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INVESTING FOR FUTURE DEFENCE-THE CASE OF BLACK SEA AREA

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Abstract:

The geopolitical importance of the Black Sea has been dramatically underestimated for years. This seems to be especially odd considering the fact that after the collapse of the Soviet Union, its littoral has witnessed 10 armed conflicts, more than any other bodies of water.

Since ancient times, the Black Sea region has been attracting the interests of the world's greatest powers, seeking extensions of their economic and geopolitical influence. The primary reason for this constant political turbulence is the geo-location of the region, which has often been described as a geopolitical crossroad between East and West. This tendency is still very much ongoing, and the interests of many of the world's superpowers continue to collide in the region.

Key words: military spending; non-military spending; economic growth; defense industry; generalized method of moments; dummy variable.

1. Introduction

The geopolitical importance of the Black Sea has been dramatically underestimated for years. This seems to be especially odd considering the fact that after the collapse of the Soviet Union, its littoral has witnessed 10 armed conflicts, more than any other bodies of water.

Since ancient times, the Black Sea region has been attracting the interests of the world's greatest powers, seeking extensions of their economic and geopolitical influence. The primary reason for this constant political turbulence is the geo-location of the region, which has often been described as a geopolitical crossroad between East and West. This tendency is still very much ongoing, and the interests of many of the world's superpowers continue to collide in the region.

However, despite being the cauldron of constant military and geopolitical tensions, the importance of the region with regard to the viability of perhaps a game-changing trade route connecting China with Europe cannot be overlooked.

The following essay will examine the characteristics of the complex region, explaining the multipolarity of the region as well as overviewing the challenges the Black Sea region faces. The essay will also shed some light on the political and economic potential the region holds, thus highlighting why it is important to invest in the defence and stability of the region.

2. Main Actors of the Region



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Before analyzing the importance of investing in the stability of the region, it is vital to examine the underlying cause of its instability.

One of the key characteristics of the Black Sea region is its multipolar nature. This multipolarity is caused by the presence of the world’s largest powers within the region, as well as by the incompatible political agendas of the Black Sea states. There are 6 countries in the region; there are NATO member countries like Turkey, Romania, and Bulgaria, as well as NATO aspirant countries like Ukraine and Georgia; and then there is Russia with its aggressive revisionist aspirations. If this political mosaic was not enough, global powers like the United States and China and the European Union are actively present and engaged within the region Black Sea region, albeit to varying degrees and in different capacities.

Turkey

The importance that Turkey attaches to the Black Sea is very high. It is a crucial sea for connectivity, including for energy pipelines, and has lately become the venue for Turkey’s flourishing indigenous natural gas extraction activities. This has accentuated Turkey’s security-focused approach to the region and increased its motivation to hold an exclusive role. As a major regional partner controlling access to the Black Sea through the Bosphorus and Dardanelles, Turkey plays a significant role in regional security. The second-largest military power in NATO, Turkey’s 775,000-strong armed forces include 1,900 tanks, 3,100 artillery systems, 850 aircraft, and ninety-two ships. The strongest power in the region outside of Russia, Turkey has an extensive Black Sea coastline stretching 1,329 km. Its \$820-billion GDP, large population of eighty-five million people and powerful military give it impressive stature and influence in the Black Sea region. Turkey spends \$16 billion, or 2.06 percent of GDP, on defense, well above the NATO average.

Russia

The Black Sea has been a critical area for Russia for centuries due to its strategic position linking Europe, Asia, and the Middle East. Control over the Black Sea provides access to key maritime routes and warm-water ports.

Russia's annexation of Crimea dramatically shifted the balance of power in the Black Sea. The peninsula hosts the strategic port of Sevastopol, home to Russia's Black Sea Fleet. This move has been widely condemned internationally but solidified Russia's military presence in the region.

Russia's military capabilities in the Black Sea region are comprehensive and strategically positioned to assert control, deter adversaries, and enable rapid response to any threats. The combination of advanced naval assets, air and missile defenses, ground forces, and electronic warfare systems creates a robust and multi-layered defense structure. This enhances Russia's strategic depth and secures its interests in this geopolitically vital area.

