

Black Sea countries, besides their geographical proximity, are very different in political and economic terms<sup>1</sup>, thus forming together a highly heterogeneous region. Meanwhile, regional cooperation is crucial for both the long-term development and prosperity of this region, which has much wider international implications<sup>2</sup>.

In this bulletin, we discuss the positions held by Black Sea countries in various international rankings (indicators and indices). This helps us to understand and assess how those states are performing in different areas, to detect what similarities and differences can be found between the countries of the region, as well as to compare the performance of Black Sea countries with that of the rest of the world.

### Black Sea countries in Key Indicators

Black Sea Countries in key indicators (World Bank, 2020)				
	GDP per capita, PPP (current int. \$)	GNI per capita, (current \$)	Yearly population growth (average of past 10 years)	Unemployment (%)
Bulgaria	24,620.0	9,630 (upper-middle income)	-0.6	5.1
Georgia	14,761.5	4,270 (upper-middle income)	-0.2	18.5
Romania	31,945.7	12,580 (upper-middle income)	-0.5	5.0
Russia	28,213.4	10,690 (upper middle income)	0.1	5.6
Turkey	28,113.7	9,050 (upper middle income)	1.5	13.1
Ukraine	13,056.7	3,540 (lower middle income)	-0.4	9.5
World	17,082.8	11,065.9	1.2	6.5
Europe & Central Asia (excluding high income)	22,664.7	7,914.1	0.5	7.9
Europe & Central Asia	35,606.5	24,038.5	0.4	7.4

According to the World Bank's country classifications by income level<sup>3</sup>, all six Black Sea countries fall into the group of middle-income countries. Five of them are upper-middle income economies (US\$4,096 - 12,695), while Ukraine with GNI per capita of \$3,540 is classified as a lower-middle income country. Though, Georgia, with \$4,270, is slightly above the threshold of \$4,096 and is quite close to Ukraine.

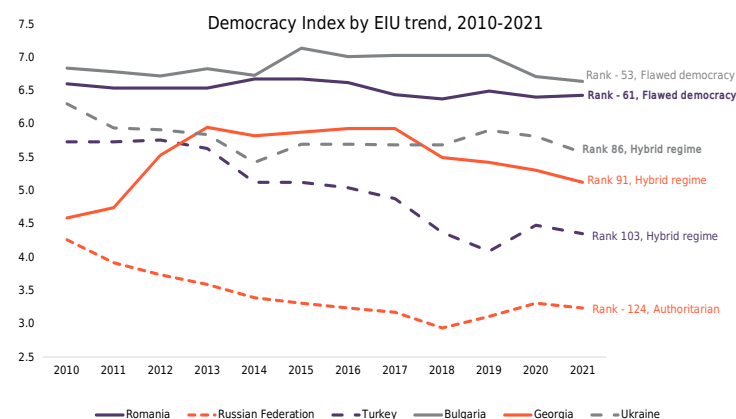
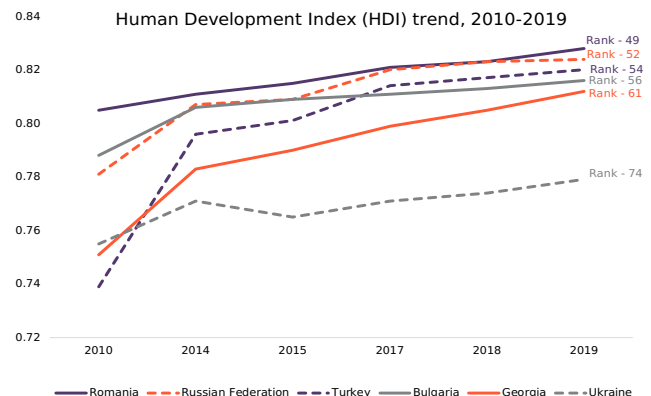
According to GDP per capita adjusted by purchasing power parity (PPP), Georgia and Ukraine, are behind the world, and all six countries of the Black Sea region are performing worse than the bigger region of Europe and Central Asia.

Most of the countries of the region, except Turkey and Russia, had declining population growth during the past decade. Looking at the average of 2010-2020 years, the population growth was the lowest in Bulgaria and Romania, -0.6% and -0.5% accordingly. Meanwhile, the population of Russia grew over the average of the same period, but only by 0.1%, whereas the growth of the Turkish population was 1.5%, which is higher than the growth of the population of Europe & Central Asia, as well as of the world population.

