



THE 9TH EDITION OF THE INTERNATIONAL CONFERENCE  
EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES

**Economic Development of the Black Sea Riparian  
Countries during 2004-2012**

**Romeo Bosneagu<sup>1</sup>, Florin Sorescu<sup>2</sup>, Rodica Elena Faida<sup>3</sup>**

**Abstract:** The Black Sea is politically divided between the European Union, countries aspiring to join the EU and the Russian Federation. From an economic perspective, the area has a huge potential for development and is “claimed” by the same political actors. In 1992, BSEC (Black Sea Economic Cooperation) was formed and it includes, along with the six riparian countries, eight countries in order to meet their economic power in order to achieve regional development. In the period 2004-2012 the economy Black Sea countries experienced strongly fluctuated, which was strongly connected to the global economy, the inflow of capital in the region and the influence of the global economic crisis.

**Keywords:** crisis; riparian countries; population

**JEL Classification:** E21; E22; E23;

## 1. Economic Power of the Black Sea Countries

For the Black Sea riparian countries, the past decade has meant a special period politically, socially, and economically difficult, characterized by a prolonged transition needed to adapt to the new standards imposed by the Euro-Atlantic integration of Romania and Bulgaria – NATO states since 2004, and European Union members since 2007), and Turkey (NATO member with European integration aspirations), Ukraine and Georgia who were going through a long process of development and modernization to ensure conditions for the entry into NATO and the EU. Also, the Russian Federation was going through a lengthy process of development and adapt to the market economy laws. The economic power of the countries bordering the Black Sea states, in summary, as follows<sup>4</sup>:

- a) population (Table 1 and graph.1);
- b) GDP (Table 1 and graph.2);
- c) GNI per capita- Atlas Method (Table 1 and graph. 3);

<sup>1</sup> Associate Professor, PhD, Naval Academy“ Mircea cel Batrân”, Romania, Address: Strada Fulgerului 1, Constanța 900218, Tel.: +40.241 626 200. Corresponding author: romeobosneagu@yahoo.com.

<sup>2</sup> Senior Lecturer, PhD, Tomis University, Constanta, Romania, Address: 100 Vulcan Petru Str., Constanta, 900628, Romania, Tel.:+ 40.241 558 700, E-mail: flosorescu@yahoo.com.

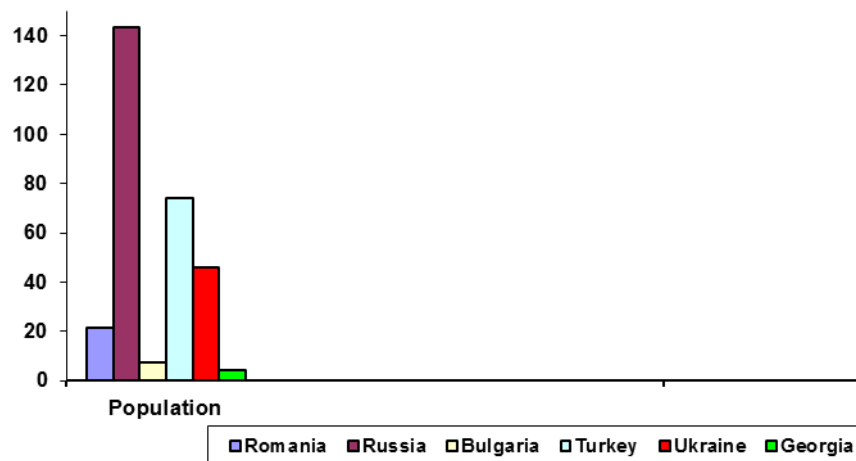
<sup>3</sup> Master Student, Spiru Haret University, Bucharest, Romania. Address: 13, Doamnei Str., Bucharest, Romania, Tel.: +4021 455 1000, E-mail: rodica.faida.if@mfinante.ro.

<sup>4</sup> www.data.worldbank.org.

