strategic prevalence over Russia and China on the Euro-Asian mainland in the future, and on this basis will have influence all over the world, if it is able to preserve its alliances with Europe and Japan.

The stability of this model of power relations depends exclusively on economic strength. In this respect access to cheap energy resources and raw

Table 1: Energy consumption by world regions (1996):¹

Region	Percentage of world population	Percentage of world energy consumption	Ratio of Energy to Population
United States	5.0	26.0	5.20
US, Canada and Mexico	6.5	30.0	4.62
European Union	7.0	18.0	2.57
Central and Eastern Europe	2.0	3.5	1.75
Russia	2.6	8.5	3.27
All countries of the former USSR	5.0	13.0	2.60
Japan	2.2	6.0	2.73
The Asian “tigers” ²	7.5	5.0	0.66
Near East	2.5	4.0	1.60
China	21.0	9.5	0.45
The rest of the world	46.3	11.0	0.24

materials is of primary importance. Historically, the industrialization of Western Europe and the United States, and also of the Soviet Union, occurred under conditions very favorable for the supply of both energy resources and raw materials. The Chinese economy’s rapid growth is now also requiring a dramatic increase in energy consumption. The latter, being a function of the economic power, reveals unequivocally the geopolitical hierarchy of the today world.

Fossil fuel deposits, which at the current stage of technological development are still yielding 95% of the total output of the world’s industrial energy without any expectations for a change in this rate in the coming decades, are not evenly distributed among the existing centers of power. On the one pole are Russia and the United States, which have enormous quantities of all types of fossil fuels. On the other pole is Japan, which depends entirely on imports for its energy supply. China has substantial coal deposits — 14% of the world’s total deposits, which meet 75% of its total energy demands — and one of the 40 biggest oil fields in the world, which is not, however, sufficient to cover the country’s demands for this source of energy. The European Union has small deposits of oil and gas, which represent about 3% and 4.5% of the global deposits, respectively.³

Most oil and a considerable part of the world’s natural gas deposits are

¹ Data for 1996. Source: *British Petroleum World Review Note*. These statistics include only traded fuels.

² South Korea, Taiwan, Indonesia, Malaysia, the Philippines, Thailand and Singapore.

³ Data from PennWell Publishing Co., *International Petroleum Encyclopedia* 1991; United Nations, 1990 Energy Statistics Yearbook; World Energy Conference, *Survey of Energy Resources* (1989); *Oil & Gas Journal*; *U.S. Geological Survey* etc.

situated outside the borders of those main power centers, however. They are located in the Near East⁴ and post-Soviet Central Asia.⁵ The concentration of fossil fuel deposits in these regions constitutes what is definitely the most powerful lever of impact on the global economy. The Near East has been an arena of rivalries between the world's Great Powers ever since the discovery of the fossil fuel reserves there, and this situation will continue into the future, as well. The possibility, since the disintegration of the Soviet Union, for other countries to gain access to the fuel deposits in the landlocked Central Asian countries – enormous as they are and evidently the last ones to be integrated in the global economy system – gives a new dimension to this kind of rivalries. The growing economy of China, which neighbors the oil-rich states of Central Asia, relies heavily upon these countries, while Russia still considering the region her own backyard. American and other Western oil companies are also eager to build up the installations and pipelines necessary for exporting Central Asian fuel to the foreign markets. Having in mind the importance of the energy resources for the global economy and the heavy costs of the projects, it is clear that the attention of the major international factors will soon shift from Europe to Asia, with Central Asia becoming a focal point of power politics.

The struggle for domination in Central Asia is complicated by the geographic neighborhood of the two power centers, Russia and China, the arbitrary style of the local post-communist governments, and rising Islamic fundamentalism. The main handicap for the Western powers in this struggle is the limited access to the region. The area is situated quite far from the ocean shore, and the only two ways of penetrating it are from the south, via a belt of Muslim states, or from the west, via the Black Sea and the Transcaucasian countries. It is obvious that in this configuration the Balkan peninsula forms the left dimension for an US-led and long-term strategic effort, stretching from Europe to India and aimed at Central Asia. This is where the balance-of-powers game of the 21st century will be played out. In this configuration the Balkans will be the EU's gate to Central Asia and yet it will also remain a strategic area where Russia might try to avoid its fate of a fallen Great Power.

⁴ The Near East, in its classical definition, stretches from the Mediterranean Sea to the Persian Gulf. The Middle East then, is extends from the Gulf to Southeast Asia, and the Far East encompasses the regions facing the Pacific Ocean.