Bulgaria

Located in Southeast Europe, Bulgaria GDP is \$84 billion and seven million citizens, Bulgaria is challenged by a declining population, endemic corruption, poor infrastructure,

Poised between Europe, Russia, and Turkey, Bulgaria must balance these perspectives and navigate cautiously. Corruption, indirect Russian influence, and military weakness relative to its neighbors all complicate Bulgarian security planning, which is above all based on NATO’s Article 5 guarantees. While the country has 378 km of Black Sea coastline, and defense spending of 1.7 percent of GDP, the Bulgarian military includes fewer than one hundred tanks and fifty combat aircraft. In February 2022, NATO pledged to field a multinational battlegroup of 1,500 soldiers in Bulgaria. As in Romania, coastal and air defenses are urgent priorities. Eighty-five percent of Bulgaria’s population are ethnic Bulgarians, with about ten percent of Turkish origin.



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Romania

Infrastructure and Strategic Assets

Air Bases: Key air bases such as Mihail Kogălniceanu Air Base serve as hubs for NATO operations and deployments, providing logistical support and enhancing air defense capabilities.

Naval Bases: Constanța, Romania's principal port on the Black Sea, is a strategic naval base that supports both national and NATO naval operations. It is a key asset for maritime surveillance and defense.

Missile Defense Site: The Aegis Ashore missile defense system at Deveselu is part of NATO's ballistic missile defense architecture, providing a strategic defense capability against potential missile threats from outside the Euro-Atlantic area.

Romania has a 245-km Black Sea coastline and a GDP of \$285 billion, casts a wary eye on Russian aggression in the region, and has raised Black Sea security continuously since 2014 in NATO circles. Less than 400 km from Sevastopol, Romania is a frontline state bordering Russian air and maritime forces; its aircraft are within range of Russian air defense upon takeoff. With a current defense budget of some \$6 billion and defense spending at 2.5 percent of GDP, it has increased defense spending substantially each year since 2016, but still relies on NATO security guarantees to offset Russian aggression in the region. Claiming territorial waters out to 12 miles and an exclusive economic zone to 200 miles, Romania fields modest air and naval forces, although its army can field four hundred tanks and 1,200 artillery pieces.

Ukraine

Overview: Ukraine, the largest country entirely in Europe, has a long coastline along the Black Sea, with important ports such as Odessa and Sevastopol. The country has a diverse cultural heritage and has faced significant geopolitical challenges, particularly with the annexation of Crimea by Russia in 2014.

Defense Capabilities: Ukraine's navy has been significantly impacted by the annexation of Crimea, but it has focused on rebuilding and modernizing its fleet. Coastal defense systems, missile boats, and anti-ship missiles are key components of Ukraine's maritime strategy.

Georgia

Like that of others in the region, Georgia's security is inextricably bound to the threat from neighboring Russia. To prevent Georgia's closer integration with the West following the 2003 Rose Revolution and 2008 Bucharest Summit declaration that Georgia and Ukraine would eventually become members of NATO, Russian forces invaded in the fall of 2008 and continue to occupy 20 percent of Georgia's landmass in the regions of Abkhazia and South Ossetia, depriving Georgia of two-thirds of its Black Sea coastline.

Russia and the Russian-occupied Republic of Abkhazia announced an agreement on October 5 that allows Russia to establish a long-term naval facility in the Black Sea coast district of Ochamchire. The location is likely to be used to house Russia's Black Sea fleet that has been displaced. On October 23, Ukrainian intelligence revealed that Russia had started dredging the area in preparation for building a sizable naval station. Following the collapse of the Soviet Union, Abkhazia, an officially recognized part of Georgia, broke away from Tbilisi in a conflict and has been governed by separatist authorities backed by Russia ever since. A situation of de facto Russian occupation has resulted from Moscow's gradual military, political, and economic integration of the region.

As it was already highlighted in the introduction the region often attracted the interests of global powers. This is largely due to its geostrategic location.

While in the past the region was not a top-tier issue for the United States, Russia's ongoing aggression against Ukraine has definitely changed this. President Biden's administration



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acknowledges the importance of the region for transatlantic security, which was clearly elaborated by drafting the Black Sea strategy. The document outlines five pillars of the strategy, which are: increased bilateral and multilateral engagement; regional security cooperation, buttressed by an enhanced NATO presence; economic cooperation; energy security; and democratic resilience. In short, USA's interests lie in keeping the Black Sea free and open, serving as a buffer from harmful influences stemming from Russia, Iran, and China. As Mara Karlin, assistant secretary of defense for strategy, plans, and capabilities, highlighted, *“The United States will continue to work with NATO allies to advance military modernization to address Russia's military threat, including through enhanced posture and exercises to improve security and prosperity for the region”*.