Table 1. Population, GDP and GNI for the Black Sea riparian countries in 2012

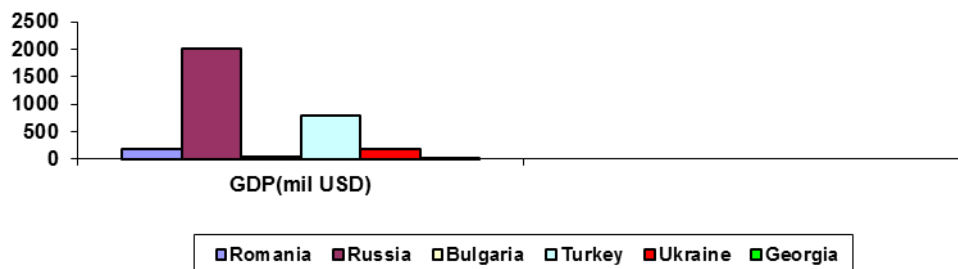
| Country       | Population (mil.) | GDP (current mil. USD) | GNI per capita – Atlas Method (current USD) |
|---------------|-------------------|------------------------|---|
| Romania       | 21,3              | 192,70                 | 8820  |
| Russia        | 143,5             | 2015,00                | 12700                                       |
| Bulgaria      | 7,3               | 50,97                  | 6840  |
| Turkey        | 74,0              | 789,20                 | 10830                                       |
| Ukraine       | 46,0              | 176,30                 | 3500  |
| Georgia       | 4,5               | 15,75                  | 3270  |
| Total/average | 224,6             | 3249,92                | 7650  |

- compared to the European Union, which has a GDP of about 17 800 million USD for a population of about 507 million<sup>1</sup>, Black Sea riparian countries have a GDP of only 18.4%, a population that represents 44% of the EU population, which shows a difference concerning the need of considerable economic development for the Black Sea;



Graph 1. Black Sea countries population in 2012 (million inhabitants)

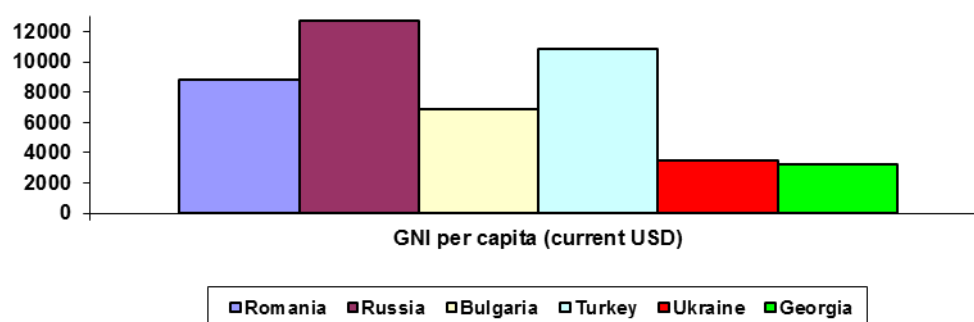
- Black Sea riparian countries are divided into: large countries (Russia), medium countries (Ukraine and Romania) and small countries (Bulgaria and Georgia);



Graph 2. GDP Black Sea riparian countries in 2012 (million USD)

- GDP ranges from minimum (Georgia, 15,75 billion USD) to the maximum (Russia, 2,015 billion USD), with a total of 3,249.92 billion USD;

<sup>1</sup> www.europa.eu



Graph 3. GNI Black Sea riparian countries in 2012 (Atlas Method – million USD)

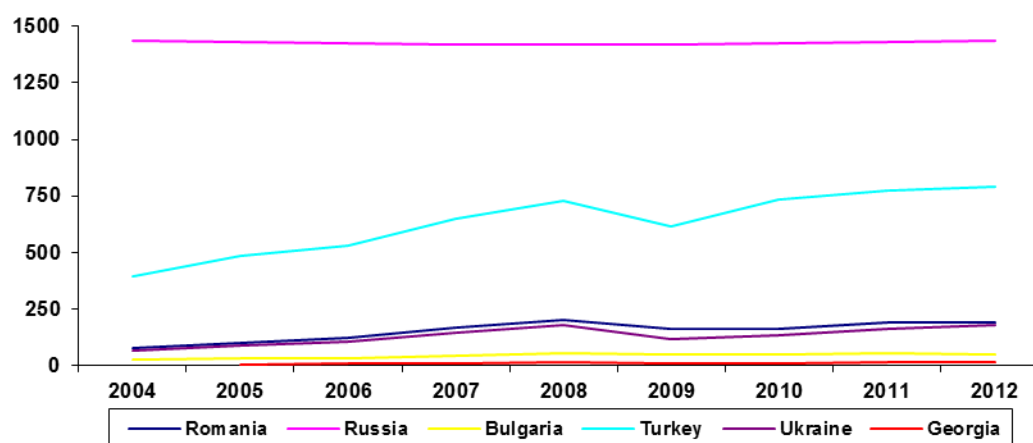
- GNI per capita ranges from minimum (Georgia 3270 USD per capita), to the maximum (Russia 12700 USD per capita).