⁵ Central Asia is considered to be composed of the former Soviet republics of Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan, while the Transcaucasian region is formed by Armenia, Azerbaijan and Georgia. It is better, in terms of ethnography and culture, as well as for economic and political reasons, to consider Azerbaijan a part of Central Asia – like the other Central-Asian states (with the exception Persian-speaking Tajikistan) it is a Turkic-speaking country and its population is mostly Muslim; like the other Central-Asian states, Azerbaijan contains large oil resources. Christian Armenia and Georgia are historically hostile to Islam, Turks and Iranians, and are culturally inclined to cooperation with the West.

THE BALKANS AND THE NEW WORLD ORDER

During the NATO campaign against Yugoslavia in the spring of 1999, the French military analyst Éric de Maisonneuve referred to the Balkans as a laboratory for future conflicts. Considering the great strategic, economic, and even symbolic importance of the region in the pattern of the emerging world order, de Maisonneuve's reference may be extended. In the Balkan area, the major challenges that the new world order might be facing are present and visible on a smaller scale. Over the centuries and into the present, the Balkan crossroad has been crucified between conflicting cultures, economies and empires. It has become overburdened by a complicated set of problems, none of which has found – so far - an effective, even if not just or right, solution. All of these problems reach far beyond regional frames, and they include, for example:

- Inter-cultural coexistence: the vicissitudes of medieval history brought together on the territory of the Balkans the three great faiths of Orthodox Christianity, Catholicism, and Islam;
- National conflicts: the Balkan nations, scattered and intermingled as they were under the administrations of the Byzantine and Ottoman empires, are frustrated by the boundaries of their restored or newly established states;
- Post-communist transition: the success of democracy and market economics in the Balkans is a test for the vitality of the modern liberal democracy;
- Organized crime: in post-communist countries crime flourished on the basis of the former secret police structures.

The disintegration of the USSR was a clear sign that East European countries should no longer be considered a buffer zone. Such a zone was more appropriately to be fixed farther eastward, in the belt of the non-Russian republics of the former Soviet Union. The secessionist wars in Yugoslavia in the 1990s provided the Western Alliance the opportunity to promote an active policy towards Eastern Europe. The broadening military and peace keeping interventions in the post-Yugoslav conflicts brought about the gradual shift of the NATO military concentration in Europe from Bavaria, where it had become obsolete after the unification of Germany, to the Western Balkans. This process has played a crucial role for the post-Cold War geopolitics in redefining the scope of transatlantic security cooperation and in established a solid purpose for the transformation of the NATO into a pan-European security system. In this sense, it is indicative that the first military operation in NATO's half-century history was the campaign in Yugoslavia in 1999.

It is obvious that the NATO operation in Yugoslavia has served as a powerful security integrator of the European Union partners through involving them into a new level of challenges. The longer term consequences of the NATO Balkan involvement should lead to a growing autonomy of European peace keeping

and conflict prevention actions on the Old Continent, integration among the EU countries as autonomous power block within the Euro-Atlantic security system. This is how the Balkans represent a keystone of the common Euro-Atlantic policy, crucial to the efficiency and vitality of the EU CFSP. It is likely that, just as the settlement of the German question pushed the process of European integration, thus the settlement of the Balkan conflicts will strengthen the Western Alliance. The absorption of the Balkans into the Euro-Atlantic structures will extend the Western political influence to areas never reached before. The success of this absorption will result in the rapid transformation of Russia from a historical enemy into a partner, because without the Balkans Russia's influence will be restrained into the locked parts of the Euro-Asian mainland and there it will be rivaled by China. Surely in such conditions the partnership with the Western alliance will become preferable for Moscow.

Bulgaria's political class has reached a consensus about joining NATO, in spite of the vigorous Russian counter-action, which has ranged from direct political pressure and attempts to obtain control over key components of the national infrastructure to a practical ban on Bulgaria's access to the Russian market. The support of the Bulgarian and Romanian governments for the NATO campaign against Yugoslavia in 1999 was a valuable proof for the constructive role of the local states as partners of NATO in the maintenance of peace in the Balkans.

