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Black Sea: Old trade routes and current perspectives of socioeconomic co-operation

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Abstract

On the coasts of the Black Sea, across the coastline of six countries (today), 32 important medieval and byzantine port-cities have flourished the last decades. Those port-cities facilitated the merchandise shipping from Europe to Central Asia and faraway China, through sea roads and routes followed not only by merchandisers and travelers but also by emperors and pilgrims. This paper constitutes a summarized literature review of the economic history of some of the most important Black Sea port-cities, counting from the 19th century, through 20th century and up to the present. It also seeks to examine the reconstruction and development of those port-cities after the demise of the Ottoman Empire, a number of Wars, political changes and finally through the economic and political transition of the Black Sea area. Additionally, the paper reviews the Black Sea trade routes followed by the merchants of the examined period. We conclude on current comparative advantages of the wider region and the perspectives for socio-economic development.

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1. Introduction

The Black Sea and the region surrounds it is characterised rather favored geographically. Connected to the Mediterranean through the straits, the Black Sea constitutes a convenient route to the west, while it serves as a crossroads between Europe, Asia and Africa. The majority of the long distance trades overpass the Black Sea, giving commercial prosperity to the ports around it, due to two main reasons: the stable political regime in the hinterland

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that secures the trade routes and the access to a network of overseas transportation Herlichy (1986).

Historically, the fate of the Black Sea region seems to depend, on a great extend, on the outside powers. Prosperity grew whenever the region was dominated by one of them and a temporary period of peace was imposed from above. On the other hand, at times when two or more powers fought for their dominance and control of the region, there exists war, economic and demographic decline Prevelakis (2008).

During the 19th century, parallel to the Ottoman Empire’s decline, the Black Sea region developed exceptionally, mainly due to the grain export and transports. The grain trade contributed to the fast growth of the port-cities on the Black Sea ring road which “created the urban zone of the northern and eastern coasts of the Black Sea” Harlaftis (1996). The Greeks, Jews, Armenians, Albanian and Bulgarians formed the main merchant community of the region and they could be found in every port-city of the Black Sea coast Jensen and Rosegger (1968). The main destinations of exported grain (and also spices, cotton, wool, tobacco and coal) were Livorno, Genoa, Marseilles and England Herlichy (1986). The Balkan Wars (1912-1913), though, with the great movements of the population, the two World Wars that followed and the Cold War (1945-1989) altered the status of the region and led to its decline. The end of the Cold War however, and the breakup of the former Soviet Union created suitable conditions for the re-emergence of the region Salavrakos and Petrochilos (2003).

The construction of the river Danube – Black Sea Canal, that began in 1978 and concluded in 1984, contributed significantly to the growth of the region and especially Romania and the port-city of Constanța. The traffic through the river and the industry along it increased substantially. The main product dispatched is oil and its products Turnock (1986). In the late 20th century, eight of the Black Sea countries experienced the first stages of their hard economic transition, a fact that influenced the region as a whole and led to its decline, at least in the short- and medium-run2. The last decade of the century brought stability in the region, political and economic security and in some cases also economic growth3. Between the years 2000 and 2008 the region was characterised by “high and sustained growth”, with increasing living standards, and high levels of trade and investment. Following the deterioration of the international systemic crisis, a worldwide financial failure took place in late 2008. This led most financial markets to collapse and the growth of the Black Sea region interrupted sharply.

In the following, we review the economic and mainly trade history of four of the port-cities on the Black Sea coast, Constanța, Odessa, Sevastopol and Trabzon and a reference is made on the trade routes of the times. The article concludes with the current comparative advantages of the wider region and the perspectives for socio-economic development. Based on the present literature review, we define also specific, relevant empirical questions in order to conclude on transnational policy proposals for creative collaboration and common prosperity.

