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DOMAINS OF INTERNATIONAL COOPERATION: THE INTERACTION EUROPEAN UNION – BLACK SEA REGION

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Abstract: The purpose of the article is to identify the most appropriated domains or sectors of interaction that can be chosen or adopted by states in their international cooperation, either in the context of their bilateral relations, either regional or extra-regional, starting from each country's development level. Basically, the assertion on which the analyses is build upon consists in the fact that each state seeks (through its internal policies and economic decisions, including on its external actions) to improve its own international productivity and competitiveness. An increased productivity and a better competitiveness will allow economic growth (to the benefit of the citizens, with consequences for their prosperity, for the stability and the security of those states, as well as of the region). On the other hand, all this will generate a better positioning in the classification realized by the Global Competitiveness Report elaborated by the World Economic Forum. The case used for analyses and exemplification regards the relationship or the interaction between the European Union and the Black Sea region.

Key words: pillars of international cooperation, weight, the pyramid of international cooperation

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GENERAL OVERVIEW ON THE RELATIONSHIP BETWEEN THE EUROPEAN UNION AND THE BLACK SEA REGION

The enlargement policy initiated by the European Union (EU) determined a new approach designed by Brussels towards the Eastern frontier[1]. The present framework of dialogue structured along almost a decade comprises various initiatives such the Eastern Partnership as part of the European Neighbourhood Policy (ENP) and the Black Sea Synergy. The relationship formula used by the European Union with a heterogeneous Black Sea region (considered here as including 10 countries: Bulgaria, Greece, Romania, Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine, Turkey and Russian Federation) consists of a bilateral, as well as a multilateral track. The bilateral track includes the framework emerged from the Partnership and Cooperation Agreements until the

[1] European Commission Communication, *Wider Europe - Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*, COM (2003) 104 final

bilateral section of the Eastern Partnership, while the multilateral dimension comprises the Black Sea Synergy and the multilateral track of the Eastern Partnership. The multilateral dimension of the Eastern Partnership could be interpreted as the regional approach of the Neighbourhood Policy. It tries to interact mainly on four platforms: democracy, good governance and stability; economic integration and convergence with the EU policies; energy security; people-to-people contacts. Other pilot projects are also relevant: integrated border management programme; small and medium enterprises facility; regional energy markets; civil protection; environment good governance[2].

In practice, the policies, the benchmarks and instruments deriving from the ENP represent the vehicle through which the short and medium term priorities within the political and economic reforms are designed. In general, the key domains foreseen for changes encompassed the political dialogue and the democracy and rule of law, trade and measures meant to prepare the third parties for a gradual accession to the EU internal market, justice and home affairs, energy, transport, environment, information society, research and innovation, civil society and people-to-people contacts.

From the economic perspective, the European Union is the most important partner for the countries in the Eastern Neighbourhood. The EU represents a critical market for the goods and products originated in the Black Sea region. Following the conclusion of bilateral agreements between the European Union and the countries in the region, the bilateral trade registered a general increasing trend. Excepting the fact that the EU is the main destination for exports originating from the countries in the Black Sea region, the EU also constitutes as main source of investments, transfer of remittances, and official development assistance.

It is relevant to notice that a positive evolution of the region is temporally linked with the moment of a greater interaction EU-states from the region and after the entering into force of the legal cooperation framework. For the non-EU member states, the constant annual economic growth, the increase in the foreign investments volume and in the official development assistance, as well as the augmented trend in the trade with the EU begin to be perceived after the entering into force of the legal documents between the EU and Russia, Armenia, Azerbaijan, Georgia, R. of Moldova and Ukraine (the so-called Partnership and Cooperation Agreements). In addition, the Action Plans elaborated after 2004 for Armenia, Azerbaijan, Georgia, R. of Moldova and Ukraine better define and individualize the strategy of the EU towards these countries, differentiating it in accordance with each partner's needs and capacities, as well as common interests. The present additional documents meant to complete the bilateral legal framework for the ENP countries (Association Agreements, Deep and Comprehensive Free Trade Area Agreements, Visa Facilitation Agreements) cover, basically, areas that would require consolidation and a more profound change in the economy of the countries mentioned above.

For Romania and Bulgaria, a positive evolution is registered after the conclusion of the EU accession negotiation in 2004 and the initiation of the accession preparation. Turkey represents the country with the most advanced EU perspective, launching the accession negotiation in December 2004. The

[2] Joint Declaration of the Eastern Partnership Summit, 7 May 2009, Prague, see also Joint Declaration of the Eastern Partnership Summit, 29-30 September 2011, Warsaw.

screening process initiated in October 2005 and was finalized in October 2006[3]. Even if the accession talks are still ongoing and there is definitely need for further internal reforms and harmonization of national legislation with the EU acquis communautaire, Turkey can be considered as the state in the Black Sea region enjoying the most complex relation with the EU in comparison with the rest of the non-EU member countries. Following the results of the last December 2011 EU-Russia Summit in Brussels[4], Moscow seeks to continue the deepening of the relation with the EU through the negotiation of a new bilateral comprehensive Agreement destined to replace the actual Partnership and Cooperation Agreement. A particular relevance is given by the beginning of the implementation of the Partnership for Modernisation (highly relevant for Russia from the perspective of graduating to a future innovation economy) and the favorable 2011 decision related to Russia's WTO accession.