## 2. Economic Development of the Black Sea Riparian Countries during 2004-2012

Black Sea GDP of the riparian countries was generally dictated by the evolving of the global economy<sup>1</sup> before and during the current global crisis (Table 2 and graph.4); it can be observed the decrease in the value of GDP from 2009 to 2010:

Table 2. GDP of the Black Sea riparian countries in the period 2004-2012 (U.S.\$ million)

| Country Year | Romania | Russia | Bulgaria | Turkey | Ukraine | Georgia |
|--------------|---------|--------|----------|--------|---------|---------|
| 2004         | 75,5    | 1439   | 25,3     | 392,1  | 64,9    | 5,1     |
| 2005         | 98,9    | 1431   | 28,9     | 482,9  | 86,1    | 6,4     |
| 2006         | 122,6   | 1425   | 33,2     | 530,9  | 107,7   | 7,7     |
| 2007         | 169,3   | 1421   | 42,1     | 647,2  | 142,7   | 10,1    |
| 2008         | 204,3   | 1419   | 51,8     | 730,4  | 179,9   | 12,7    |
| 2009         | 164,3   | 1419   | 48,6     | 614,5  | 117,3   | 10,7    |
| 2010         | 164,4   | 1424   | 47,7     | 731,1  | 136,4   | 11,6    |
| 2011         | 189,7   | 1429   | 53,5     | 774,7  | 163,4   | 14,4    |
| 2012         | 192,7   | 1435   | 50,9     | 789,3  | 176,3   | 15,7    |



Graph 4. GDP Black Sea riparian countries during 2004-2012 (U.S.\$ mil.)

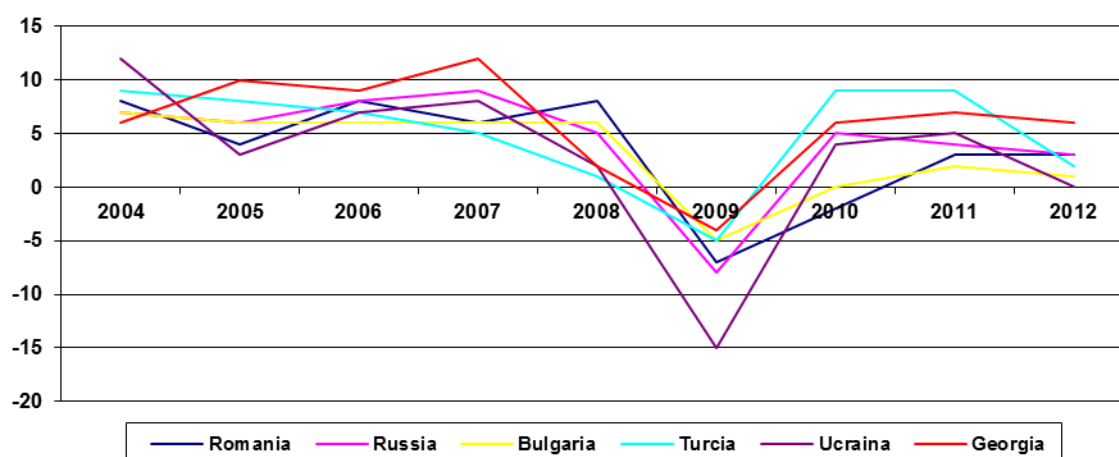
<sup>1</sup> www.worldbank.org

Statistical analysis of the evolution of the Black Sea economies listed below (Table 3 and graph.5) has some issues, as follows<sup>1</sup>:

**Table 3. GDP of the Black Sea riparian countries during 2004-2012 [in percent]**

| Country Year | Romania | Russia | Bulgaria | Turkey | Ukraine | Georgia |
|--------------|---------|--------|----------|--------|---------|---------|
| 2004         | 8       | 7      | 7        | 9      | 12      | 6       |
| 2005         | 4       | 6      | 6        | 8      | 3       | 10      |
| 2006         | 8       | 8      | 6        | 7      | 7       | 9       |
| 2007         | 6       | 9      | 6        | 5      | 8       | 12      |
| 2008         | 8       | 5      | 6        | 1      | 2       | 2       |
| 2009         | -7      | -8     | -5       | -5     | -15     | -4      |
| 2010         | -2      | 5      | 0        | 9      | 4       | 6       |
| 2011         | 3       | 4      | 2        | 9      | 5       | 7       |
| 2012         | 3       | 3      | 1        | 2      | 0       | 6       |

- the best economically years were 2004, 2006, 2007;
- the worst economically years were 2009 and 2010;
- the year 2012 was weaker than the previous year;
- the development trend of GDP is declining in the past two years that have been analyzed.



**Graph 5. GDP evolution of the Black Sea riparian countries during 2004-2012**

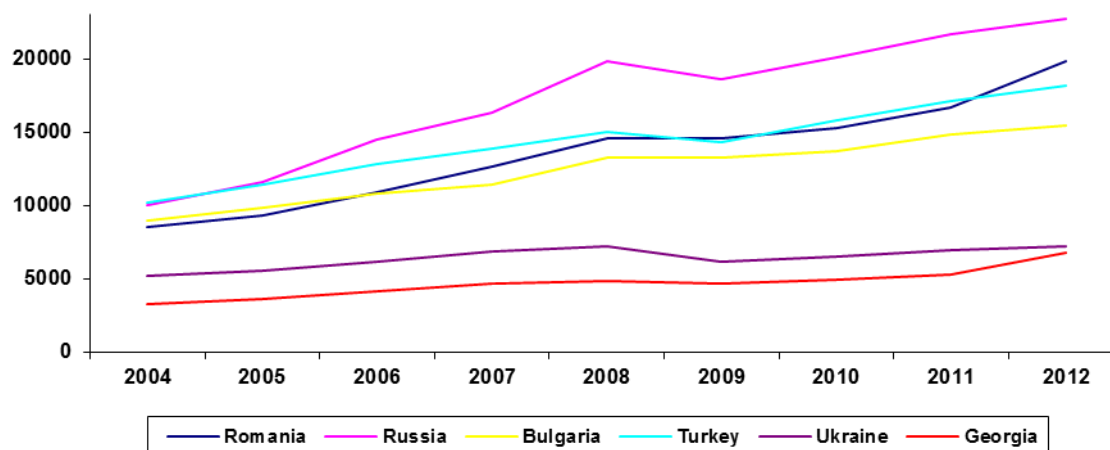
### 3. GNI per capita in the Black Sea Riparian Countries

GNI per capita, PPP (Purchasing Power Parities - the current international USD) shows a steady increase in the analyzed period for the Black Sea riparian countries, with a decreasing period, between 2009-2010, as a result of the global economic crisis (Table 4 and graph.6).

**Table 4. GNI per capita in the Black Sea riparian countries during 2004-2012**

| Country Year | Romania | Russia | Bulgaria | Turkey | Ukraine | Georgia |
|--------------|---------|--------|----------|--------|---------|---------|
| 2004         | 8540    | 10030  | 8970     | 10150  | 5160    | 3270    |
| 2005         | 9280    | 11560  | 9840     | 11390  | 5520    | 3650    |
| 2006         | 10890   | 14500  | 10800    | 12860  | 6120    | 4120    |
| 2007         | 12640   | 16350  | 11390    | 13880  | 6820    | 4680    |
| 2008         | 14550   | 19850  | 13230    | 15000  | 7200    | 4830    |
| 2009         | 14580   | 18600  | 13270    | 14340  | 6130    | 4660    |
| 2010         | 15260   | 20110  | 13700    | 15810  | 6540    | 4910    |
| 2011         | 16660   | 21700  | 14790    | 17070  | 6970    | 5260    |
| 2012         | 16860   | 22720  | 15450    | 18190  | 7180    | 6770    |

<sup>1</sup> Ibidem.



