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Mr. Chairman,

At the very outset, I would like to express our thanks to this session's keynote speakers for their very detailed and thought-provoking presentations. We consider the OSCE as a proper forum, where we can discuss the issues of regional cooperation, obstacles on its way, risks and challenges it faces, as well as searching of ways for solution of existing political problems.

Touching upon the issue of political problems that still exist in the region of South Caucasus, it should be absolutely clear that the major impediment for the full-scale development of the region is the armed conflict between Armenia and Azerbaijan.

We often hear statements from the Armenian side that this country is a victim of attempts of certain of its neighboring states to isolate it from international markets through restricting Armenia's access to the main transport corridors.

I would like to clarify that the behavior of Armenia, namely its aggressive policy of territorial claims, resulted in occupation of 20% of the territory of Azerbaijan has led to the isolation by this country of itself from participation in the large-scale economic projects and joint efforts of the countries of the region towards economic development and prosperity.

Another argument widely used by the Armenian side says that Azerbaijan opposes any cooperation with Armenia. In this regard, I would like to stress that my country has established and successfully develop good and mutually beneficial neighborhood relations with all states in the region. Such approach is based on a system of values of European democracies, first of all, on the climate of mutual trust, respect and legality. Our confidence in

Armenia could emerge only if we see the progress in the conflict settlement process.

Azerbaijan has repeatedly reiterated at various international conferences that it stands ready to cooperate with all countries in the region including Armenia, after the political solution of the conflict with the latter is achieved, all occupying forces are withdrawn and occupied territories are liberated. Azerbaijan remains committed to a peaceful settlement of the conflict on the basis of universally recognized norms and principles of international law.

In the course of preparatory work to the Prague Forum, as well as here in Prague we often referred and continue to refer to the issue on how the transport sector could promote conflict resolution. Of course, each of the existing protracted conflicts in the OSCE area has its own particularities and specific background and what are the most important, dear colleagues, consequences. Speaking about our case it should be ultimately stressed that under the continued occupation of the territories one can hardly imagine restoration and effective functioning of communications.

As far as the substance of some concrete proposals is concerned, I would like to underline that some options which have already been discussed during the negotiations have also been reflected in today's presentation by Mr. Snoy.

Thus, back in 1998, Azerbaijan proposed to re-open the Baku-Yerevan railroad (Southern Route) in exchange for the withdrawal of the Armenian troops from 5 occupied regions of Azerbaijan. It was a starting point in the negotiations, supported by the EU and rejected by Armenia which started to bargain with us regarding figures, number of regions etc. Such attitude of the Armenian side raises serious doubts and questions over sincere and real intention of this country to engage in confidence-building in the region.

Our current proposal in the framework of peace negotiations is to reopen the road linking Aghdam and Nakhchivan through the Armenian territory, the so-called "Lachin route". Use of this road by both parties in both directions through itinerary of Aghdam-Khankendi-Shusha-Lachin-Goris-Shahbuz-Nakhchivan under the conditions of ensuring security of the road by international forces will provide for a mutually secured connection between Armenians living in Armenia and Armenians living in Nagorno-Karabakh as

well as for the connection between Azerbaijan and Nakhchivan. This will also bring about confidence between the parties and will guarantee secure connection of Armenia with Azerbaijan and Turkey. Azerbaijan suggests a bilateral use of the Lachin route while Armenia is trying to maintain the occupation of the part of the Lachin region for unilateral use of this route by itself.

In conclusion, let me express our belief that the OSCE could support this proposal of the Azerbaijani side which in a practical way will contribute to the settlement of the conflict through resolution of transport problems. In its turn, OSCE could play the role of facilitator, mediator in securing contractual agreements, coordinator in arranging conditions, different parameters and modalities of mutual use of this road.

Thank you.