2. Black Sea port-cities

In the current section, on the example of four chosen cities, we review the development through the centuries and conclude on the importance on one hand of the geopolitical position and of the sociopolitical occurrences on the other. By choosing Constanța, Odessa, Sevastopol and Trabzon, we aim to examine the economic history of three of the main port-cities of the region and consequently to review the development of the

2 The main drawbacks resulted in the decline of the Black Sea region were “the collapse of the old production and distribution systems, the unhealthy or missing legal frameworks, the not-running financial sector, the inconsistent structural reforms, the macroeconomic instability with high levels of inflation and no fiscal control, the establishment of the structures and institutions of the new states” Gavras (2010 :6).

3 This period of time brought a number of shocks, volatility of energy prices, the Russian financial crisis, the earthquake in Turkey and the crisis in Kosovo, that in a way influenced the Black Sea region but in another they benefited it Gavras (2010).
north, west and southeast Black Sea coasts.

2.1. Constanța

The Romanian city of Constanța, located in the west Black Sea coast, connects the river Danube to the Sea. Its favorable geographic position increases its trade value and gives the city significant dynamics. The port of Constanța was founded in 1896, rather late comparing with other Black Sea ports which date back many centuries, and was finished in 1909.

From the first years of its foundation, the cargo transported through Constanța port was of significant importance and trade increased considerably. During 1836, at the port Constanța were exported approximately 3,700 tons of cereals, while by 1870 this amount averaged 20,000 tons. Apart from cereals, trade of grain, tobacco, forest products and petroleum also increased. At that time, at the port of Constanța served Austrian, French and Russian ships Jensen and Rosegger (1968).

Till the outburst of the First World War Constanța was the main centre of oil export for Romania and played a significant role in the distribution of cereals. In 1916 Constanța was occupied by the German – Bulgarian troops and the city was severely damaged. In 1918 the city of Constanța retrieved its freedom. During the years that followed, the city met great economic and demographical expansion and many changes occurred in her economic status as, apart from commerce and shipping, industry and tourism were developing too Kontogeorgis (2007). The Industrial sector in Constanța was also flourishing during the mid-20th century, with the food industry being its leading part. The Second World War prevented the enlargement of the city. The industries where militarized and trade was affected exceptionally.

After the Romanian Revolution, in 1989, the activity of the port of Constanța noticed a real increase. Some years earlier, in 1984, the building of the main part of the Danube-Black Sea Canal, that links the North Sea (through the Rhine–Main–Danube Canal) to the Black Sea, was completed and the traffic through the river and the industry along it increased substantially. In order for more trade to be attracted in the country of Romania and more traffic through its ports, Constanța obtained in 2002 the “free port status” that promoted its importance Martin (2002). At the present time, the merchant fleet of Romania uses the port of Constanța for importing and exporting goods on the Black Sea and their transportation to the rest of Europe. The port is also used for the construction of the shipping needs of Romania Banister (2007).

2.2. Odessa

The city of Odessa, as we know it today, was established in the late 18th century to become during the 19th century the largest city of Ukraine Herlichy (1986) and “one of the leading grain emporiums of Europe” Prousis (1991). In 1794, under the command of Catherine II, Odessa, as part of the Russian imperial expansion process, was selected “to serve as a port of war and commerce” Fox (1963). The city, situated between the rivers Dniester and the Dnepr, provided the required physical characteristics for defense and transportation Fox (1963), while its location on the Black Sea was ideally not only strategically and politically, but also commercially and culturally Herlichy (1986).

During the 19th century, the city of Odessa constituted the most important port of the Black Sea region, with the cereals being the main trading export product between Black Sea region and Europe, particularly Italy. Russia’s agricultural advantage over the southern provinces of the region made the City, especially due to its favorable location, an “export point” for wheat commerce. In August 1819 Odessa was declared free for trade for a
thirty years period, a fact that enhanced the importance of Odessa in the wheat supply of the European markets.