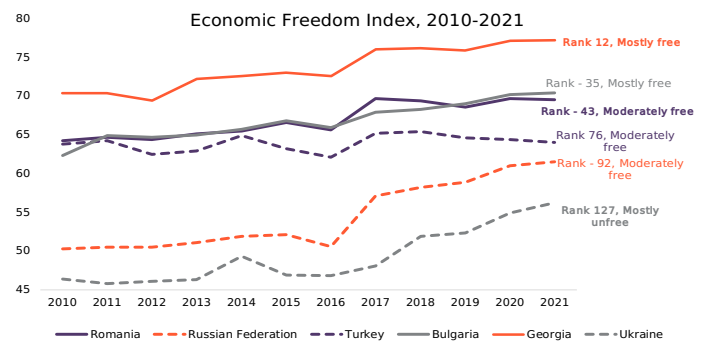
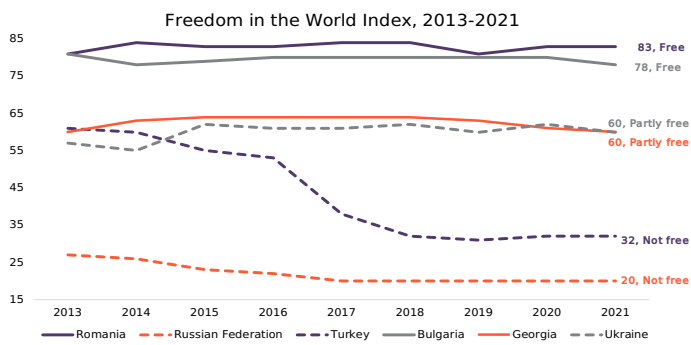
The situation regarding unemployment is relatively uneven in the region. In 2020, the highest unemployment rate in the region was recorded in Georgia with 18.5%, which was considerably higher than in any other Black Sea country and almost triple the world rate of 6.5%. Relatively high rates of unemployment were recorded in Turkey (13.1%) and Ukraine (9.5%) as well, while Romania (5.0%), Bulgaria (5.1%) and Russia (5.6%) performed better and recorded unemployment rates below the world rate (6.5%), as well as below the unemployment rate of Europe and Central Asia region (7.4%).

### Black Sea countries in International Indices

In the United Nations Development Programme (UNDP)'s **Human Development Index (HDI)** ranking (latest available for 2019), the Black Sea countries held positions very close to each other. Five out of the six countries of the region were classified as countries with very high human development (the highest possible classification), with Romania ranked at 49th out of 189 countries across the world, and with Georgia ranked 61st. Ukraine, ranked 74th, was the only country of the region classified as a country with high (rather than very high) human development. Looking at the HDI trends over the last decade, it can be said that the performance of Black Sea countries has been improving evenly. From 2010 until 2019, the highest jump in the HDI score was recorded by Turkey with an increase of 0.16 points, while the lowest rise (0.09 points) was recorded by Ukraine.



The Black Sea region appears to be more diverse however when it comes to democracy and freedom. According to the **Economist Intelligence Unit's Democracy Index**, which is based on five pillars that measure the state of democracy in each country, two states of the Black Sea region, namely Bulgaria (6.64) and Romania (6.43), were classified as flawed democracies (range from 6.0 to 8.0) in 2021. Ukraine (5.57) being only slightly below the threshold for flawed democracies fell into the group of countries with a hybrid regime (4.0-6.0), alongside with Georgia (5.12) and Turkey (4.35). Finally, Russia with a score of 3.24 and a ranking of 124th out of 167, was classified as an authoritarian country (0.0-4.0). None of the Black Sea countries scored higher than 8.0 points in the Democracy index, meaning none of them have been identified as a full democracy.



**Freedom in the World**, published by the Freedom House, is an index based on indicators of political rights and civil liberties that classifies 195 countries and 15 territories of the world as either Free, Partly Free or Not Free. Countries classified into all three groups can be found in the Black Sea Region. In 2021, Romania and Bulgaria, with scores of 83 and 78 out of 100, were given the status of free countries; Georgia and Ukraine both scored 60 out of 100, were classified as partly free states; while Turkey and Russia, scored only 32 and 20 out of 100 points, and were identified as not free countries.

When it comes to economic freedom, according to the **Economic Freedom Index 2021 by the Heritage Foundation**, Georgia (77.2), ranking 12th in the world, is the best performer in the region, while Ukraine (56.2) sitting at 127th in the world and classified as a mostly unfree country is the least economically free state in the region. Bulgaria (70.4), ranking 35th in the world, is considered a mostly free country alongside Georgia. The other three Black Sea countries are identified as moderately free. Meanwhile, none of the countries of the region are classified as totally free (a score higher than 80) or repressed (a score lower than 50).