INTERACTION DOMAINS

A deeper look into the present structure of interaction European Union – Black Sea region reveals that the elements (and, in some cases, the conditionalities) included in this framework of cooperation symbolize domains where certain pertinent progresses would be necessary in order to create the premises allowing the advancement to a superior phase in the economic development of the respective countries. Moreover, the cooperation framework contains sectors or pillars meant to prepare the foundation for a stronger economic development in the attempt of achieving a position placed on an advanced economic development level.

For greater clarity, the indicators of The Global Competitiveness Report 2011-2012 could be used as reference. In the Report, 142 world economies are classified in 5 categories: stage 1 (factor-driven economies), transition from stage 1 to stage 2, stage 2 (efficiency-driven economies), transition from stage 2 to stage 3, and, finally, stage 3 (innovation-driven economies). The 12 pillars that influence in various degrees the efforts to improve the competitiveness and the stage of economic development refer to: (1) institutions; (2) infrastructure; (3) macroeconomic environment; (4) health and primary education; (5) higher education and training; (6) goods market efficiency; (7) labor market efficiency; (8) financial market development; (9) technological readiness; (10) market size; (11) business sophistication; (12) innovation. The first four pillars constitute the key-factors for the factor-driven economies and form the sub-index of basic requirements, the pillars 5-10 represent the key-factors for efficiency-driven economies and generate the efficiency enhancer sub-index, while the 11-12 pillars are key-factors for innovation-driven economies and compose the innovation and sophistication sub-index.

R. of Moldova presents an economy situated in the first stage of development (factor-driven), with a reduced productivity, reflected in low revenues (under 2.000 US$/capita). The comparative advantage of the country resides in an inexpensive unqualified labor force and natural resources. Compared to 2010, in 2011 R. of Moldova dropped a position in the global competitiveness classification – from 94 (out of 139 economies) to 93 (out of 142 economies). The main pillar requiring substantial demarches is the institutional

[3] http://eeas.europa.eu/turkey/index_en.htm
[4] http://eeas.europa.eu/russia/summit_en.htm

consolidation one, starting with the independence of the judiciary (a decrease of 2 places in 2011 compared to 2010, until 132), ensuring the intellectual property protection (rank 117) until the government functioning. A particular attention deserves the infrastructure sector (rank 142 concerning the quality of the roads), as well as the development of the financial market (rank 128 regarding the financing through local equity market). If the major advantage of this country resides in the human resources cost, a serious concern is generated by the brain drain phenomena (rank 134). On the issue of innovation access, R. of Moldova is situated at the end of the classification, with a rank 137 regarding the question of companies spending on R&D or 132 concerning the government procurement of advanced technology products.

Armenia, Azerbaijan, Georgia and Ukraine are economies in transition from stage 1 (factor-driven) to stage 2 (efficiency-driven), with revenues situated in the interval 2.000-3.000 US$/capita. The significance resides in the fact that they do not posses yet the conditions allowing the upgrade to a superior stage of development (efficiency-driven).

In 2011, Azerbaijan succeeded to advance 2 positions (until 55) in the global competitiveness classification, being considered, despite the income of 6.008 US$/capita, in the category of economies in transition from factor – driven to efficiency – driven. This large income is explained by the impact of the energy resources on the economy. The macroeconomic environment is stable, the current economic crises affecting Azerbaijan in a less significant manner due to the same energy factor. In parallel with progresses destined to ameliorate corruption (rank 118, a considerable drop in 2011 compared with rank 101 in 2010), Azerbaijan would also need an improvement in the property rights field (rank 90) and in the efficiency of the legal framework in settling disputes (rank 112). Regarding the goods market efficiency, problematic areas could still be noticed, in principal linked to the burden of customs procedures and the prevalence of trade barriers. The anti-monopoly policies are less efficient (rank 113). The financial sector faces minuses mainly concerning the soundness of bank system (rank 135, a substantial drop from rank 114 in 2010). Other required measures should envisage the improvement of the health sector and of the quality of the primary education. The infrastructure is fairly developed, especially the quality of the railroad system, another advantage being given by the low cost of the labour force. The innovation sector benefits from a good practice at the government level concerning the procurement of advanced technology products (rank 24), but it suffers due to a weak university-industry collaboration in R&D (rank 106).

Compared to 2010 (rank 98), Armenia occupied in 2011 the 92nd position from 142 economies. The aspects related to the institutions inefficiency are the main domains imposing changes (rank 108 for the judicial independence and 97 for corruption). The reliability of police services is reduced (rank 105); the intellectual rights need further protection (rank 96). The crises affected the government budget and the financial market is underdeveloped – reduced capacity of financing through local equity market (rank 120), very weak regulation on security exchanges (rank 110). The heavy custom procedures induce a negative impact on the goods market efficiency (rank 132), while the anti-monopoly policies is almost inexistent (rank 138). On innovation sector, the availability of new technologies is reduced (rank 124), the situation being similar for the university-industry collaboration in R&D (rank 125) or for the companies

spending on R&D (rank 117). The advantages are present in the area of the labor market efficiency and in the field of tertiary education.