Yet another important actor increasingly involved in the many dimensions of Black Sea politics is the European Union. The region is important for the Union, partially due to eastern and central European member countries' security concerns as well as due to the rising importance of trade, transport, and energy routes linking Asia with Europe. The EU's strategy for the Black Sea was structured in particular by the "Black Sea Synergy - A New Regional Cooperation Initiative". However, Russia's ongoing aggression against another black sea state has drastically changed the security environment of the region. An unstable Black Sea region directly threatens the peace and prosperity of the European Union, as well as international trade and commerce and global food security.

The increased presence of China in the Black Sea region is a relatively recent development. While clearly prioritizing other areas of its foreign policy, as a part of its Road and Belt initiative, China increased its economic and diplomatic presence in the region. As part of its policy, China focuses on regional infrastructure projects as well as emerging middle corridor initiatives, which might be a game changer not only for regional countries but for the EU as well. It is also noteworthy that last year Beijing lifted its economic embargo on Lithuania, a key sticking point in China-EU relations. While striving for more regional influence and a stable black sea, China is expected to increase its presence in the region, play an active role in rebuilding Ukraine, and further develop its strategic partnership with Georgia. While other global powers also continue their presence in the region, it is safe to predict that the region will be a stage where global power competition will take place.

2. Challenges of the Black Sea region

The Being located at the crossroads of the European, Eurasian, and Middle Eastern security areas, the Black Sea region has historically been a place of great power competition.

Although during the Cold War, the Black Sea was relatively calm (in large part due to the ordering principal Montreux Convention), the situation was drastically challenged after the dissolution of the Soviet Union. For the past 3 decades, The Black Sea has become the world's bloodiest water, having witnessed 10 military conflicts, including Russia's ongoing aggression against Ukraine. As a result of these developments, a broad range of political, maritime, economic, and energy security issues have emerged.

The Black Sea region represented a focal point of Russian political and military policies for a long time. Through the lens of Russian revisionist policy control over the Black Sea is essential to maintaining an Eurasian “sphere of influence” as well as access to other geographic areas of importance like the eastern Mediterranean, the Middle East, and Africa. This was further evidenced by its military conflicts against other regional countries like Georgia and Ukraine and its continuous efforts to modernize the Black Sea Fleet.



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Russia’s revisionist policy and blatant disregard for international legal order, clearly illustrated by its ongoing aggression against Ukraine, and illegal occupation of territories of Georgia remain one of the many security challenges undermining not only the regional stability but the rules based global order.

Hybrid threats and challenges in the region present a complex landscape with various tools utilized for what the UK terms "political warfare." This form of warfare aims to undermine cohesion and social resilience, often by leveraging deniable means such as propaganda, fake news, cyberspace manipulation, subversion, proxy forces, and sabotage.

Internal fractures and divergences, coupled with external actors exploiting divisions, further complicate the regional landscape. As Europe contemplates deepening ties with China, questions arise about the implications of such reliance.

In essence, while the Black Sea region navigates through significant changes and potential opportunities, the persistence of war as a foreign policy instrument and the presence of internal fractures underscore the challenges that must be addressed to achieve stability and progress.

Even though the Black Sea Region faces some serious and urgent geopolitical challenges potentially leading to increased divergence in political structures and societal dynamics, however, these changes also present opportunities for connectivity and infrastructure development.

The Black Sea region has the potential to greatly contribute to the process of diversifying the EU’s energy supplies. Interest in expanding the Southern Gas Corridor pipeline network through which Azerbaijan exports gas to Europe has surged since the Russian invasion of Ukraine and the curtailment of Russian gas exports to Europe. In July 2022, the European Commission and Azerbaijan signed an agreement under which Baku would look to double exports to Europe to 20 Bcm/year by 2027. However, Further expansion of the corridor to reach the undertaken pledge requires significant investment, which has yet to be agreed upon between stakeholders.

