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A D D R E S S

**by H.E. Dr. Elmar Mammadyarov,
Minister of Foreign Affairs of the Republic of Azerbaijan,
at 568th (special) meeting of the OSCE Permanent Council**

Vienna, September 6, 2005

Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

It gives me a great pleasure to address the OSCE Permanent Council for the first time and I would like to thank the Slovenian Chairmanship and distinguished Ambassador Lenarcic personally for convening this special meeting.

Already thirty years have elapsed since the time the OSCE started its path as a consultative conference when the first successful pan-European attempt was made to formulate the principles of interstate relations. These principles are still valid and may be even more important today because they are being violated when one state occupies the territories of another state, awkwardly covering this by wrongly interpreted norms and principles of international law, and this is being tolerated by the international community.

The period after the end of the Cold War illuminated the need for the OSCE to be transformed into an organization capable of immediately and effectively responding to threats and challenges faced by its member states. Today enhancing the effectiveness of the OSCE is among the top priorities on the current OSCE agenda. The Republic of Azerbaijan has always been of most strongest supporters of the idea of strengthening the Organization and hopes that the implementation of this initiative will be conducive to making the OSCE a full-scale regional organization and increasing its role in achieving comprehensive security and stability in all over the OSCE area.

We believe that the major mission of the OSCE is and should be to protect norms and principles it advocates without constraints, double standards and geographical preferences, and to ensure the respect for them in interrelations of its member states. This is the quintessence of the OSCE, and it is our common task. This is also true about the humanitarian, economic and political dimensions of the OSCE. Azerbaijan is cautious about any disbalance or underestimation of any of the OSCE baskets, since all of them are unique and equally important.

Considering the OSCE development it is impossible to disregard the Paris Charter of 1990, as well as the Helsinki meeting of 1992 when the OSCE experienced its re-birth having obtained new members, including the states of the former Soviet Union. These states came into OSCE with their own problems and expectations. How successful we are today and how helpful the OSCE was?

Azerbaijan is one of the unique states belonging to both Western and Eastern civilizations and located on the crossroads of several cultures. This is the country of three major world religions, a country where representatives of many different

nations enjoy peaceful and friendly co-existence alongside the major Azerbaijani nation. Obviously, the majority of the population profess Islam, nevertheless, our state is founded on the principle of secularism. In general, it should be noted that Azerbaijan is a state where the rights of every citizen is protected without discrimination. Yes, we acknowledge that there are some problems and shortcomings, but we tackle them seriously and decisively.

Mr. Chairman,

The Republic of Azerbaijan has gone through hardships and difficult tests towards its independence, facing aggression by Armenia, internal struggle for power and a threat of civil war, socio-economic consequences of the conflict with Armenia, when every eighth Azerbaijani became a refugee, transition problems and others. In spite of these difficulties Azerbaijan managed to stand firm. In the past years Azerbaijan has made great advances in building democratic institutions and free market economy. Establishment of stability and rule of law combined with steady economic development created a solid ground for democratic reforms and tackling outstanding social and economic problems. Today Azerbaijan is one of the fastest developing countries in the former Soviet Union.

As a result of the wide-range reforms conducted in recent years, improvement of the legislation and adoption of effective measures of macroeconomic regulation, substantial success was achieved in Azerbaijan in the dynamics of economic growth, stabilization of prices and exchange rate as well as in the creation of favourable conditions for the attraction of domestic and foreign investments (FDI).

Since 1996, the economic decline has been stopped and an upward trend of the GDP growth is currently underway. As it has been forecasted, the GDP rate for 2005 is 18,6% and will increase further in next years. According to IMF prognosis, 2006 GDP growth rate will reach 38.3%, thus demonstrating the highest GDP growth forecast among all IMF member-states.

The Government of Azerbaijan continues to make every effort to provide a favourable environment for acceleration of investment promotion in the country. Within the period of 1994-2004 more than \$16 billion were invested in the country's economy, \$11.9 billion of that amount being foreign investments. Since 2005 general foreign investments have so far amounted to roughly \$3 billion. These figures suggest a stable and manageable macroeconomic performance of a country with a relatively small population but with growing market opportunities. The bulk of foreign investments is concentrated in the mineral resources sector, which is the driving locomotive for the entire economy. For the period of 1994-2004 more than \$10 billion were invested into oil and gas sector and about \$20 billion more is expected to flow-in as a result of the continuing development of infrastructure.

Azerbaijan attaches great importance to multilateral cooperation in the field of exploitation and transportation of the Caspian Sea energy resources. The construction of Baku-Tbilisi-Ceyhan oil and Baku-Tbilisi-Erzurum gas pipelines create necessary conditions for the transportation of energy resources to the world and European markets.