In 2011, Georgia registered a positive evolution, moving up 5 places in the global competitiveness classification (rank 88). Georgia enjoys the best situation within the Black Sea region concerning the domain of well-functioning of public institutions, with indicators above the ones for the EU member states Greece, Romania and Bulgaria. It is worth to mention a rank 7 for the number of procedures required to start a business, 36 for the transparency of government policymaking and 33 for corruption. The problematic field regards the intellectual rights protection (rank 120). Other advantages envisage the area of labor market efficiency, the railroad infrastructure, the access to primary and secondary education. The financial crises highlighted the need to improve the financial market, especially in the direction of ensuring the soundness of bank system, providing regulation of security exchanges and increasing the capacity of financing through the local equity market. On a similar line, it could be improved the university-industry collaboration in R&D and the practice of companies spending on R&D.

Placed on 82nd position out of 142 economies, Ukraine recovered in 2011 the loss registered in 2010. The impact of crises on the already fragile macroeconomic stability contributed to the decline of many other sectors, but the country maintained the features representing the strength points of its competitiveness: an educated population (rank 7 for accessing the tertiary education), a flexible and quite efficient labor market and a significant market size. The capacity for innovation (rank 42) and the availability of scientists and engineers (rank 51) are worth to mention. These are essentially the premises for the future economic performance of Ukraine. The accent should be placed on the improvement of the week institutional framework (rank 135) and of the goods market efficiency (rank 129), taking into account that the actual status quo does not encourage the competition and a dynamic entrepreneurship. A strengthening of the competition could be stimulated through the elimination of custom procedures burden (rank 136), of inefficient anti-monopoly policy (rank 138) and of trade barriers (rank 138). Particular thought could be directed upon the financial system development and the access to loans (rank 128); the bank system lacking solidity (rank 141 out of 142 economies) constituted the major point of weakness that amplified the crises consequences in Ukraine. The deficiency in the transparency of government policymaking (rank 116) and the corruption level (rank 134, the lowest within the Black Sea region) are also worrying. Similar concern can be remarked for the judicial independence (rank 134, the lowest amongst the countries discussed) or for the efficiency of legal framework in settling economic disputes (rank 138).

Taking into account the 2010-2011 Global Competitiveness Index Level, Romania and Bulgaria are considered efficiency-driven economies. They need to concentrate on the development of more efficient production processes and on improving the quality of the goods (the incomes are situated in the interval 3.000 - 9.000 US$/capita and the prices cannot be raised). Their competitiveness relies in a superior education and training for the labor force, an increased efficiency for the goods market, a functional labor market and a large internal and external market.

Bulgaria's performances determined a drop in 2011 in the classification of the world competitive economies, until the 71st position. The pillar of well-

functioning public institutions can not be counted as an advantage for Bulgaria. The country holds rank 130 for the transparency in government policymaking and rank 126 for the efficiency of legal framework in settling disputes. Reduced performances can be also noticed in the field of judicial independence (rank 104), property rights protection (rank 119), including intellectual rights (rank 100). The practice of favoritism in the decisions of government officials is usually encountered (rank 111). A negative signal is given by the 124th position, last amongst the states from the region, held for the business costs of organized crime and violence. Another aspect that needs improvement refers to the quality of roads (rank 136 out of 142 economies). The financial market requires progresses on the availability of financial services, the soundness of bank system and the regulation of security exchanges. The goods market enjoys a rank 4 concerning the commercial taxes. The labor market has the advantages of flexibility and of a low cost for wages (rank 16). The brain drain phenomena (rank 127) will generate long term consequences, as represents a regional level problem. On innovation issues, the advantage is represented by the utility of patents granted (rank 30), but shows up a reduced university-industry collaboration in R&D (rank 116).

In 2011, the most significant decline in the Black Sea region in the global competitiveness classification was registered by Romania (rank 77, a drop of 10 places compared with 2010). The deterioration in the proper functioning of public institutions draws the attention especially through the lack of transparency of the government policymaking (rank 140, last in the region), the mistrust of population in politicians (rank 119, last in the region), the practice of favoritism in decisions of government officials (rank 115) or the efficiency of legal framework in settling disputes (rank 122). The overall quality of infrastructure is highly reduced (rank 139 out of 142 economies), with the road infrastructure (rank 137) and the maritime one (rank 128) difficultly rising to the standards. Other efforts need to envisage the improvement of bank system soundness (rank 110) and of regulation of security exchanges (rank 110). The advantages could be encountered in the domestic market size (rank 42) and also in the foreign market size (rank 46), in the preparedness of the labor force (rank 23 for tertiary education enrollment) and in the competitiveness of the wages (rank 15). A serious problem remains the brain drain phenomena. In the field of innovation, it could be useful to improve the government procurement of advanced technology products to boost the productivity (rank 111) and the university-industry collaboration in R&D (rank 115).

