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The economic challenges of the Black Sea region: the global financial crisis and energy sector cooperation

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The post-Communist countries of the Black Sea region are divided into two groups – 'leaders' (those which are members of the European Union [EU]) and 'outsiders' (those which are still far from European standards of market economy). The role of the human factor in delaying economic reforms and that of the modern financial crisis are discussed. For energy cooperation in the region, it is very important to change the language of 'alternative pipelines' to 'pipeline harmonization', given that the purpose is to develop a partnership mechanism to facilitate and harmonize the support of energy suppliers in response to the identified needs of the particular countries.

Keywords: alternative pipelines; homo transformaticus; market reforms; pipeline harmonization; post-Communist capitalism; zombie economicus

Introduction

Most of the countries of the Black Sea region (Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Moldova, Romania, Russian Federation, Serbia and Ukraine), with the exception of Greece and Turkey, are post-Communist countries. These countries have followed two different paths for their economic transformation; at present, Bulgaria and Romania are members of the European Union (EU) while the others are still far from its standards of market economy.

Due to the current global financial crisis, these countries have come to face the same general difficulties as the rest of the world, as well as the need to address them with joint efforts if the crisis is to be successfully overcome.

The issue of major significance for the Black Sea region is to upgrade cooperation in the energy sector, where it is high time to change the approach.

The paper deals with all of the above-mentioned issues of the current economic development of the Black Sea region.

Post-Communist majority of the Black Sea region: two paths of economic transformation

Almost two decades after the beginning of the transition to the market economy, it is possible to generalize upon the accumulated experience and draw a number of very

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important conclusions about the path already traversed in transforming a Communist economy into a market economy (e.g. Aslund 2007).

The fact is that there are no generally accepted criteria for determining the completion of the transition period. The simplest formal resolution of the problem is that if the EU recognizes a country with a transition economy as ready to enter its ranks as a member, then in all probability, the transition period in this country has been completed and that its functioning economic system, for all practical purposes, has become a European-type market-based one.

Most Eastern European and Baltic states at present are members of the EU; they have thus formally completed the transition period to a European-type market economy. In other words, these countries are leaders in successfully passing through the transition period. Henceforth, the term 'leaders' will designate these countries. What about other post-Communist Black Sea region countries such as Albania, Armenia, Azerbaijan, Georgia, Moldova, Russia, Serbia and Ukraine, which continue to be considered as 'outsiders'?

It is obvious that these countries are still far removed from emerging European capitalism. The transitional period in these countries has ended, but unfortunately, the economic (and not only economic) systems of some are far removed from the European style of capitalism.[1] It is better to qualify this as 'post-Communist capitalism' (Papava 2005). In other words, if the collapse of the Communist system was essentially simultaneous in the countries of Eastern Europe and the former USSR, it follows that initially all were in the same basic situation, and consequently, dragging out the transition period to European capitalism is an artificial delay in the process of reforming the economy.

In order to understand the principal problems of post-Communist transformation in the 'outsider' countries, it is expedient to conduct a comparative analysis of these countries with those in the 'leader' group.

From the beginning of the transition period, a special circumstance of great importance has not been taken into account: the presence of the institutions of statehood. In particular, the states that formed as a result of the collapse of the federal formations (the USSR, the Socialist Federal Republic of Yugoslavia and Czechoslovakia) but were not the direct legal successors of these federal states were lacking the institutions of statehood. As a result, their process of transition was compounded by the need to construct these institutions from scratch (Balcerowicz 1995, 146).[2] Under these conditions, the implementation of economic reforms according to plans which had counted on utilizing the corresponding institutions of the state (which were lacking in these countries) was foreordained to fail.

The advantage of most leader countries, as compared with the outsider countries, was the presence of institutions of statehood that significantly simplified and thus accelerated the resolution of tasks associated with the transition to a market economy. Nevertheless, this factor cannot be deemed decisive in delaying the transition to a market economy in all the outsider countries, as illustrated by the examples of Slovakia, Slovenia and the Baltic countries as EU member states, or of Croatia as a EU candidate country. Their examples refute the thesis of the fundamental impossibility of a rapid transition to a market economy amidst the process of creating these state institutions.