During 1815-1824 approximately 709,371 chetverts of wheat were annually exported from the ports of Odessa, when the total wheat exports of Russia did not exceed 2,115,000 chetverts. Since 1866 and until 1868 wheat exports amounted 57% of Russia’s total grain exports, while 78% was shipped from the Black Sea and Azov Sea, when more than 50% having been embarked at Odessa. From 1806 to 1815 ships departure from Odessa averaged 30,000 tons, mainly grain, annually, while during the period 1815-1826 125,000 tons. The Greek War and the Russo-Turkish war hindered foreign trade at Odessa, though after the signature of peace trade recovered. Indicatively, in 1829 239 vessels, of approximately 51,670 tons in total, denatured from Odessa. Austrian ships ranked first, accounting for more than 40% of trade of Odessa. Russian ships ranked second followed by Ionian vessels, while British ships did not play importuned role during that time period. Since 1830 and for almost a decade exports, mainly of wheat, other grains, linseed, tallow and wool, from the port of Odessa reached approximately 200,000 tons annually, while the imports at Odessa, mainly of wine, dried fruit, olive oil, precious metals and raw cotton were 20,000,000 paper rubles annually. Finally, during the decade 1842-1852 Odessa emerged to “the principal wheat exporting centre of Russia”, after the establishment of free trade in grains by many western countries Puryear (1934).

Commercial success in Odessa and trade through its port owes a lot to foreign merchants. The foreign salesmen from Armenia, Moldova, Russia, Belarus, Serbia, Slovenia, Italy, French, a few from Germany, Denmark and England, were given incentives, such as taxes and services exemptions, in order to promote their commercial activity in the city Herlichy (1986) and Prousis (1991). The Greek traders’ role in the grain export activities of Odessa was rather important and along with the Jews and Italians contributed significantly to “the grain export business of Odessa” Herlichy (1986)². Apart from trade, the Greeks, Jews and Italians worked also as restaurant and hotel managers, while some of them served as mayors, officers in the municipal government, or consuls of for foreign states and generally they enchanted the economic development of the city Herlichy (1986).

However, the uncertainty derived from the Greek War and the Russo-Turkish war resulted in the trade of Odessa which was notably retarded. The Peace of Adrianople, signed in 1829, repealed the Turkish transit restrictions through the Straits and Odessa trade regained its importance Puryear (1934). By the end of the 19th century, though, the grain exports’ pace in the south-east parts of the region quickened and Odessa lost its relative supremacy Louri and Pepelasis – Minoglou (1997).

From late 19th century and thereafter, the city of Odessa was gradually developed into “a strong international industrial centre” Erkut and Baypinar (2007) and during the Soviet period its port served the naval forces. In the 20th century, the oil trade increased remarkably and the port of Odessa turned into an oil port. As Ukrainian grain exports over the Black Sea continued declining, Odessa port concentrated on oil and petroleum products, which after their arrival, they were carried by rail and entered the region through the Odessa port Fox (1963).

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4 Demetrios Spyridonovich Inglezes, was an example of a prosperous Greek merchant whose activity influenced the commercial and urban life of the city exceptionally Prousis (1991). Other examples of Greek traders were the Ralli brothers, the families of Marazli, Rodocannachi, Papudov, Mavrokordato and Zarifi Herlichy (1986).

5 Odessa was a populous and multiethnic city. Characteristic of that is the fact that fifty languages different from Russian were spoken in Odessa Herlichy (1977:56). Greek was the language heard most often, as the Greek population of the city was numerous Herlichy (1986:126), while Italian was the lingua franca of Odessa Herlichy (1973:187).
2.3. Trabzon

The city of Trabzon, situated on the Black Sea coast of northeast Turkey, has a special international trade role throughout history. As a port on the Ancient Silk road then and as a gateway to Russia, Ukraine, Georgia, Azerbaijan and Asia nowadays, Trabzon constitutes “a junction of the routes that link central Asia and India over Persia to Mediterranean, leading to Europe through the straits and Aegean Sea, and to Eastern Europe and Russia by crossing the Black Sea directly” Aydemir and Aydemir (2007).