Yet another important initiative in the Black Sea Region contributing to the EU’s energy security efforts is the Black Sea Electricity Project. The agreement signed by the leaders of Azerbaijan, Georgia, Hungary, and Romania envisages building underwater electric cable under the Black Sea and creating a 1,100-kilometer length corridor for green energy.

Energy security is not the only area where the Black Sea Region might play a potentially transformative role in the near future. The Trans-Caspian International Transport Route (TITR), known as the Middle Corridor aims, to link Central Asia, the Caucasus, Turkey, and Eastern Europe. Following the routes of the ancient Silk Road, the Middle Corridor trade route can be considered as a viable strategic alternative to both: the Northern Corridor and Red Sea trade routes.

Despite having opportunities for transit corridors and economic development, concerns linger, particularly regarding the continued war in the region, political instability, autocracies, underdeveloped infrastructure, and transfer services. These factors further complicate the regional landscape and hold back the full realization of its economic and geopolitical potential.

Russia's aggression against Ukraine and the involvement of great powers in the region have created new geopolitical realities around the area. While the region’s importance with regards to different political, maritime, economic, and energy security issues is undeniable, it also creates a strong case for investing in its security.

Many have argued that in fact what is at stake right now is not only the sovereignty and territorial integrity of Ukraine but the whole rules-based international order, therefore by providing necessary military assistance to Ukraine, along with the support of longer-term reconstruction and reconciliation efforts is an investment in upholding the Western values system. It is only through the liberation of the temporarily occupied by Russian Federation territories and the provision of freedom of navigation we can restore regional as well as global security.



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Yet another way of contributing to the security and defense of the Black Sea regional countries is an investment in the region's geopolitical and economic potential, since the more economically independent, and more connected the Black Sea region becomes, the more it will be able to protect itself against destabilizing and threatening forces.

Several steps should be taken for the full realization of the transshipment potential of Middle Corridor seeking to play an important role between the growing economies of Central Asia/South Caucasus and EU and Mediterranean markets, namely:

- To engage as many countries as possible in trade and transit via the Middle Corridor;
- To make necessary investments to improve railway logistics, port and rail connectivity in Georgia, Turkey, as well as in Romania and Bulgaria;
- To improve and digitalize customs and border management.

Investing in energy corridors like the Southern Gas Corridor and the Black Sea Electricity Project also might be key for a more stable and interconnected region. Therefore increased regional cooperation and investment in energy infrastructure can be considered as investments for the secure region.

At the same time littoral states especially the ones outside of NATO, should consider investing in naval defense and air defense systems, as well as on strengthening military and civil defence capabilities to be able to create at least a basic level of deterrence against Russia's hybrid and military efforts.

3. Conclusion

The Black Sea region as a strategic location, serving as a bridge between East and West, has historically been a point of great power rivalry. The dissolution of the Soviet Union and subsequent regional conflicts have only intensified this dynamic. Today, the region's geopolitical landscape is characterized by the involvement of many regional and global powers, each with its own strategic interests.

The security landscape of the Black Sea is fraught with challenges. Russia's ongoing aggression against Ukraine and its revisionist policies undermine not just regional stability but broader Euro-Atlantic security. The use of hybrid warfare tactics, internal political fractures, and external manipulations further complicate the security environment of the region, making it essential for regional states and their allies to develop robust strategies to counter these threats.

Despite these challenges, the Black Sea region holds substantial potential. Its strategic location makes it a critical hub for energy and trade routes. Full realization of initiatives like the Southern Gas Corridor, the Black Sea Electricity project, the Middle Corridor initiative might be considered as a way of mitigating the challenges of the region since it's a great chance that by enhancing these initiatives and engaging in them as many countries as possible the pressure for peace most likely to balance potential threats.

The economic and geopolitical potential of the Black Sea region is vast, but its realization requires significant investment and political will. Addressing the ongoing conflicts, political instability, and underdeveloped infrastructure is paramount. International cooperation, particularly through multilateral frameworks and alliances such as NATO and the EU, is crucial for fostering stability and development in the region. Moreover, promoting democratic resilience and economic cooperation can create a more favorable environment for investment and growth.

Investing in the stability and development of the Black Sea region is not only a step taken for more stable region but also for a more stable and secure global order.



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