In 2011, Russian Federation ranked 66 amongst 142 world economies, a drop of 3 positions compared to 2010. The worsening of the institutional framework, along with the decline in the macroeconomic stability during the economic crises was to a certain extent balanced by progresses in areas such as education (rank 13 concerning the enrollment in tertiary education) and especially the receptivity to new technologies (rank 38 for innovation capacity or rank 47 for utility patents). These allowed in 2011 the upgrade of Russian Federation from the status of efficiency-driven economy to economy in transition from stage 2 to stage 3 (innovation-driven). A constant challenge for Russia consists in the problem posed by the weak institutions. The country is characterized by an insufficient degree of intellectual rights protection (rank 126), lack in the judicial independence (rank 123), diminished efficiency of the legal framework in settling disputes (rank 123), reduced governmental standards

on rule of law (rank 132), irregular payments and bribes practices (rank 115), organized crime (rank 119). The competition (internal and external) is affected by inefficient anti-monopoly policies (rank 111), as well as trade barriers (rank 134) and restrictions concerning the property rights for foreigners (rank 130). The prevalence of custom procedures provides an additional setback (rank 137). The reduced quality of road infrastructure (rank 130) contrasts with the situation of railroad infrastructure (rank 29). The financial market needs an enhancement in the soundness of bank system (rank 129), the accessibility to financial services (rank 119) and in the regulation of security exchanges (rank 119). All these deficiencies diminish the capacity of the country to benefit from its advantages, mainly from the size of the domestic market (rank 9) and foreign market (rank 8), from the high innovation potential and the solid performance in terms of education and superior training.

Turkey's economic performances generated in 2011 the advancement (rank 59) in the global competitiveness classification. Therefore, Turkey progressed from the status of efficiency-driven economy to economy in transition from stage 2 to stage 3 (innovation-driven). The main problems for the institutions sector is linked to the protection of intellectual property rights (rank 108), organized crime (rank 101), reliability of police services (rank 103) and, in particular, the business cots of terrorism (rank 134). A good mark deserves the transparency of government policymaking (rank 44). The advantages reside in a big domestic market (rank 15), with an intense local competition (rank 13) and quite sophisticated business practices. The country benefits from a reasonable overall well developed infrastructure (rank 34), in particular road infrastructure (rank 42) and air transport infrastructure (rank 40). The financial market is the most developed amongst the states from the region. The innovation sector enjoys a 35th position concerning the availability of scientists and engineers. In order to consolidate its competitiveness, Turkey must concentrate on the improvement of human resources through a better primary (rank 100), secondary education and health services, cooperation labor-employer (rank 123), wage costs (rank 124).

Greece is the only country in the region with an innovation-driven economy, with incomes over 17.000 US$/capita, considered able to maintain the life standards and the remuneration level should the enterprises be capable to face the competition through new and unique goods. In this standing, the accent must be placed on supporting sophisticated production processes and on innovation. The events that followed the decision to revise the governmental spending and the level of the external debt affected the international competitiveness of Greece, the consequence being a drop of 7 places in 2011 (rank 90) compared to 2010. Due to these evolutions, it comes as no surprise a decline in the evaluation of public institutions (inefficiency of governmental spending – rank 131, mistrust in politicians – rank 122, corruption – rank 98, lack of transparency of government policymaking – rank 109, burden of government regulation – rank 133, inefficiency of legal framework in settling economic disputes – rank 121). The macroeconomic indicators are amongst the last at global level (rank 136 for government budget balance, rank 141 for the government debt, rank 137 for national reserves chapter). The financial market requires improvements in the soundness of bank system (rank 106) and the access to loans (rank 111). Another domain of concern regards the less competitive labor market (rank 125 for the hiring and firing practices or rank 135 for flexibility of wage determination), imposing supplementary efforts to

come out of the crises undertaken in the direction of higher flexibility on the labor market. As regards the innovation sector, the focus should be on progresses of the firms practice to invest in R&D (rank 129) and on better university-industry collaboration in R&D (rank 120). The advantages Greece possesses include an educated labor force (rank 3 for tertiary education enrollment), the availability of scientists and engineers (rank 16), the domestic market size (rank 34) and the openness towards the adoption of latest technologies in order to consolidate the competitiveness (rank 56).

To sum up, figure 1 reflects the economic development of these countries:

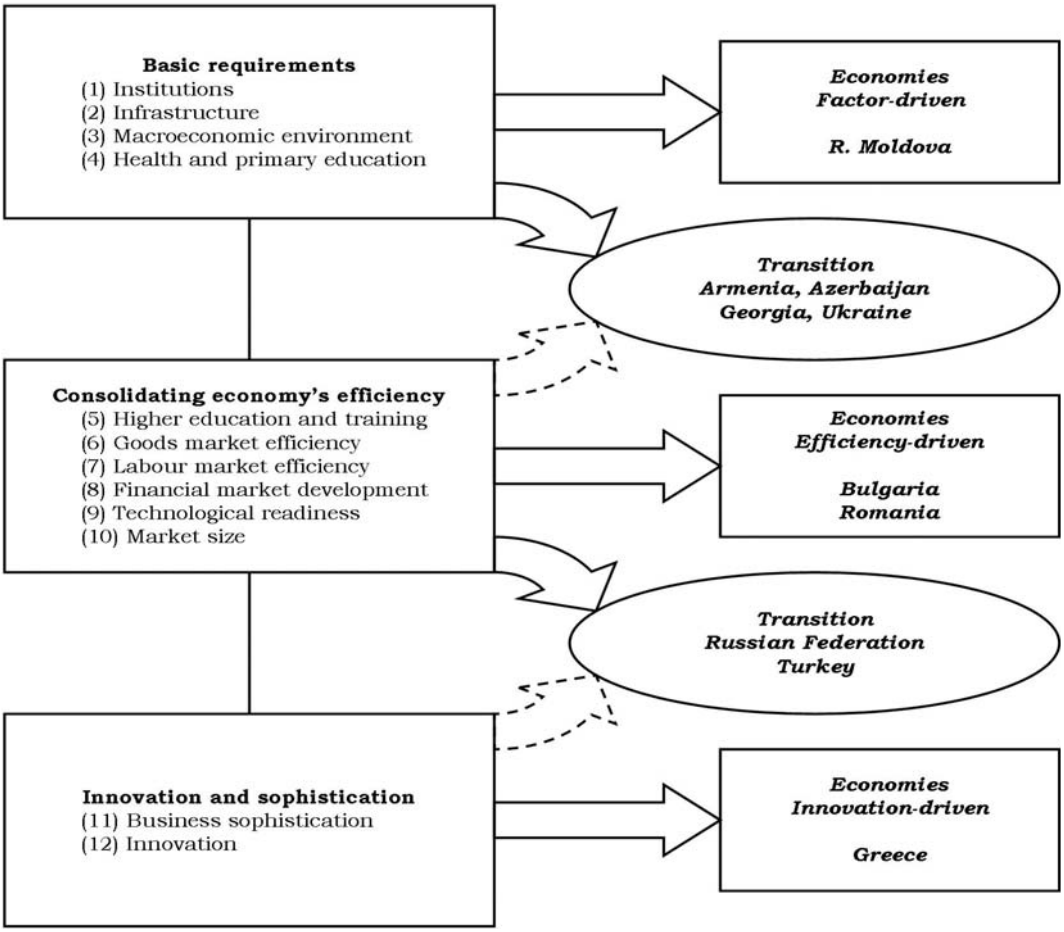

Figure 1. The status of the economies within the Black Sea region in 2011 and the 12 pillars of competitiveness
(Source: Figure adapted from World Economic Forum 2011, *The Global Competitiveness Report 2011-2012,* pg. 9)

For the R. of Moldova, the main parameters of the dialogue with the European Union rely mainly on ensuring a well-functioning of the public institutions, infrastructure development and the existence of a stable macroeconomic environment. Finalizing the reforms in these domains would allow the access from a factor-driven economy to an economy in transition from stage 1 to stage 2.

The relationship of the EU with Armenia, Azerbaijan, Georgia and Ukraine underline, in fact, the need to fulfill the conditions necessary to advance from the actual status, as economies in transition from stage 1 to stage 2, to efficiency-driven economies. In concrete terms, this would involve a strengthening of the basic requirements factors for the economy, as well as progresses related to the efficiency enhancers sectors.

Bulgaria and Romania, as efficiency-driven economies, have to concentrate on meeting the premises for the advancement from stage 2 to stage 3, seeking the qualification of innovation-driven economies. That supposes a good and continuous functioning of the first 10 pillars and there should be an addition of specific elements of innovation and sophistication.

Russian Federation and Turkey have been promoted in 2011 in the category of countries with economies in transition from stage 2 to stage 3. In order to obtain progresses that would allow the accession to the next level, for the two countries it would be useful a focus on more sophisticated production processes and on deeper innovation qualities.

Greece, as innovation-driven economy (like EU as a whole), needs to stick to the rules of the European and other international fora in order not only to maintain, but also to advance in its own development process, including in the global competitiveness and productivity classification.

Achieving the common objectives emerged from the dialogue with the European Union has the potential to generate supplementary performances. On their turn, the progresses are meant to improve the sub-indexes of the Global Competitiveness Index, ensuring the accession to the upper phases of the economic development. Therefore, in order to attain the maximum level of economic development for the entire region taken as a whole (innovation-driven economies), one should take into account the need to register progresses in all key-factors or sectors. It is relevant to mention the definition the competitiveness provided in The Global Competitiveness Report, interpreted as a set of institutions, policies and factors that determine the level of productivity of a country[5]. On its turn, the level of productivity indicates the level of sustainable prosperity generated by an economy, meaning that the more competitive an economy is, the more capable to ensure a higher level of income for its citizens becomes. On their turn, the increased wages for the population determine an improvement in the welfare and the prosperity of the states, translated in the end as stability and security, this being precisely the major objective of the European Union towards its neighbourhood. In the same vain, a higher level of productivity determines the returns to investments (human, technological etc.) in an economy, which is a central and fundamental aspect for an economy's growth potential. On other words, the more competitive an economy is, the bigger its potential to grow faster on medium and long term is.

Regarding the cooperation EU-Black Sea region, excepting the institutional and economic sectors, the domains of interest, the priorities and the opportunities in the relationship between the two entities could be more diverse. These domains can also be highlighted from the perspective of EU's interest to benefit from the potential advantages offered by the huge market represented by the Black Sea region.

[5] World Economic Forum 2010, *The Global Competitiveness Report 2010-2011*, pg. 4, see also World Economic Forum 2011, *The Global Competitiveness Report 2011-2012*, pg.4.

