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**STATEMENT BY H.E. MR. MUSA PANAHOV,
DEPUTY MINISTER OF TRANSPORT OF THE AZERBAIJANI
REPUBLIC, AT THE FOURTEENTH MEETING OF THE OSCE
ECONOMIC FORUM**

Prague, 23 May 2006

**Plenary Session I: Transport development to enhance regional economic
co-operation and stability; the special case of landlocked countries**

Distinguished participants in the Forum,
Ladies and Gentlemen,

In view of the importance of the transport sector for economic development in OSCE participating States, I think it is obvious to us all that questions of transport will appear on the agendas of future OSCE Economic Forums just as they have this time. After all, by developing co-operation in the area of transport communications we are furthering the development of mutually profitable and amicable relations between our peoples and thereby creating favourable conditions for the development of free international trade based on unhindered and safe movement of persons and goods.

Regional co-operation is an effective instrument for ensuring that the fullest possible use is made of the massive economic potential of our countries. Strengthening of regional co-operation, in the sphere of transport as elsewhere, is beyond any doubt a decisive factor, one which will influence the stable economic development of the countries in the region and foster their integration in the world economy — something which is particularly important for landlocked countries.

The improvement of transport links between our countries depends directly on the level of their collaboration in economic matters and trade, but also on the aptitude and reliability of the transport system in arranging transit traffic.

The political and economic stability that has been attained in Azerbaijan was a prerequisite for accelerated social and economic development of the country and one of its vital components — the transport sector. This is one result of a purposive State policy aimed at building a State subject to the rule of law which can aspire to integration in European international society.

Today, Azerbaijan is a reliable partner and an active participant in large projects which are required for the development of Eurasian transport linkages. Joint utilization of the transit potential of the region's countries offers a real possibility for implementing large-scale

international projects. Constituting as it does a natural bridge between Europe and Asia, Azerbaijan is involved in the transport of cargoes via the international transport corridors — “West–East” (TRACECA) and “North–South”.

One of the important aspects of purposive development of trade and economic relations between our countries lies in the creation of effective regional links which make it possible to expedite the transfer of goods and services, reduce the costs of commerce, enhance the efficiency and safety of transport operations and simplify customs and border procedures.

Questions of ensuring safety and adequate environmental protection in transport should be considered in the context of simplifying trade relations, increasing import-export turnover and developing cultural exchanges between countries, and the creation of non-physical barriers at border crossings should be avoided.

As a landlocked country, Azerbaijan attributes particular significance to the development of effective and safe transport connections that make it possible to reach international markets. Because of existing regional conflicts, in particular Armenia’s aggression and occupation of 20 per cent of our country’s territory, which has involved the destruction of transport infrastructure in the occupied regions, Azerbaijan’s access to trans-European transport networks via the Transport Corridor Europe–Caucasus–Asia (TRACECA) has been limited for more than 15 years now, and we are unable to make full use of the North-South transport corridor as well.

Given the situation that has arisen, Azerbaijan, in order to gain secure and unhindered access to world markets and implement the Almaty Programme of Action, has become an active participant in some of the largest regional transport and power projects. These involve:

- Transport of hydrocarbon resources of the Caspian Sea and of the Central Asian region to European markets through the Baku–Tbilisi–Djeikhan oil pipeline, which is to be put in service in July of this year at Djeikhan, and the Baku–Tbilisi–Erzerum gas pipeline, construction of which will be completed this year;
- Establishment of a new direct rail link Istanbul–Kars–Akhalkalaki–Tbilisi–Baku in connection with the TRACECA transport corridor provides a connection to pan-European routes; and
- Construction of a railway line Kazvin–Resht–Astara (Iran)–Astara (Azerbaijan) for service in connection with the North-South transport corridor.

These projects are in line with the goals of the Trans-European transport network and the European Neighbourhood policy; they are based on purely economic considerations and pass through regions of obvious social and economic interest, creating the conditions needed for the development of the peripheral regions of participating States.

Political stability and peace are the essential conditions for economic prosperity and security and I am firmly convinced that peaceful settlement of all regional conflicts in the very near future will offer reliable guarantees of development and security in the region. I should also like to mention that Azerbaijan is ready to engage in co-operation with all States

of the region, including Armenia once the conflict has been settled and all occupied territories have been liberated by that country.

In conclusion, I should like to thank the Belgian Chairmanship of the OSCE and the Government of the Czech Republic for their excellent organization of this Economic Forum — a meeting, I should add, which we regard as particularly important for instilling a spirit of universal co-operation among all participating States of the OSCE. We also believe that the OSCE should use its potential more effectively in helping to resolve existing conflicts in the Southern Caucasus with a view to strengthening co-operation and confidence, as that too would help create a favourable climate for the development of social and economic as well as transport links.

Thank you for your attention.