The human factor, as a rule, has a decisive significance in practically any economic process. The character and possible success of economic reform in countries with a transition economy depend, to a large degree, upon the behaviour of the person who finds himself in a transition process – from *homo soveticus* (i.e. someone who was formed under the conditions of a command economy and was hence suppressed by the state and totally dependent upon it) to the type of person characteristic of a market economy, *homo economicus* (i.e. someone whose driving motivation is to receive the maximum utility in his household and the maximum profit in his firm). The type of person carrying out the process of post-Communist transformation is characterized herein by the term *homo transformaticus* (i.e. someone who cannot completely emancipate himself from fear of the state and from the habit of living at the latter's expense, though he is gradually beginning to act upon the basis of his own private interests in order to achieve maximum utility and profit) (Papava 1996, 261–2). Because Communist regimes in leader countries ruled almost half as long as in the outsider countries, the *homo soveticus* type of person did not have time to develop fully. At the same time, *homo economicus* was not totally eradicated, as was the case in the outsider countries at the end of the 1930s. Consequently, in the outsider countries, *homo transformaticus* was dominated by the characteristic features of *homo soveticus*; in contrast, in the leader countries, it was the features of *homo economicus* that prevailed. It is precisely this difference which explains the greater readiness of *homo transformaticus* in the leader countries to undertake the transition to a market, in contrast to the situation in the outsider countries.

Albania and Serbia (along with some other countries of the former Yugoslavia) are seemingly exceptions to the explanation given for the grouping of 'leader' and 'outsider' countries. In fact, both Albania and Serbia have specific and unique characteristics. In the case of Albania, for example, the country experienced the most brutality and autarky (Zickel and Iwaskiw 1994) – even though the Communist regime was established there after the Second World War – which facilitated the creation of *homo soveticus* within a relatively short period of time. As for Serbia, the country falls under the group of outsider countries primarily due to the fact that it struggled for a rather long period after the disintegration of Yugoslavia in order to retain the former empire even in a diminished form. This significantly hampered a purposeful implementation of reforms. The soundness of this provision is confirmed by the examples of former Yugoslav countries such as Slovenia and Croatia. After gaining independence, they managed to overcome the problems related to territorial integrity relatively quickly, and now Slovenia is a member of the EU and Croatia will soon become one.

The key challenge for the post-Communist countries outside the EU is to achieve some general standards of the European market economy. For these countries in the Black Sea region, transition to a free trade regime with the EU may become both a strong incentive and an effective mechanism to address their major challenge of achieving general standards of the European market economy. It will force these nations to carry out effective measures to implement consistent economic reforms. At the same time, the transition to a free trade regime will encourage and attract new foreign investments which, in the long run, will result in the relative acceleration of economic growth rates.

The main threat of the global financial crisis

The current global financial crisis has affected negatively the economic development of the countries of the Black Sea region, just as it has elsewhere. As a result, the problem of economic zombie-ing has become a very topical one. If the theme of zombie-ing in the 1990s was only really discussed within the context of the Japanese economy (Ahearne and Shinada 2005; Hoshi 2006), today it has also extended to the economies of the US and Europe (Coy 2009; Krugman 2009; Poschmann 2009; Stepek 2008; Wong 2008).

The question of economic zombie-ing is directly associated with the financial crisis. Companies become increasingly exposed to the threat of insolvency as a result of financial difficulties, eventually leading to the growth of unemployment. In this context, governments tend to provide financial assistance to problematic companies so that they can survive and avoid lay-offs. The Japanese experience suggests that governments must come up with some banking sector bailout plans in such a situation in order to enable banks to continue extending loans to insolvent companies. It is obvious that the continuation of lending programmes without such bailouts would obviously lead to the bankruptcy of the banks themselves.

This is exactly how dead companies and banks come back to life. In other words, it is the creation of zombie companies and zombie banks which, in their turn, compose a whole zombie economic system.

As far as the Japanese economy is concerned, the paradox herein is that zombie companies and zombie banks tend to live on even after the financial crisis ends. In other words, they continue existing even though they are no longer necessary.

When a crisis lasts for a long period of time, insolvent companies tend to adopt rules and methods of behaviour that are basically aimed at obtaining some government bailout funds rather than providing for the growth of their competitive potential. As a result, these companies continue functioning afterwards much as they did during the financial crisis.

Similar situations are observed in banks that continue extending loans to zombie companies, as conventional wisdom suggests that a government's support is guaranteed.