Addressing development challenges in the context of globalization Azerbaijan now develops the non-oil sector in order to diversify economic production and enhance its competitiveness in international trade and investment. On the other hand, we are developing adequate institutional infrastructure and capacities, pursuing administrative reforms aimed at enhancing efficiency of public administration, ensuring good governance, fighting bureaucracy and corruption to be able to manage all of these challenges. Establishment of the State Oil Fund and joining the Extractive Industries Transparency Initiative is an important endeavour undertaken by the Government in order to ensure transparency in oil revenues collection and public spending.

In order to highlight some concrete measures taken by the Government of Azerbaijan, I would like to point out the State Programmes on *Poverty Reduction and Economic Development* (2003-2005, 2006-2015), on the *Development of Tourism* (2002-2005), on the *Social-economic Development of the Regions* (2004-2008) as well as a *National Strategy for the Development of Information-communicational Technologies* (2003-2012). These programmes are directed at the growth of the non-oil sector of the economy and foresee the development of all regions of Azerbaijan. Moreover, a number of programmes have been adopted, which are aimed at the encouragement of certain sectors of the economy and small and medium enterprises.

Mr. Chairman,

Massive reforms have also been implemented for the improvement of the national legislation and these activities are continuing to be carried out: adoption of the Election Code, the Law on the Constitutional Court, the Law on the Commissioner of Human Rights (Ombudsperson), improvement of the judiciary, police activity, penitentiary systems and development of the local self-government as well as amendments to the Criminal Code.

Realizing the negative effect of weak governance and corruption on the social-economic development of the country, the Government has embarked on reforms aimed at the reorganization and reduction of the bureaucratic apparatus and government institutions, liberalization of entrepreneurship activity, improvement of resource distribution and its transparency, increase of salaries. Laws on the *Struggle against corruption* (2003) and on the *State Service* (2001) were adopted; Azerbaijan has also acceded to the Civil Law and Criminal Law Conventions on Corruption of the Council of Europe.

Mr. Chairman,

Today Azerbaijan is on the eve of parliamentary elections and very often, we happen to hear the opinions stating that this is the test for democracy and efficiency of the reforms. Yes, one can agree with them, however, Azerbaijan already has the experience of conducting parliamentary and presidential elections. Relying on the opinion of the international community we can assure that this experience was a leap forward and we target at implementation of democratic principles and democratic methods in conducting the upcoming parliamentary elections.

The forthcoming election is not the first event of its kind and the Government of Azerbaijan is doing and will do its best to ensure that the elections be held fairly, freely and in line with democratic standards. The Decree of the President of the Republic of Azerbaijan on "*Improvement of Election Practice in the Republic of Azerbaijan*" dated 11 May 2005, should be estimated as a strong determination of the Government to direct all the possible resources and spare no efforts for conducting free and fair elections. One of the issues reflected in this decree is the task to hold the exit poll process, which while being practiced in a number of world countries, is an innovation for Azerbaijan and no experience in this field have been gained so far. Now when the process of exit-poll is launched, we will be in need of assistance by international community, OSCE surely to be on this list.

The Government of the Republic of Azerbaijan pursuing transparent policy on this issue cooperates with different international organizations. For instance, the Action Plan of the Council of Europe for the improvement of election practice in Azerbaijan has successfully been carried out. This Action Plan covered the issues like upgrading the professional level of election committees, raising public awareness, assistance to the NGOs, which are to monitor the elections, organization of workshops for media representatives and etc.

On August 30 of this year the Public TV began broadcasting. This is another indication that Azerbaijan is strengthening its efforts to ensure freedom of expression and create equal media access for all the candidates. The number of candidates in this election is as twice as the number in the previous parliamentary elections. This represents the proof of the interest to these elections and increase of political activity among population. We believe that political competition of parties should not serve for the radicalization within the society. On the contrary, sound democratic thinking and political culture should be employed in order to ensure and respect pluralism.

We are approaching this election having in reserve considerable knowledge of implementing reforms in economic, military-political, civil society, security sector areas, etc. Many of these reforms are being realized in cooperation with the Council of Europe, European Union and NATO. With regard to the Council of Europe, we can note that Azerbaijan effectively fulfills its commitments, and this is known in the OSCE as well. The European Neighbourhood Action Plan with Azerbaijan is under

preparation. Furthermore, the realization of Individual Partnership Action Plan of Azerbaijan with NATO, which covers the main directions of military-political area and democratic control of armed forces, is currently at full swing.

We highly appreciate our cooperation with the OSCE and especially with the ODIHR. That covers wide spectrum of issues such as assistance in conducting elections, implementation of democratic reforms, strengthening democratic institutions, etc. Azerbaijan considers that the continuation of the ODIHR assistance to the process of reforms in the country is very important and hence stands ready for further cooperation with the ODIHR at the national level.

Mr. Chairman,

Domestic political reforms in Azerbaijan are one of the main topics of cooperation with the OSCE. However, within the public opinion in Azerbaijan OSCE is first of all associated with another issue, which is painful for every Azerbaijani citizen. I believe you are aware of what I mean: this is Armenian occupation of the territories of Azerbaijan. Our Mission in Vienna has repeatedly highlighted the issue in this fora. OSCE is deeply involved in the settlement process. Although my colleagues present here are well informed about the problem, I have to underline some key elements.