According to Turk and Aydemir (2010) the strategic location of Trabzon and the fact that it retailed commercial relations with Asia and Europe made the city and its port an important exchange centre for goods. Since 2000 BC, when the beginning of its history is dated, Trapezounta experienced great diversity. In the 13th - 14th centuries it constituted a considerable trade centre, especially after the closure of the Egypt – Syria route to Europeans, a fact that established Trabzon as the only link of the times between Europe and Eastern Asia. During 15th - 18th centuries, the Ottoman Emperor closed gradually the Black Sea to foreign traders and used the City as one of his service centers, facilitating the economic, social and military life of the era Aydemir and Aydemir (2007). The international transportation is no longer transacted through Trabzon – Istanbul route, but through Erzurum – Tokat – Bursa. This matter of fact decreased the importance of the port of Trabzon and the Black Sea trade on the whole.

During the times of the Ottoman Empire, Trabzon provided products for Istanbul. The majority of food, linen goods and minerals coming from eastern Black Sea, Anatolia and Middle East to Istanbul and Rumelia were transported via its port. The city also served the military needs of the Empire, with the transfer expenses covered by the duty income from the port of Trabzon. Finally, it supported the social services, as the masques maintained functioned under the auspice of the port Aydemir and Aydemir (2007).

In early 19th century, Russia followed by Britain, France, Sardina, Denmark and Spain provided trading privileges in the Black Sea. This fact contributed to the revival of the Trabzon-Tabriz (Iran) route and the improvement of the Trabzon-Erzurum (Turkey) route, strengthening in that way the trade with Persia. Around 1870 trade between Europe and Persia via the route Trabzon-Erzurum averaged £2,400,000, while fifteen years later that amount falls to £1,092,617. The Trabzon-Tabriz route, in 1850’-1860’ accounted for almost two-fifths of total trade of Iran, whilst this amount decreased to less than the one-tenth by 1900’ (Issawi 1970).

The steam navigation, with the carriage of passengers and goods between Trabzon and Istanbul, was established, while roads and railways were improved (Issawi 1970). Aydemir and Aydemir (2007) point out that during the 19th century and early 20th century the overall trade volume was increasing, with considerable fluctuation though, and the economic and social life of Trabzon was flourishing. Since the arrival of a steamer chartered by British businessmen in 1836, the shipping traffic in the Trabzon port increased. In 1852 four Turkish, one Austrian and one British steamship, weighting 500 tons each, were calling at the port, while by 1890 ten lines served at Trabzon, carrying mainly grain. In 1900 entered the port 487 steamships, weighting 522,000 tons in total, and 6,600 sailing ships, 26,000 tons in total.

Since the outbreak of the First World War in 1914, the city of Trabzon lost its leading position. The Persian trade transacted from that time on, via Batumi and Basra-Beirut routes and no longer via Trabzon. During the second half of the 20th century, Iran and Turkey agreed to disrupt rail freight transport between the two countries, as the trade share of Iran in Trabzon was insignificant with no expectations for recovery. The Turkish government announced in 2004 a “Strategy of Trade Improvement among Neighbor Countries”, in order to encourage trade transportation between Turkey and Persian and middle Asian countries via rail, aiming to reduce the freight costs. This strategy constituted a hindrance to the flourish of Trabzon trade.
2.4. Sevastopol

Sevastopol, the city of “Russian Glory” Plokhy (2000), was established in 1783 in order to serve as a trading port and a naval base and bastion of the south Russian empire. Catherine the Great created the new city on the site of the ruins of the ancient Greek city Chersonesus, on the Black Sea coast of Crimea, and for many years Sevastopol was a great trading center attracting the interest of Greek, Tatar, eastern Slav and other merchants. However, Sevastopol since its establishment served mainly as the base of the Black Sea Fleet Qualls (2003).

Two wars, the Crimean War and the Second World War, marked the history of the city. On both cases the city was completely damaged and its population was either killed or abandoned the city. The two wars left Sevastopol in ruins and forced its people to evacuate their homes after strong defense, and so they created the “myth of Sevastopol”. That myth and the history of the city contributed to its rabid re-population and reconstruction after her liberation in May 1944 Qualls (2003).

In the second half of the 19th century, in 1853 more specifically, Russia started a campaign against the Turks in Moldavia and Wallachia. However, none of the west European powers wanted Russia to take control over the Balkans or the Black Sea straits and thus Britain and France gave support to the Ottoman Empire and the war moved to the Russian territory. After the allies invading the Crimea and surrounding Sevastopol, the main base of the Black Sea fleet, the battle ended and the city surrendered. As already mentioned the city was completely destroyed but due to donations and private initiative Sevastopol was rapidly reconstructed Plokhy (2000).