Due to zombie banks, a zombie company support routine develops within a government as well at the expense of taxpayers as financial support to dead companies and banks is continued. It is this zombie routine which becomes the *modus vivendi* of a zombie economy – that is, an entire system of zombie companies, zombie banks and a zombie government.

Bearing in mind that a zombie economy is a dead economy which can only survive with money from taxpayers, one could logically conclude that the carrier of a zombie economy is a dead being which maintains its existence artificially. This revived 'dead man' of a zombie economy would be defined as an *economic zombie* or *zombie economicus* (Papava 2009). He is a main carrier of a zombie economic routine and an implementing agent of a zombie economy.

A *zombie economicus* has no motivation to raise profits. His only goal is to survive and maintain his existence. He does not have to worry that his product may not be acceptable to the market and that consumers may not need his company's goods or services despite what their quality and costs might be. A *zombie economicus* working in a zombie firm knows that he has a permanent credit line in a zombie bank where other workers like him will give him credit without any hesitation. In turn, a *zombie economicus* employed at a zombie bank knows that the other zombies working in the government will assure his deposits and that financial support from the national budget will be unconditionally guaranteed.

It is well known how damaging this zombie economy is to the healthy part of the economy. First, economically viable companies have little if any access to the markets, which are dominated by zombie companies that enjoy an enormous advantage over their healthy competitors because they do not need to generate profits. Second, zombie companies cause the diminution of lending resources and thereby prevent healthy firms from reaching even the sectors of the economy in which zombie firms have little or no control.

This is exactly why the zombie virus of a *zombie economicus* may also be easily transferred to those working in healthy firms and healthy banks. The so-called 'zombie-ing' of these healthy individuals and institutions makes it easier to operate in an economy dominated by *zombie economicus*.

The global financial crisis threatens different countries of the world with the infection of the zombie virus. Today, there is the potential danger that the *zombie economicus*, whose domain was limited to Japan until recently, may expand his area of influence to the leading economies of the world. This danger threatens to become a serious obstacle for the development of the global economy.

Since the countries of the Black Sea region have resorted to certain special governmental bailout programmes in support of their financial institutions and real estate businesses (Gavras 2010; Gavras and Iorga 2009), there is a danger of the development of a zombie economy. This threat may become quite real if the financial crisis continues long enough to enable the zombie firms to take solid root.

Both developed economies and those of post-Communist capitalism resort to this remedy again and again during times of financial crisis, in spite of the fact that both economic theory and experience have repeatedly demonstrated the negative impact of intervention (Woods 2009). It is important to note that in Russia, for example, the first symptoms of necroeconomic zombie-ing emerged in the immediate aftermath of the August 1998 economic crisis, giving rise to the phenomenon of the post-Communist zombie economy (Lindsey 2002, 210–1).

In the Black Sea region, the problem of the formation of *zombie economicus* during the current financial crisis is a main challenge facing Bulgaria, Greece, Romania and Turkey. Yet, Albania, Armenia, Azerbaijan, Georgia, Moldova, Russia, Serbia and Ukraine are even worse off when *zombie economicus* is joined by *homo transformaticus* (Papava 2010).

In other words, dead firms and dead banks must be legally recognized as dead. This may be achieved by enacting an effective bankruptcy law, as the only remedy against the formation of the *zombie economicus*. An effective bankruptcy law will reduce the area of influence of the *zombie economicus* and eventually bury it.

During the global financial crisis, the countries of the Black Sea region need to consolidate their efforts in developing and adopting effective bankruptcy legislation in order to avoid the threat of a zombie economy. If we take into account that Romania has a greater bankruptcy rate than average in Eastern Europe (Circiumaru, Siminica, and Begicevic 2007), the generalization and utilization of the Romanian experience of bankruptcy procedures can be quite productive for the other countries in the Black Sea region.

Energy-related issues have special significance for the countries of the Black Sea region as most are engaged in international energy projects either as exporters of oil and gas or as energy transit countries. The global financial crisis, in particular, has a drastic impact upon the oil and gas exporting countries since it directly leads to a decrease in oil and gas prices (e.g. Chubrik and Walewski 2010; Inozemtsev 2009; Lesova 2009). Moreover, the crisis further aggravates the existing controversy concerning energy issues in the Black Sea region which only increases the urgency for working out a new paradigm of energy cooperation.