Firstly, this conflict, which developed as a continuous military-political aggression against Azerbaijan and has brought to the occupation of territories and the massive expulsion of Azerbaijani population is unprecedented in the post-Soviet era for its scale and consequences, as well as for the level of indifference shown to it by the international community. Secondly, this conflict in its essence has a strong geopolitical charge and goes beyond the borders of the Republic of Azerbaijan for its impact, affecting and impeding the normal development of the entire region of South Caucasus. Thirdly, Armenia will never get an inch of territory of Azerbaijan. Yes, it has caused enormous damage to Azerbaijan, but the deepest precipice threatens its own nation. Fourthly, All OSCE member states, especially the Minsk Group member states and its Co-Chairmen have to be interested and actively contribute to the conflict settlement.

The chances for conflict settlement have never been as high as today. Azerbaijan has clearly and unequivocally demonstrated its motivation towards constructive solution of the problem within the so-called Prague process. We expect from the Armenian side the same kind of constructiveness and hope that they will not miss this chance. Acting in conformity with the spirit and letter of Helsinki Final Act, Azerbaijan is ready for the solution to the conflict based on respect for the territorial integrity and sovereignty of Azerbaijan. The status of the Nagorno-Karabakh region of the Republic of Azerbaijan has to guarantee peaceful co-existence of Armenian and Azerbaijani population of this region.

Subsequently, the status could be worked out with full-fledged and equal participation of Armenian and Azerbaijani populations within the framework of lawful and democratic process, which ensures the consideration of the opinions of both communities. It would be fair and democratic to presume that both communities should come to an agreement over this status. While envisaging this issue as the final stage in the settlement process, it would be logical to suppose that for the return of Azerbaijani population to the Nagorno-Karabakh region, provision of mutual security guarantees, normalized living conditions and economic development are essential. The Government of Azerbaijan will be ready to interact with the leaders of both communities on this issue, and will do its best to assist them in infrastructural rebuilding and economic progress of the region, including attraction of investments at local level.

Normalization of life in the region will include the creation and development of local governance institutions at transitional level up to the agreement on final status is achieved. This also implies close cooperation between both communities with participation of the Government of Azerbaijan and international organizations, primarily, the OSCE. Apparently, this stage will not become a reality without liberation of occupied territories and restoration of Azerbaijan's sovereign rights over these lands, including seven regions around the Nagorno-Karabakh region.

Naturally, there will be a need for international participation with regard to political and legal guarantees as well as deployment of peacekeeping forces, which could support the parties in withdrawal of armed forces and return of territories, restoration of communications and rehabilitation of lands, provision of security guarantees, including the creation of local police forces in the Nagorno-Karabakh region for both Armenian and Azerbaijani communities.

Return of all seven regions is possible stage by stage. Nonetheless, only the return of all seven regions will allow Azerbaijan to correctly judge about the intentions of Armenia with regard to establishment of good neighborly relations with Azerbaijan, will help Armenia to get rid of the burden, which it has self-imposed having committed aggression against Azerbaijan. This will also enable both parties to fully reveal and explore the opportunities and perspectives to be brought by the settlement of the conflict. Having said this, I should particularly stress that territories cannot be held hostage.

Mr. Chairman,

Special attention in the conflict settlement should be given to the issue of communications. Those who are familiar with the conflict often encounter with the notion of "corridor". Azerbaijan suggests to switch from restricting antagonistic understanding of a corridor to the mutual use of all communications in the region by both parties. This approach acquires a particular importance with regard to the so-called Lachin corridor, which is important not only for Armenia for the purposes to

connect with the Armenian population in Nagorno-Karabakh region, but also for Azerbaijan to connect with Nakhichevan through Armenian territory.

The usage of Lachin road by both sides in both directions through the itinerary of Aghdam-Khankendi-Shusha-Lachin-Goris-Shahbuz-Nakhichevan under the conditions ensuring the security of this road by international forces at the first stage can provide Armenia and Azerbaijan with guaranteed secure connections. Significance of such utilization of so-called Lachin corridor goes beyond the particular technical nature of transport communication and its security. This road could become a road of peace and cooperation and constitute a great importance in political and trans-regional sphere.

Today, after the meeting of the Presidents in Kazan, we expect subsequent activation of the negotiation process with the participation of Minsk Group Co-Chairmen.

Azerbaijani society is striving for the soonest settlement of the conflict. Of course, all political forces in Azerbaijan express their principled position towards this issue, in this or the other way. However, all of them are united around one common position, which is based on the respect for territorial integrity and sovereignty of the Republic of Azerbaijan, acceptance the Armenian population of the Nagorno-Karabakh region as Azerbaijani citizens and readiness to guarantee their security. The Government of Azerbaijan intends to search for the ways of peaceful settlement of the conflict in the framework of the above-said principles.

Thank you.