During the first decades of the 20th century, Sevastopol developed and regained its multi-ethnic character. However, the outburst of the Second World War and after two years of German occupation the city was once more in ruins and of its 110,000 residents, among them the Jewish and Tatar population, survived only 3,000. After the city’s liberation in May 1944 the population left and the German prisoners, along with the Navy, the most powerful institution in the city, tried hard to regain Sevastopol’s history Qualls (2003). Nowadays, the city of Sevastopol is under the administration of the Ukrainian government and its port remains the main base of the Black Sea Fleet6.

Unlike the ports of Constanța, Odessa and Trabzon analysed above, the port of Sevastopol was not a great trade port. Instead, its geographic location and navigation conditions contributed for the port to be selected as a naval point. The Black Sea Fleet used it as its base and constituted the main economic pool of the city through the centuries. On the contrary, the major role in the trade and transportation in the region became obvious through the analysis of the history of first three cities on the Black Sea coast. Moreover, one can easily confirm the second hypotheses, namely that various socio-political tumults, wars, political changes and economic challenges led to forcible, sometimes even impetuous reconstructions and adverse effects in socioeconomic development. Two of them, Constanța and Odessa managed to maximize their advantages and retain their status and importance till nowadays, while Trabzon lost its leading position.

3. Current comparative advantages of the wider region and the perspectives for socio-economic development

In the on-going crisis, the Black Sea region enjoys a number of characteristics that increase its comparative advantage. Its proximity to the European markets and Russia and the fact that it connects Central Asia and Middle

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6 According to the agreement signed in May 1997, the Soviet Black Sea Fleet was initially divided between Russia and Ukraine. Eventually, Russia took over control of 82% of the former Soviet Black Sea Fleet’s assets, although the agreement recognises the sovereignty of Ukraine over the city and its port. The agreement expires in 2017 with renewal perspectives.
East with the rest of the world, make its geographical location a precious characteristic. In a way, it could function as a bridge connecting the economically “weary” Western Europe with the dynamic regions in the east and contributing to the enhancement of creative collaborations in production and transportation.

The favorable business environment and the well educated and skilled, though low cost, labor force constitutes an initiative for foreign entrepreneurs. Furthermore, most of the countries of the Black Sea region had to deal with an especially critical socioeconomic situation during the 1990s. The experience they gained helped them to be more flexible and undergo the current crisis less severely than the rest of the world Audin and Triantaphyllou (2010), at least for the moment, as the persistence of the systemic crisis may lead to political turbulences in this part of the world.

Apart from the advantages above that improve the status of the area, there are challenges that the Black Sea countries have to deal with. Those challenges may be of different intensity for each country, as they differ in size, economic structure and development level, though in any case they constitute an important issue. Political antagonisms and instabilities can be extremely dangerous in the area, both, because of the world-wide unsteadiness but also the historic load.

Moreover, it is exactly the advantages of the area that, in case of an unfavorable political incident, may be transformed into an instability trap. For instance, the importance of the Black Sea area as an energy supply route has grown significantly. The pipeline routes for oil and gas from the Caspian basin and Russia to the West cross the region, a fact that creates various relationships between the producers (Russia, Azerbaijan, Turkmenistan, Kazakhstan) and between the consumers (the countries of the EU, Turkey, other countries). The key in that case is the balance that should be kept between the different interests of the different parties in order for “successful cooperation models” to be developed.

The decisions of the external players have a great impact on the Black Sea area and along with the current economic crisis, the diverging national economies and the competing interests make the security of the regional cooperation and stability a great issue. Prosperity and increasing living standards seem hard to be retained, while the economic and financial crisis, the weak domestic structures and continuous rivalry among the countries make difficult political reforms necessary. Finally, the steps made for the region building have been impressive. Though, no progress has been made towards the establishment of democratic institutions, while their proper functioning meets hindrances Audin and Triantaphyllou (2010).