Rethinking energy sector cooperation

The main issue for the Black Sea region is to upgrade energy sector cooperation to a higher level. With the end of winter, the problem of the supply of natural gas to EU countries has become relatively less pressing, though its importance remains. The EU imports more than 80% of its oil and around 60% of its natural gas demands. Furthermore, imports of energy resources have increased noticeably and steadily over the past years. Russia's share in the structure of the EU's growing energy imports has been significant, given that Russian oil imports to EU countries accounted for one-third of all EU oil imports. With respect to natural gas, Russia's share reached as much as 40% of all imports.

The growth of the EU's dependence upon Russian energy resources has been exploited by the Russian leadership as an effective tool for putting political pressure not only on EU member states but also on the countries whose territories are traversed by the energy transportation routes, such as Belarus and the Ukraine, as well.

In this context, the search for and the development of all potential (i.e. not only Russian) sources of oil and natural gas, and ways for their supply to EU countries have become an issue of particular importance (Papava et al. 2009). Some of the most significant deposits of hydrocarbons are those located in the Caspian region and in countries such as Azerbaijan, Kazakhstan and Turkmenistan (see, e.g., Gelb and Twyman 2004; Kalicki 2001). It is important to note that any energy resources located beyond Russian territory, which in principle could be supplied to the West, have been modified by adjectives like 'alternative'. This kind of language, consciously or unconsciously, reflects the confrontation between Russia and the rest of the world in energy-related issues. This very controversy became a starting point for the emergence of a 'pipeline confrontation' or even a 'pipeline cold war' between different countries of the EU and Russia, and even among EU member states.

Due to persisting stereotypes, the very idea of 'alternativeness' has also been extended to the pipelines. In the context of the westward-bound Russian pipelines, the label of 'alternative pipelines' has been attached to those which cross the territories of Azerbaijan, Georgia and Turkey: namely the Baku–Tbilisi–Supsa (BTS) pipeline, the Baku–Tbilisi–Ceyhan (BTC) pipeline and the South Caucasus Pipeline (SCP). The accuracy of such an evaluation, however, becomes questionable if one considers the fact that the quantity of oil transported through the afore-mentioned pipelines does not make up more than 10% of the oil exports from Russia. With respect to the natural gas transported through the SCP, the situation is even starker. Its capacity accounts for just 2% of Russian natural gas exports. Consequently, neither the BTS and BTC pipelines nor the SCP could be regarded as viable alternatives to the Russian pipelines.

Russia has done its share to contribute to the 'pipeline cold war'. Its motivation has been to try to maintain and strengthen its monopolistic position in a number of directions and, most of all, vis-à-vis EU countries (see, e.g., Monaghan 2007).

The time has come to shift from the paradigm of 'alternative pipelines' to an essentially new one – the paradigm of 'mutually supplementary pipelines' or 'pipelines harmonization' (Papava and Tokmazishvili 2008). In this case, all pipelines which have hitherto been considered as alternatives to each other will be seen in quite a different context as they will be regarded as distinct components of the same organic whole, a system of pipelines serving one common goal: to provide an uninterrupted and consistent supply of energy resources to their customers.

The purpose of pipelines harmonization is to develop a partnership mechanism to facilitate and harmonize the support to energy suppliers in response to the identified needs of the consumer countries. The harmonization of routes is about resolving alternative plans through respectful dialogue. It is about taking into account each country's concerns and coming up with plans and solutions that deal fairly with all those concerns. It is about reaching a consensus for multiple pipelines.

Within the framework of this new paradigm of 'pipelines harmonization', the issue of transporting Caspian energy resources to the West could also be reconsidered in a new context. Specifically, the BTC and SCP could play an important role in the harmonization of oil and natural gas supplies to the EU countries in addition to the Russian pipelines.

In this context, two important agreements that were reached in 2007 should be regarded in the context of 'pipelines harmonization' rather than 'alternative pipelines'. Specifically, Kazmunaygaz and the contractors in charge of the development of the Kashagan and Tengiz oil fields signed a Memorandum of Understanding on building the Kazakhstan Caspian Transportation System, aimed at ensuring the transportation of growing amounts of oil exports through the Caspian Sea. Oil is to be transported via the Eskene–Kurik–Baku–Tbilisi–Ceyhan route. This implies building the Eskene–Kurik oil pipeline. The Trans-Caspian Transportation System will include oil discharge terminals along the Caspian coast of Kazakhstan, a tanker fleet, oil-loading terminals at the Caspian coast of Azerbaijan and integration with the BTC pipeline infrastructure. According to this project, the Kazakh system will be able to ship 25 million tonnes of crude oil per year, with a possible future expansion of up to 38 million tonnes.