APPENDIX 5

THE ROLE OF BULGARIAN NGOs IN THE REGION

For the Balkan region, the 1990s were a period marked by the disintegration process in the former Yugoslavia. Besides carrying out transitional reforms of its own, Bulgaria was also unfavorably affected by the events in neighboring Yugoslavia. Primarily, Bulgaria suffered economic losses due to the international embargo and sanctions imposed on Yugoslavia. Bulgaria's engagement was twofold, following its own transitional agenda and countering the processes of destabilization coming from next door. Bulgaria coped with this tremendous task quite successfully thanks to its ever-growing civil society and well-established NGO community that was promoting values of freedom and democracy even as crisis management and post-conflict rehabilitation in former Yugoslavian was taking place in the background. The role of the Bulgarian NGO community has been primarily pro-active rather than reactive in this regard. Amongst the leading Bulgarian NGOs that distinctly demonstrated their capacity are: Institute for Regional and International Studies, Center for Liberal Strategies, Center for Social Practices, Political Academy for South-east Europe, Institute for Market Economics, and ACCESS.

These think tanks implemented very crucial initiatives that can be clustered into four types based on their objectives:

- Initiatives addressing regional security issues;
- Initiatives advancing democratic, civic and economic development;
- Initiatives promoting dialogue, cooperation and good-neighborliness.

INITIATIVES ADDRESSING REGIONAL SECURITY ISSUES

The Institute for Regional and International Studies initiated an *International Fact-finding Mission to the Republic of Macedonia* from April 23 to 29, 2001. The international fact-finding mission was aimed at evaluating the situation in Macedonia following the crisis in the country from March 2001. In pursuit of this goal, contacts were established and interviews were conducted with rep-

representatives of various institutions, political leaders and civic activists in the Republic of Macedonia. A report outlining current problems and suggesting a set of recommendations for improving the interethnic relations and security situation in the country was drafted.

The Center for Liberal Strategies organized a conference *Security Challenges in Southeast Europe*. The conference consisted of the following panels:

- Economic Reform as a Security Issue
- Role of the European Union in Promoting Stability and Security in the Region
- Role of NATO and Euro-Atlantic Structures in Promoting Stability and Security in the Region
- Energy and Transport Issues in Southern and Eastern Europe, and the Role of Ukraine and Bulgaria
- Policy Implications and Conclusions

The Center for Liberal Strategies implemented a project *New Threats for the Balkans after Kosovo*. The project aimed at analyzing new threats and risks in the region emerged after the end of the Kosovo war. The in-depth analysis was helpful for all those involved in making decisions, especially in their attempt to concentrate on a limited number of strategically important factors.

INITIATIVES ADVANCING DEMOCRATIC, CIVIC AND ECONOMIC DEVELOPMENT

The Institute for Regional and International Studies initiated the *Democratization and Local Development* project. *Sharing good practices between Bulgarian and Serbian NGO-s and local governments from the transborder area* – a one-year project providing conditions and an appropriate policy environment for setting up a free forum for sharing experiences and good governance practices on both sides of the border. Participants in the project had the opportunity to meet at two training sessions and a policy workshop to receive training and discuss issues of decentralization and local government, strategic planning for local development, civic participation and involvement in the process of decision making, as well as cross-border cooperation opportunities. The project provided an exchange of good practices of civic participation and provided training for effective mobilization and promotion of democracy. One of the major outcomes of the project was the establishment of a trans-border network of civil society organizations from Bulgaria and Yugoslavia.

The project employed the bottom-up approach since the earlier top-down models of interaction between the two countries proved to be inadequate and inefficient. Therefore the project was particularly focused on defining interests of the communities on the ground (in border adjacent area), for sharing experiences of local self-governance, building strategies for developing local businesses on both sides of the border, promoting cultural exchange and cooperation between Bulgarian and Serbian NGOs.

The Political Academy for Southeast Europe initiated the *Challenges to the Local Democracy in FR Yugoslavia* project. The goal of the project was to translate and adapt the best practices of citizen /NGO/ involvement in democratic policy-making at the local level and in the context of FR Yugoslavia. Under this project, the Political Academy aimed at organizing a workshop with representatives of Serb NGOs, and representatives from the local authorities with Bulgarian NGOs and local authorities. The basic purpose of the workshop has been to exchange ideas and to present the Bulgarian experience on issues such as: models of durable structuring of relations between decision-makers and civil society /NGOs/, and models of democratic local government.

The Political Academy for Southeast Europe, in cooperation with the Center for Free Elections and Democracy (Serbia) initiated the *Support for Local Democratic Agenda in Yugoslavia* project, which developed in three main directions: logistical help for the local campaigns in Leskovac and Nis; support for the local efforts to ensure free and fair elections; providing information to Serb opposition parties on Election Night.