Graph 6. GNI per capita evolution in the Black Sea riparian countries during 2004-2012

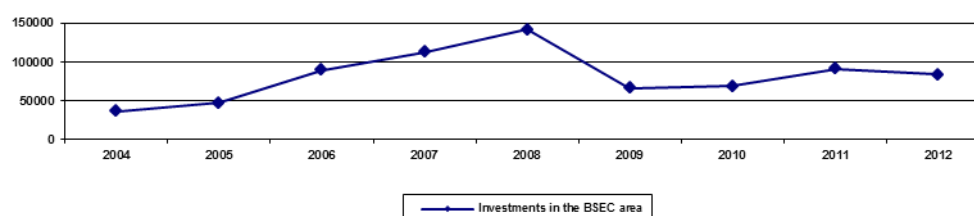
#### 4. Foreign Investment in the Black Sea Area

Since the domestic capital needed for investment and development is insufficient, the economic development of the Black Sea riparian countries is closely linked to the level of foreign investment. The UNCTAD statistics show the evolution of the capital who fluctuated in and out (table 5 and graph.7), from 36,562 million USD (2004) to 83,881 million USD (2012), dictated by the current global economic crisis.

Table 4. Foreign investments in adjacent areas of the Black Sea (U.S.\$ million) during 2004-2012

| Area | BSEC (Black Sea Economic Cooperation) [US\$ mil.] |
|------|---|
| 2004 | 36562   |
| 2005 | 47200   |
| 2006 | 89533   |
| 2007 | 112256  |
| 2008 | 141410  |
| 2009 | 66142   |
| 2010 | 68502   |
| 2011 | 91447   |
| 2012 | 83881   |

Thus, it is obvious that the level of FDI in the economy of the Black Sea adjacent and riparian countries, BSEC states, followed the global economy after strong growth in 2004-2008, nearly four times (from 36,462 million USD in 2004, to 141,420 million USD, in 2008), the collapse in 2009 (66,142 million USD) and then a slow growth, and a decline in 2012 (83,881 mill, compared to 91,447 million USD in 2011).



Graph 7. Foreign investments in the Black Sea adjacent area during 2004-2012

## **5. Conclusions**

The Black Sea is a region between Europe and Asia whose geopolitical and economic importance is strongly emphasized by the recent political, military and economic actions in the area.

The Black Sea basin has six riparian states, which share the influence of political, economic and military power according to their economic and political affiliation to the strong political and military organization (EU, NATO, CIS), and other Black Sea “adjacent” countries, that wish to make their presence and influence visible here.

In the period 2004-2012, GDP of the Black Sea riparian countries grew, as it follows: GDP of Romania and Bulgaria increased approximately 2.3 times, GDP of Russia has remained almost constant, Turkey has doubled its GDP and Georgia tripled, with a total regional of about 3,950 billion in 2012, though the growth trend (percentage), GDP in the region has been declining in 2011-2012.

GNI per capita in the Black Sea riparian countries was increased overall during the period 2004-2012, however, the reductions imposed by the global economic crisis in 2009-2010, so in Romania, Russia and Georgia doubled, in Bulgaria and Turkey almost doubled, while in Ukraine it increased 1.4 times.

Although the population of the Black Sea countries, representing 44% of the EU population, compared to the amount of their GDP, is only 18.4 % of EU GDP, which demonstrates the need for many future strong investment programs, and the great opportunities for development that this area has ( during 2011-2012, the trend of foreign investment in the region is declining).

## **6. References**

Boşneagu, R. (2004). *Geographic Conditions Influence on the Maritime Trade Routes in the Black Sea Basin (West Basin)*. Bucharest: University Book Publishing House.

\*\*\* [www.imf.org](http://www.imf.org).

\*\*\* [www.unctad.org](http://www.unctad.org).

\*\*\*[www.worldbank.org](http://www.worldbank.org).

\*\*\* [www.europa.eu](http://www.europa.eu).

\*\*\* [www.eurostat.ec.europa.eu](http://www.eurostat.ec.europa.eu).