Conclusively, the area has a contradictory, twofold character: long-lasting, traditional socioeconomic and ethnic / cultural bounds along with a historical load of conflicts; strength and opportunities, which at the same time can be the root of conflicts. Transnational / cross-regional co-operation between the local communities and the states of the area, as well as business-networking, is the key to utilise the existing comparative advantages and to counteract the existing risks.

4. Concluding remarks

The Black Sea region has a contradictory, twofold character, as the historical socioeconomic and ethnic / cultural bounds, which form the region’s character and create opportunities, are at the same time a cause for conflicts. The ports on the Black Sea coast played and continue to play an important role in the formation of the region’s character and its economic, social, cultural and tourist relations with the rest of the world. The four cases examined above are four characteristic examples of the the north, west and southeast Black Sea port – cities. Odessa, Constanța, Sevastopol and Trabzon own their enhancement to trade and transport through the Black Sea, but also the Black Sea trade was facilitated through them. Their role on the Black Sea trade routes, apart from the
transportation of merchants, soldiers, artists, travelers and goods, also promoted ideas, ethics and culture and pervaded the form of the whole region.

Throughout history the Black Sea functions as crossroads and a great variety of commodities have travelled through it into Europe, Central Asia and Middle East. The port-cities located on the Black Sea coast developed and reconstructed through a number of Wars, political changes and the economic and political transition of the Black Sea area. The area’s stability and prosperity have been threatened due to various facts and the geopolitical issues arisen were many. New opportunities appear, though, and the region enjoys a number of advantages comparatively to the rest of the world. The tools for dealing with the challenges of energy security, regional cooperation, the economic crisis, region building and sustainable development do exist. What lacks is the proper political environment and support.

What is important for the Black Sea region is the “image”. In the present exists no “regional image”. The Black Sea area is never presented as a whole, but as “different territories belonging to different countries”. To that venture could help the academics, the journalists the cultural institutions, and once an “international community” is created peace and stability would dominate inside the region and the interest of outside world would be attracted Prevelakis (2008).

It seems that the communities of the Black Sea region have things in common; however their economies are drifting apart. In order for the region to be a dynamic entity creative collaboration among the countries is required and common prosperity should be promoted. The areas of collaboration in which countries may be interested in are the ones that they have a comparative advantage or the ones they wish to develop Gavras (2010). Those areas include energy, transport, finance, telecommunications and environment. Gains among the region’s economies are essential in order for trade inside the Black Sea region to be promoted. Measures such as activities to facilitate trade, elimination of dual taxation, agreements for investments could work as gains between the economies. Furthermore the appropriate staff and officials and the dialogue regarding each countries interests, priorities and needs should be identified.

Last but not least, the existence of cross-national institutions that promote the goal of regionalism, cooperation and common prosperity in the area7 provides an era for scheduling and realising the needed policies. Yet, due to cases of overlapping agendas and the lack of collaborations among them with multiplicative benefits, there is a necessity for co-ordinating the activities of those institutions.

Above all, there is a need for a vision, a new “Charta” Woodhouse (1995). A noble cause, likewise to the masterpiece of Rigas Velestinlis, that will move the revolutionary potential of our time, regionally or even globally. Today, in the time where the “suspended step” of monetary unification in the European Union and the asymmetrical financial integration worldwide generate severe imbalances, there is a cry for democratization and socio-political integration too. Even if this mean that we should return to regional socioeconomic and political associations, on the basis of existing cultural, economic and historical bonds, like those around the Black Sea.

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7 Economic and political organizations such as BSEC, GUAM, the CDC and the Black Sea Forum, programmes initiated by the EU such us the TRACECA (the Transport Corridor Europe-Caucausus-Asia), the DABLAS (the Danube Black Sea Task Force), the INOGATE (the Interstate Oil and Gas Transportation to Europe) and the wider Black Sea policies such as the European Neighbourhood Policy, the Black Sea Synergy and the Eastern Partnership Audin and Triantaphyllou (2010)
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