Realizing an overview on the possible areas of interaction, the spectrum of cooperation could encompass (including the existing ones):

- Political dialogue: The domain is relevant for the cooperation as a whole, the political contacts allowing the transmittance of openness messages to all administration levels. In addition, there are premises to agree the ensemble of cooperation, as well as the modalities or the timeframe and the financing sources for particular major projects.
- The institutional sector, with targets such as democratization, good governance and stability (including justice and home affairs): Ensuring an environment that favors the activity undertaken by internal or external operators can be a factor of support for a future economic growth. The economic actors seek a stable and predictable environment, characterized by transparency of governmental policymaking, fair degree of population trust in politicians, lack of favoritisms in government decisions regarding certain laws or granting contracts, non-predominance of corruption. Other aspects analyzed by the private operators equally refer to an efficient functioning of justice in settling economic disputes and to the degree of reliability on police services. An essential element is represented by the burden of administrative documents required by the governmental regulation, as well as by the protection of property rights, including the financial assets or intellectual rights.
- Good neighbourly relations: The relevance of this subject is similar to the domain of political dialogue. The interaction is limited in the absence of good neighbourly relations.
- Infrastructure (transport, telecommunications and energy): The existence of an extensive infrastructure with a quality closer to international standards has a particular weight in the economic cooperation between states.
- Energy/energy security: The theme could be treated on two dimensions. The first one refers to energy as a trade commodity, necessary to ensure to functioning of a basic economy. The second one, more complex, includes the idea of energy security, implying mechanisms, practices, common policies and new technologies.
- Macroeconomic environment, with a dialogue on fiscal policies (the crises proved its necessity): The stability of the macroeconomic environment is reflected in the economic overviews, the main elements sending the relevant signals being the budgetary balance, the inflation or the governmental debt.
- The financial market (the bank sector evolution and the development of the internal financial market): The domain presents interest from the perspective of ensuring the future financing of the business, the potential investors being attracted by a flexible local market, a sound bank system and the possibility of accessing easily the loans.
- The environment: A clean and protected environment could be an important factor in the decision to invest and grow a business.
- Health and primary education: A healthy population with a good level of primary education constitutes an attractive aspect for the potential investors.
- Higher education and training: The quality of the secondary and tertiary education and the existence of specialized local services and training facilities in various sectors (including management) are key elements in this field.
- Economic integration (internal market and business environment): The subject is quite complex, given the high relevance generated by the application of harmonized regulations in areas such as anti-monopoly policies, taxation, trade barriers, custom procedures, rules on foreign investments etc. Concerning the

goods market a significant impact could be determined by the costumers' sophistication or their degree of orientation.

- Labor market: The regulations in this domain are highly decisive for the development perspectives of a country, as well as for the decision of an investor to enter to a market: the flexibility in wage remuneration, the relationship employee-employer, hiring and firing practices, the ratio wage/productivity, the existence of professional managers.

- Migration: The domain is amongst the most important in the cooperation, due to the fact that on medium and long term, the brain drain phenomena can not be neglected. The consequences are both for the countries of origin, as well as the destination ones.

- Absorption of new technologies: The availability of new technologies and the existence of a high degree of technology transfer are premises for a future increased productivity.

- Business sophistication: The openness to interact with a new environment can take into account factors related to the quantity and quality of local suppliers, the control over the international distribution, the sophistication of production processes and the marketing exposure.

- Innovation: The differences between the European Union and the Black Sea region are definitely huge in terms of innovation. The theme could be tackled gradually, on issues such as cooperation to increase the innovation capacity, including the quality of research institutions, and to enhance the university-industry collaboration and the culture of companies spending on R&D.

All these are basically the sectors comprising, on a comprehensive manner, the key-factors able to ensure development and stability for each state and the entire region as a whole. The condition is to constantly register tangible progresses in their performance. Therefore, these elements can be considered as parameters in the level of cooperation between the European Union and the singular countries from the Black Sea region or between the Union and the region.

THE PYRAMID OF INTERNATIONAL COOPERATION

In these circumstances, having in view the different importance of key-factors for the evolution of the countries concerned, in evaluating the parameters of cooperation one can allocate a range of various weights for each of the factors. In other words, all the pillars matter to a certain extent for all economies, but they affect the progress of an economy in different ways: the best way to improve productivity and competitiveness (and, as consequence, reach higher level of economic development) for R. of Moldova is not the same as the best way for Romania to do so. The explanation resides in the fact that they are in different stages of development.

Table 1. Sub-indexes weights for stages of development
(Source: Figure adapted from World Economic Forum 2011, *The Global Competitiveness Report 2011-2012,* pg. 10)

Sub-Indexes	DEVELOPMENT STAGES				
	Stage 1 Factor-driven economies	**Transition from stage 1 to stage 2 economies**	**Stage 2 Efficiency – driven economies**	**Transition from stage 2 to stage 3 economies**	**Stage 3 Innovation – driven economies**
Basic requirements	60%	40-60%	40%	20-40%	20%
Efficiency enhancers	35%	35-50%	50%	50%	50%
Innovation & sophistication	5%	5-10%	10%	10-30%	30%

In granting weights for the parameters or domains of cooperation, the appropriate start lies in the weights allocated in The Global Competitiveness Report to the three sub-indexes (basic requirements, economy efficiency enhancer and sophistication and innovation) in the context of each stage of development[6].