In 2007, Russia, Bulgaria and Greece signed an inter-governmental agreement to build the Trans-Balkan Oil Pipeline, Burgas–Alexandropolis, which would begin in the Bulgarian Black Sea port of Burgas and end at Alexandroupolis on the Greek Aegean coast. The pipeline is intended to carry 35 million tonnes of oil per year in the first phase, with expansion to 50 million tonnes in the second phase.

Both projects may be regarded as examples of the harmonization of oil westwards. The EU should focus its attention on the above projects not as alternatives but, rather, as mutually supplementary.

The problem looks to be even more pressing with regards to the transportation of natural gas to EU countries. The Russian giant Gazprom has successfully tried to achieve the approval for the Pre-Caspian gas pipeline construction project for the transportation of natural gas from Kazakhstan and Turkmenistan to the West. Key agreements with the political leaderships of Kazakhstan and Turkmenistan have already been reached. The key obstacle for the realisation of this project might be the fact that it is still unclear whether the Russian gas transport system will have an adequate spare capacity to receive new volumes of Central Asian gas in 2010–2015. The existing Russian gas transport system is already inadequate for exporting larger volumes of domestically produced Russian gas.

As for the Trans-Caspian pipeline, which later could be connected with the SCP, the potential for the implementation of this project remains uncertain, not only due to political differences but also because the relevant countries have not yet achieved any agreements with respect to the legal status of the Caspian Sea.

The Trans-Caspian gas pipeline is associated with the Nabucco gas project (Turkey–Bulgaria–Romania–Hungary–Austria). Potential gas volumes for Nabucco could come from Azerbaijan, Turkmenistan and Kazakhstan as well as Russia, Iran, Iraq and potentially other Persian Gulf producers.

Nabucco's main competitor, yet at the same time 'mutually supplementary', is the South Stream gas pipeline which is planned to run from the Russian Black Sea coast to Varna in Bulgaria and then in two directions: to Greece and southern Italy (southwestern route) and to Romania, Hungary, Slovenia, northern Italy and Austria (northwestern route).

Along with Nabucco, there are two other proposed projects to convey Caspian gas to European markets. The first concerns the Turkey–Greece–Italy (TGI) pipeline. The TGI gas pipeline is a win-win project between Turkey and Greece that will deliver Azeri gas to EU markets. The TGI also can be considered as 'mutually supplementary' to Nabucco.

The issue of the harmonization of the gas supply to Europe requires the EU to make all possible efforts to realise the Trans-Caspian and the Nabucco projects. These, together with other existing and potential gas pipelines, will lead to the substantial mitigation (if not removal) of the problem of a monopolistic gas supplier while ensuring a stable and balanced flow of natural gas to EU countries.

The Organisation of the Black Sea Economic Cooperation (BSEC) may play an important role in the fulfilment of pipeline harmonization. One should bear in mind that the BSEC comprises several EU member nations, the Russian Federation as well as oil and gas transit countries such as Azerbaijan, Georgia and Turkey. Thus, the BSEC may be the most convenient tool that would enable the region's countries to carry out a brand new paradigm of energy transportation (Pamir 2007; Triantaphyllou 2007; Winrow 2007).

Conclusions

There are no generally accepted criteria for determining the completion of the transition to a market economy. The simplest formal resolution of this question, however, seemingly suggests itself: if the EU recognizes a country with a transition economy as one which is ready to enter its ranks, then in all probability, one should concede that the transition period in this country has been completed and that its functioning economic system for all practical purposes has become a European-type market-based one.

The acceptance of Bulgaria and Romania into the EU means that these countries are 'leaders' among the post-Communist countries of the Black Sea region. Other post-Communist Black Sea region countries such as Albania, Armenia, Azerbaijan, Georgia, Moldova, Russia, Serbia and Ukraine, which remain as 'outsiders,' are still far from European standards of the market economy.