The Center for Liberal Strategies organized a conference *Communicating Reforms, Reforming Communications*, devoted to major difficulties facing governments from the ten accession countries in Eastern Europe in communicating the socio-political and economic reforms to the general public. As the accession process gains new momentum after the Helsinki Summit by the end of 1999, it becomes truly important to find new ways to “sell” various reform packages to society at large. Exchange of experiences, bringing up underlying problems and attempting to find new solutions, were the central topics of the conference.

The Center for Liberal Strategies organized a conference *Yugoslavia: “Peaceful Transition at a Bearable Social Cost”*. The main goal of the conference was to provide a public space in the Balkans for a discussion about transition in Yugoslavia, in the context of the positive experiences of transition in Bulgaria and Macedonia. The project has been a first step in Balkan cooperation for the solution of a major regional political problem.

The International press center 'Elections - Yugoslavia 2000' was organized in Sofia by the Political Academy for Central and Southeast Europe, the Center for Social Practices - Sofia, and Lestra Agency. The project was provoked by the concerns of the international community about possible election fraud in Yugoslavia. In order to compensate for the pressure put on the democratic forces and the misinformation caused by the regime, the project provided logistical support to the election effort.

The Center for Liberal Strategies launched a project *Agenda for Civil Society in Southeast Europe "The Blue Bird"*. At the beginning of the 21st century the real challenge facing the reconstruction of Southeast Europe is the re-invention of Southeast Europe. The idea of the project is to come up with a policy document "Agenda for Civil Society in Southeast Europe" in three years (by 2003) that will serve as the paper providing a conceptual map for development of the region in the next 20 years. The paper will address both the government and the public and should offer coherent policy strategies. The work on the Agenda is aimed to be a stimulus for opening the discussion to different sectors of society and for initiating regional policy debates.

The Center for Liberal Strategies launched a project *Lessons Learned and Analysis Unit: Developing Policy Planning Capacity in Southeast Europe*. The project envisages analytical support to the international authorities in building an effective state apparatus in Kosovo (UNMIK) and Bosnia-Herzegovina (OHR), review of the reform needs of the countries in the region and promotion of best practices in bringing these countries up to EU standards. The project includes Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia and FR Yugoslavia (Serbia, Montenegro, Kosovo).

The Center for Liberal Strategies carried out a project *Balkan Valleys, Balkan Desert*. The purpose of this project was to create detailed and specific regional knowledge about what factors attract and what factors drive away strategic foreign investors in Southeast Europe and to offer it to three main target groups: regional governments, international institutions involved in the Stability Pact for Southeast Europe, and private foreign investors.

ACCESS implemented a project *Promoting Local Democracy in Albania, Bulgaria and Romania* - in collaboration with Es-Libertes Foundation - France, ACCESS co-organized missions of international observers at the general elections in Romania in 1996, in Albania in 1997 and in Bulgaria in 1997 within this joint project.

ACCESS carried out a project *Media Freedom and Media Freedom Moni-*

toring in Bulgaria, Macedonia and Albania. The project aimed at initiating public debate on the role of the media in democratic society.

ACCESS initiated *Southeast European Network for Professionalization of the Media – SEENPM* – the project aimed at organizing training modules on such issues like media coverage of differences and human rights, investigative journalism, coverage of elections, economic journalism, media management and advertising, etc.

The Institute for Market Economics carried out a project *Obstacles to Trade, Growth, Investment and Competitiveness: Ten Case Studies on Balkan Businesses*. The overall goal of the project was to evaluate the business environment in Albania, Bulgaria, Macedonia, Montenegro and Kosovo and examining ways to improve competitiveness in the region.

The Institute for Market Economics implemented a project *Trade Potential and Institutional Dimension of the SEE Region*. The project comprised analysis and projection of aggregate trade flows and a detailed examination of current comparative advantages of Bulgarian exporters. Another important part of the survey was to measure institutions' influence on economic performance of Southeast Europe countries.

The Center for Liberal Strategies is carrying out a project *Southeast European Monetary Regimes*. The purpose of this project is to provide a systematic comparative evaluation of the current monetary regimes and practices in the transition countries of Southeast Europe and is aimed at serving three target groups: regional governments, international organizations involved in the Stability Pact for Southeast Europe, and local and foreign bankers and private financial institutions.