	Ease of doing business 2020*		Global Competitiveness Index 2020*	
	Score	Rank	Score	Rank
Bulgaria	72.0	61	64.9	49
Georgia	83.7	7	60.6	74
Romania	73.3	55	64.4	51
Russia	78.2	28	66.7	43
Turkey	76.8	33	62.1	61
Ukraine	70.2	64	57.0	85

\*The report shares the results of 2019

Looking at another renowned, though recently discontinued<sup>4</sup>, ranking, namely the **Ease of Doing Business Index** compiled by the World Bank, which was more focused on freedom in conducting business activities, in 2019 Georgia finished as the top performer of the region, ranking 7th in the world, while Ukraine ranked 64th (the worst score among Black Sea countries). However, interestingly, according to this ranking, the two EU member states in the region - Bulgaria and Romania, were outperformed by both Russia and Turkey.

Besides economic freedom, there are other important variables that determine the economic success of a country. In particular, the **Global Competitiveness Index** designed by the World Economic Forum assesses the long-term competitiveness and productivity of countries, based on 12 pillars including, "Institutions", "Infrastructure", "Macroeconomic Stability" and "Skills". According to the index in 2019, Georgia, scored only 60.6 out of 100 and ranked 74th in the world, meaning it was outperformed by all Black Sea countries, except Ukraine. Overall, the scores of the Black Sea countries are quite close to each other, ranging from 57.0 points scored by Ukraine to 66.7 points gained by Russia.

According to the World Bank's **Worldwide Governance Indicators**, there are problems regarding political stability in most of the countries of the region, with Turkey and Ukraine being ranked in the 12th percentile (that is they perform better than 12% of all countries in the world), Russia in the 21st, and Georgia in the 31st. Russia and Ukraine perform very poorly under the indicator of rule of law, with Russia ranking in the 23rd and Ukraine in the 19th percentile, as well as under the indicator of corruption, with Russia and Ukraine ranked in the 19th and 24th percentiles respectively. Meanwhile, in Georgia (72nd percentile), corruption can be said to be well-controlled. Georgia (75th percentile) is also the leading performer in the region under the indicator of government effectiveness, in which Ukraine (39th) and notably Romania (43rd), showed the poorest performance.

	WORLDWIDE GOVERNANCE INDICATORS 2020, Percentile rank (0-100)			
	Political stability & absence of violence	Control of corruption	Rule of law	Government effectiveness
Bulgaria	61	46	51	50
Georgia	31	72	61	75
Romania	64	55	64	43
Russia	21	19	23	55
Turkey	12	44	40	52
Ukraine	12	24	27	39

While assessing governance indicators, it is worth looking at the assessments of the citizens themselves. According to the **World Values Survey (Wave 7: 2017-20)**, when asked to assess the level of confidence in their governments, the majority surveyed in Turkey (68.8%) and Russia (53%), answered that they felt "a great deal" or "quite a lot" of confidence in them. Meanwhile, the majority of respondents in Bulgaria (75.4%), Romania (75.3%), Ukraine (74.3%), and Georgia (60.8%) answered that they felt little confidence or no confidence at all in their government. The results of this survey are not in line with the situation depicted by the World Governance Indicators presented above, which can be interpreted as additional evidence for the previously discussed indices regarding democracy and freedom, in which Turkey and Russia were the worst performers among the Black Sea countries.

To summarize, in terms of average living standards or economic wellbeing, measured by GDP per capita, PPP and GNI per capita, as well as in terms of human development, the Black Sea region appears to have two groups: Romania, Bulgaria, Russia and Turkey in a better-performing group and Ukraine and Georgia sitting below their peers. Meanwhile, when it comes to democracy (Democracy index) and civil freedom (Freedom in the World index), as well as in terms of some of the World Governance Indicators, the worst performers in the region are two countries from this higher income group - Russia and Turkey, both being classified as not free countries and Russia being considered to have an authoritarian regime. On the contrary, the country with one of the poorest economic performance in the region - Georgia, which also suffers from the highest unemployment rate among Black Sea countries and is one of the worst performers in the Black Sea region in terms of long-term economic productivity and competitiveness (World Competitiveness Index) as well, is quite a lot more free and democratic state. Moreover, Georgia is the best performer of the region when it comes to economic freedom (Economic Freedom Index & Ease of Doing Business Index) as well as, corruption and government effectiveness (World Governance Indicators).

1. There are two EU members (Bulgaria, Romania), three NATO Allies (Bulgaria, Romania, Turkey), two countries seeking for NATO and EU memberships (Ukraine, Georgia) and Russia, representing competing political pole in the region. There are ongoing conflicts in the region between Russia and Ukraine and Russia and Georgia.

2. Black Sea is a vital route for the movement of energy to Europe and the second-largest source of oil and natural gas in the world, therefore economic and political situation of Black Sea countries has large implications for regional and global powers.

3. Source: <https://blogs.worldbank.org/opendata/new-world-bank-country-classifications-income-level-2021-2022> (Romania, which was classified as high income country before, moved to upper middle income group according to this new classification)

4. Source: <https://www.worldbank.org/en/news/statement/2021/09/16/world-bank-group-to-discontinue-doing-business-report>