The character and possible success of economic reform in countries with a transition economy depend, to a large degree, upon the behaviour of the person who finds himself in a transition process from *homo soveticus* to the type of person characteristic of a market economy, *homo economicus*. The type of person who carries out the process of post-Communist transformation is characterised herein by the term *homo transformaticus*; that is, someone who cannot completely emancipate himself from fear of the state and from the habit of living at the latter's expense even though he is gradually beginning to act upon the basis of his own private interests in order to achieve maximum utility and profit. In the 'outsider' countries, *homo transformaticus* was dominated by the characteristic features of *homo soveticus*; in contrast, in the 'leader' countries, it was the features of *homo economicus* which prevailed. It is precisely this difference which explains the greater readiness of *homo transformaticus* in the 'leader' countries to undertake the transition to a market – in contrast to the situation in the 'outsider' countries.

Under the circumstances of the current global financial crisis, companies become increasingly exposed to the threat of insolvency as a result of financial difficulties, which eventually leads to the growth of unemployment. In this context, governments feeling politically uncomfortable, tend to provide financial assistance to such companies so that they could survive and avoid lay-offs. To do this, governments must come up with some banking sector bailout plans in order to enable banks to continue extending loans to insolvent companies. This is exactly how dead companies and banks come back to life. In other words, it is the creation of zombie companies and zombie banks which, in their turn, make up a whole system of a zombie economy.

The longer the lifespan of a crisis, insolvent companies tend to adopt rules and methods of behaviour that are basically aimed at obtaining some government bailout plans rather than providing for their potential growth. This revived 'dead man' of a zombie economy is called an *economic zombie* or *zombie economicus*. He is a main carrier of a zombie economy routine and an implementing agent of a zombie economy.

The global financial crisis led to the drop of oil prices at the international level, thereby negatively influencing the revenues of oil exporting countries. In this context, Russia, as the leading oil exporting country of the Black Sea region, is making an effort both to maintain Europe's energy dependency for its energy products and to reinforce it. As a result, the prioritisation of energy sector cooperation among countries of the Black Sea region has become even more pressing.

In the Black Sea region, the problem of the formation of *zombie economicus* during the current financial crisis is a main challenge for Bulgaria, Greece, Romania and Turkey. Albania, Armenia, Azerbaijan, Georgia, Moldova, Russia, Serbia and Ukraine are even worse off when the coming *zombie economicus* will be 'combined' with *homo transformaticus*. Simply put, what needs to be done is that dead firms and dead banks must be legally recognized as being dead. This goal may be achieved by enacting an effective bankruptcy law.

The growth of the EU's dependence upon Russian energy resources has been exploited by the Russian leadership as an effective tool for putting political pressure both upon EU member states and the countries whose territories are traversed by the energy transportation routes. In this context, the search for and the development of all potential sources of oil and natural gas and their supply to EU countries have become an issue of particular importance.

It must be noted that any energy resources located beyond Russian territory which, in principle, could be supplied to the West have been modified by adjectives like 'alternative'. This kind of language, consciously or unconsciously, presents a reflection of confrontation between Russia and the rest of the world in energy-related issues.

In relation to the Russian westward-bound pipelines, the label of 'alternative pipelines' has been attached to those which cross the territories of Azerbaijan, Georgia and Turkey. The time has come to shift from the paradigm of 'alternative pipelines' to an essentially new one; that is, the paradigm of 'mutually supplementary pipelines' or 'pipelines harmonization'. In this case, all pipelines which have hitherto been considered as alternatives to each other present themselves in quite a different context as distinct components of the same organic whole, a system of pipelines serving one common goal; that is, to provide an uninterrupted and consistent supply of energy resources to their customers. The purpose of pipelines harmonization is to develop a partnership mechanism to facilitate and harmonize the support of energy suppliers in response to the identified needs of the particular countries.

The BSEC format may be the most convenient tool which would enable the region's countries to carry out a brand new paradigm of energy transportation.

Notes

1. It should be taken into account that capitalism, by its nature, is not homogenous (e.g. Dahms 2000; Gwynne, Klak, and Shaw 2003; Hall and Soskice 2001).
2. The process of transition to a market economy and the building of the institutions of statehood in the former German Democratic Republic were considerably simpler since they had been preceded by a union with the Federal Republic of Germany (see, e.g., Derlien 1999).

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