The analysis resulting from the project will be a valuable source of local knowledge about the Southeast European monetary regimes. It will satisfy the necessity to have a theoretically and methodologically consistent evaluation of the similarities and differences in both legal and practical aspects of the financial processes in the region. Thus it will help improve the decision-making process for the adoption and implementation of efficient reforms of the financial sectors in the region.

The Institute for Market Economics initiated *Public Debate on Regulatory Reforms in Serbia* Project. The project aimed at sharing knowledge and experience from similar but different post-totalitarian law enforcement of Bulgarian political and economic life, which were resolved via mobilizing ideas and resources outside the political establishment and parties.

INITIATIVES PROMOTING DIALOGUE, COOPERATION AND GOOD NEIGHBORLINESS

The Institute for Regional and International Studies initiated the implementation of *Civic Strategy for Promoting Bilateral Relations between Bulgaria and Serbia* Project on October 1, 2001. The project objective is to establish and promote a civic strategy for development of the relations between Bulgaria and Serbia identifying major interests, social groups, communities and institutions that have potential for intensifying bilateral relations. The civic strategy is supposed to outline and structure the spheres where bilateral relations are to be developed: political cooperation at governmental and local/ municipal level; economic relations; cultural, educational and media cooperation; civic cooperation.

The Political Academy for Southeast Europe organized a *Fact-Finding Mission in Serbia – Belgrade, Nis, Leskovac*, from February 25 to 28, 2001. The goal of the Fact-finding mission was to establish contacts with Serb NGOs and political leaders, identifying their priority needs after the recent democratic changes and discussing opportunities for regional project cooperation.

The Political Academy for Southeast Europe initiated *The Young Leaders and the Balkan Debate* project. The goal of the project was to create a permanent forum for dialogue between young leaders from the Balkans. It was aimed at forming a new political and social culture on the basis of the region's specific characteristics and European democratic values. Political Academy's idea is to provide young people with the opportunity to explore the neighboring countries, to stimulate their analytical skills and to promote successful young leaders from the region. The project involves young people from Bulgaria, FR Yugoslavia, Macedonia, Romania, who initiate the writing of the New Balkan History Manual and will work out applicable models of leadership and cooperation in the region.

The Political Academy for Southeast Europe implemented the *Leadership and Ethnic Tolerance in the Balkans* project. The goal of the project is to create a community of young leaders from the Balkans who will debate and present applicable models for ethnic tolerance and conflict-resolution in the region. Political Academy for Central and Southeast Europe plans to stimulate active involvement on the part of young people in all public endeavors by providing them with opportunities to acquire systematized knowledge and skills on ethnic tolerance, conflict-resolution, team work and leadership.

The Center for Liberal Strategies organized *Balkan Round Tables* devoted to the hottest issues of the Balkan politics - Kosovo crisis, media freedom and

democratic politics in Yugoslavia, Bulgarian - Macedonian relations, anti-corruption policies in the region, and others. Round table participants include leading journalists, policy analysts, politicians, and opinion makers.

The project's major goals are as follows

- To strengthen the relations between the independent political think tanks in the region
- To help governments from the region define, or redefine the inherited political agendas through the effort of the network of several think-tanks.
- To help mobilize public support for active pro-democracy policies

The Center for Liberal Strategies organized the *East European School of Political Studies* program. The Kosovo war, the political deadlock in Yugoslavia, the continued tensions amongst people and countries of Southeast Europe demonstrate more than ever the urgency for stable democratic institutions and civil societies in the region. Part of the solution lies in the field of education and enlightenment of young leaders willing to take the responsibility for public affairs. The realization of the School's programs is based on a close partnership and cooperation with respected and well-established non-governmental organizations from all Southeast European countries.

ACCESS initiated a project – *Information Exchange on Dissemination of Balkan Ethnic and National Prejudices through Media*, including Bulgaria, Greece, Macedonia, Serbia and Turkey. The project aimed at seeking how the image of the neighbor had been presented in national print media of the respective countries.

As an extension to the previous project, ACCESS carried out the *Balkan Neighbors* project, which included two more countries – Albania and Romania. The goal has been broadened to include how the image of minority groups has been presented in the national media.

ACCESS initiated a joint Bulgarian-Yugoslav project – *Objective Journalism in Multicultural Community* – aimed at training students of Journalism in techniques for tolerant and non-discriminatory coverage of images of “the other” in the Balkans.