Table 1 reflects the weight or the influence of each category of key-factors in the stages of development for all countries or world economies. These key-factors could be seen as broad interaction domains, to which different weights could be conferred. The weights attached indicate the degree of importance for the economic development. The premise relies in the idea that a state is interested and takes decisions seeking the improvement of its competitiveness and productivity in order to achieve a higher, superior level of economic development. The weights are relevant for the interaction in the context of the international cooperation (or, in this case with the European Union, where the objective is the same – attaining growth for the national economy). The following pillars could be highlighted:

Politico-institutional and basic economy pillar (P1) with domains such as political dialogue, democratization, good governance and stability, including justice and home affairs, good neighbourly relations, infrastructure, macroeconomic environment, health and primary education.

The institutional environment and the relationship between states determine the framework where the private sector and the governments interact in order to generate economic growth, therefore stability and prosperity. The internal stability and the quality of the administrations play a major role in the process of drawing strategies and policies, influencing also the investments decisions. The attitude towards markets and the daily efficiency in the public functionaries (bureaucracy, corruption, overregulation, unfair bids, lack and transparency and mistrust, politically dependent judicial system) are essential for the economic development. Likewise, the approach towards the neighbouring/external partners stops or boosts the regional interaction dynamic (including the one with the EU) with consequences on the evolutions on other pillars.

In the same key, an economy can not become functional so it can not sustain itself and it can not participate to the external cooperation if it does not fulfill the basic conditions. It needs an extensive and efficient infrastructure to allow the connection between the economic actors, regions and markets. A stable macroeconomic environment can sustain the economic growth by avoiding extreme inflation rates and controlling the fiscal deficits (that could limit the governments' capacity to react to business cycles). The payments on the external debt account made with high interest rates limit the capacity to ensure efficient services. The health and the primary education are capital for the quality and the individual performances of the workers, so they clearly affect the labor force. The existence of the conditions necessary for the functioning of the basic economy (along with the politico-institutional factors) is indispensable in the attempt to build the premises for future economic growth. The existence of these conditions represents the foundation on which the upcoming cooperation levels could be built upon.

Basically, the pillar corresponds to the factors included in the sub-index of basic requirements characterizing the factor-driven economies; for these economies it will be the pillar with the highest weight in the international cooperation overall (including at regional level).

[6] World Economic Forum 2011, *The Global Competitiveness Report 2011-2012*, pg. 8-11, 47-49, 71, 82-83.

Consolidating economic efficiency and economic integration pillar (P2) with sectors as higher education and training, financial market, labor market, migration, technological readiness, agriculture, environment, energy/energy security.

Enjoying a solid foundation given by the politico-institutional and basic economy pillar, the upper phase in the international cooperation consists in the advancement to a process of enhancing the economic efficiency and gradually achieving the economic integration. This target can be accomplished through: increasing the functionality of goods market (healthy competition without protectionist measures, damaging taxation or discriminatory rules for foreign direct investments); rising the education and training level for the labor force; ensuring the efficiency and the flexibility of the working force; developing the financial markets (sound bank system able to act as a loan source, stock exchange etc.); increasing the absorption of new technologies. The migration issue is included due the consequences the demography has on the labor force. The agriculture brings a contribution on the segment of production costs and food prices.

On the international agenda, from an equally political and economic perspective, the energy equation stands as a sole item. The importance of energy resources would justify the positioning of the energy factor in the previous pillar. However, the energy deserves a place in order to be able to act as a tie capable to supply, in addition to the previous pillar, the resources required by modernization and innovation. In the same manner, one could argue that with a view to ensure a real cooperation, with policies, mechanisms and common practices on energy matters, it appears necessary to count on the existence of certain premises belonging to the previous pillar: political dialogue and good neighbourly relations; stable and functioning administrations; infrastructure, healthy macroeconomic environment; well prepared labor force; financial resources to ensure the funding for investments in projects and energy research; promptness in the absorption of new technologies.

The consolidating economic efficiency and economic integration pillar corresponds in fact to the key-factors included in the efficiency enhancer sub-index characterizing the efficiency-driven economies; for these economies it will be the pillar with the most important weight in the international cooperation overall.

Modernization and innovation pillar (P3) with domains related to business sophistication and innovation and research.

It marks the last pillar of the international cooperation ensemble. The networks sophistication, the modernization of the operations and of the strategies applied by enterprises, and, as final resort, the innovation can not be reached without the contribution of the latter pillars (well trained and healthy labor force, adequate funding, R&D absorption, efficient markets).

The modernization and innovation pillar follows the features of the innovation and sophistication sub-index encountered in a higher degree in the innovation-driven economies compared to other economies.

Based on the above-mentioned aspects, three main pillars can be distinguished in the international cooperation: politico-institutional and basic economy pillar, consolidating economic efficiency and economic integration pillar and modernization and innovation pillar. All pillars are interdependent, because without the possibility to access the fundament or the base and without the "security and safety" given by a proper foundation an economy cannot pass to the superior level. The pillars are part of a structure (pyramid) of international cooperation. The pyramid evolves according to the weights allocated, pending on the stage illustrated by every economy.

The general representation for the pyramid of international cooperation could be the following (figure 2):

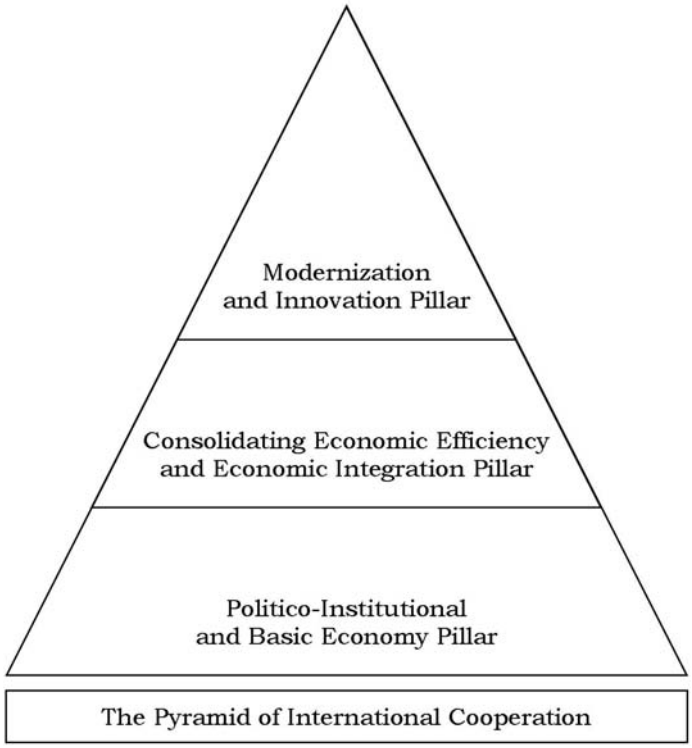

Figure 2. A possible representation of the pyramid of international cooperation (Author`s perspective)

Particularizing for each stage of economic development of the countries in question, the weights from the total cooperation granted to the pillars of cooperation European Union-Black Sea region countries (considered as individual actors) need to take into account the key-factors of progress. Therefore, they will match the weights composing the Global Competitiveness Index.

Table 2 includes, therefore, the weights for each economy from the Black Sea region granted to the pillars of cooperation (that contain the relevant domains and sectors of interaction) with the European Union. The total cooperation represents the ideal case, the one of an efficient and full interaction, on all sectors, between the individual actor states from the Black Sea region and the European Union. Hence, these are the weights of international cooperation pillars (including the respective domains of interaction) for each economy in the region, in their external relations with the European Union and not only. For the Black Sea region as a whole, calculating the value of the Global Competitiveness Index and the GDP/capita at the region level and comparing the results with the values for other economies, the conclusion would be that the area might be considered an efficiency-driven economy. A similar reasoning could justify the classification of the European Union as an innovation-economy.

Table 2. Pillars weights in the pyramid of international/regional cooperation in accordance with the stages of development

Pillars	Weights (%) in accordance with the stages of development				
	Stage 1 Factor-driven Republic of Moldova	**Transition from stage 1 to stage 2 Armenia, Azerbaijan, Georgia, Ukraine**	**Stage 2 Efficiency – driven: Bulgaria, Romania Black Sea region**	**Transition from stage 2 to stage 3 Russian Federation Turkey**	**Stage 3 Innovation – driven Greece European Union**
P1	60%	40-60%	40%	20-40%	20%
P2	35%	35-50%	50%	50%	50%
P3	5%	5-10%	10%	10-30%	30%
Total Cooperation	100%	100%	100%	100%	100%

CONCLUSIONS AND RECOMANDATIONS

Based on the aspects revealed above, some general observations could be noticed.

The pyramid of international cooperation maintains its validity regarding the overall interaction process between states (be it bilateral, regional or international). An important argument in this regard is the fact that in the cooperation with other parties, a country seeks its own economic development and the enhancement of its global productivity and competitiveness, for which it requires a progress in the analyzed key-factors.

The weights (as percentage from the total cooperation) allocated to the pillars composing the pyramid of international cooperation may keep their validity. Practically, they reflect the degree on which a country must concentrate upon certain sectors of collaboration in the ensemble of its external political and economic relations. Accumulating progresses in those areas will ensure the potential to sustain the advancement to a superior economic development stage, with benefit for its own citizens.

From another perspective, knowing the development stage characterizing the economy of a particular country and the weights of the pillars of the pyramid of international cooperation that the respective state mainly needs to access in order to create the conditions for upgrading to a superior economic development level, one could anticipate the actions in the dialogue foreseen with that particular state. The actions might be envisaged on the following directions: openness towards cooperation, imposing conditionalities for cooperation, obstruction of other parties' interests.

Regarding the EU-Black Sea region interaction, excepting the previous conclusions (applicable to this case also), the study reveals the domains that could be taken into account in the relationship EU-individual Black Sea region states or EU-Black Sea region as a whole. On an equal foot, it indicates the sectors on which that cooperation should place the highest emphasis. It also points out, for each country, the particular fields that need special attention and improvements in order to favor the economic growth and, ultimately, the advancement on a superior level of development.

A further and deeper analysis could highlight the possible strategies adopted by countries or other international actors in their cooperation, as well as the consequences.

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