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THE 15th MEETING OF THE OSCE ECONOMIC AND
ENVIRONMENTAL FORUM**

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Environmental security in the Caspian Basin — priorities and prospects

Mr. Chairman,
Ladies and Gentlemen,

First of all, I should like to thank the OSCE and the Czech authorities for the excellent organization of the 15th OSCE Economic and Environmental Forum.

The problems being discussed at this Forum are of relevance to all participating States, since they represent one of the main challenges to environmental protection and sustainable development. The level of pollution in the Caspian Sea is currently far greater than the sea's environmental capacity and this has an adverse effect not only on its biological resources but also on the life and development of the people living on its shores.

This is especially important for Azerbaijan, whose territory lies entirely within the limits of the Caspian Basin. Given this situation, the environmental problems of the Caspian Sea ultimately affect all environmental protection activities in Azerbaijan, regardless of what environmental aspect or geographical territory they focus on.

Environmental protection and the rational use of natural resources are among the priorities of Azerbaijan's State policy. Since the country gained its independence, substantial work has been carried out to strengthen its legal framework. More than 100 laws and other statutory instruments have been adopted, including those regulating the protection and use of water resources. With a view to finding comprehensive and systematic solutions to the country's environmental problems, the national system for managing environmental resources has been reformed, permitting the adoption of effective decisions and improving the mechanisms for the rational use of natural resources. National programmes and plans have been developed to remove the historical anthropogenic effects on the environment and society and to prevent new ones. The ecological component is an integral part of all Government special-purpose development programmes for the various sectors.

It is well understood that the concepts of environmental security and sustainable development ultimately involve ensuring human health, preserving the gene pool and

guaranteeing the prosperity of future generations. However, this is virtually impossible in a society with a weak economy and a poor population. Referring to what the Spanish Minister for the Environment, Ms. Cristina Narbona Ruiz, said yesterday, I should like to add that today we have sufficient information on the global challenges that are the focus of this Forum, and we have a sizeable arsenal of technical and technological capabilities for countering potential threats involved in proposed activities and for dealing with the consequences of the ill-considered treatment of the environment in the past. Knowledge and willingness alone, however, are not enough; political will and economic opportunities are also needed.

Azerbaijan has had to live through some very difficult times since it gained its independence. The occupation of part of its territory, the disruption of its economic relations, the loss of its market, internal political instability, incompetent leadership and various other factors have made the country's transition to a new market economy more difficult, and some elements have had to be studied virtually from scratch.

Azerbaijan is grateful to all the international organizations and financial institutions that have supported our country and provided it with considerable assistance in carrying out successful reforms and preventing the collapse of the country. Since 1995 when the political and economic situation became more stable, it has been possible to allocate funds for the environmental rehabilitation of the country.

I have already mentioned that the steps taken to improve the social situation of the population have positive repercussions on the environmental situation in the country and the Caspian Sea in particular. The National Poverty Reduction and Regional Socio-Economic Development Programme was one of the first State programmes to improve the economic and social situation, which has played a considerable role in the environmental rehabilitation of the country. More than 500,000 jobs were created and more than 1,000 small and medium-sized enterprises were established in Azerbaijan during the short period that these programmes were implemented. The success of these and other industrial programmes, including purely ecological ones, have made it possible to reduce the pressure on the environment considerably. It is, however, still too early to talk of a stabilization of the situation, since dealing with the consequences of this historical legacy is an extremely difficult and fairly costly task.

I should like to say a few brief words about the main priorities in the work to ensure the environmental security of the Caspian Sea. The main areas are:

- Reduction of marine pollution;
- Preservation of biodiversity;
- Sustainable use of bioresources;
- Sustainable management of littoral areas.

As we all know, marine pollution occurs as a result of various activities both by the sea and on land. In Azerbaijan this mainly occurs on the territory of the Apsheron peninsula, home to the main production facilities for such sectors as:

- Oil extraction and oil refineries;
- Caspian Sea Oil (*Kaspmorneft*) drilling rigs;
- Shipyards;
- Baku International Sea Port;
- Industrial effluent and domestic sewage from the cities of Baku and Sumgait.

From the rest of the territory pollution is largely due to:

- Domestic sewage and industrial effluent entering the sea via the Kura River and other streams;
- Drainage channels from irrigated farmland.

Work has been carried out in all these areas mentioned. For example, in the oil and gas industry foreign transnational corporations whose environmental standards comply with international requirements have contracts to operate the vast majority of the oil and gas deposits. Oil refineries have been completely modernized over the last few years. Some oil refinery effluent ends up in the municipal sewage system once it has undergone preliminary treatment; the remaining technically clean effluent is for the time being released directly into the sea. By the year 2010 the programme for the environmental rehabilitation of Azerbaijan envisages the complete modernization of the entire sewage system and the construction of local waste treatment facilities using the resources of the sector's enterprises. The same programme makes provision for the closure of shipyards and the construction of new modern shipyards at a new site outside the city. Project materials are already being developed.

As regards vessels of the Caspian Sea Fleet, there are plans for a significant overhaul of the tanker fleet and dry-cargo vessels, since quite a number of the vessels in service do not meet current standards. Over the last few years, several vessels have been built at some of the world's famous shipyards. Work continues at these shipyards — at the Krasnoye Sormovo shipyard alone, for example, four vessels with a displacement of 8,000 to 12,000 tons were launched over a four-year period.

There are also plans to relocate Baku International Port, in spite of the fact that the complete technical upgrading of the port's facilities was completed in 2006.

Each year Baku and the Apsheron peninsula produce more than 600 million cubic metres of sewage. At present, around 30 to 35 per cent is treated, the remainder is released untreated into the sea and inland reservoirs. By the year 2010 the State programme provides for an increase in the volume of treated sewage to 70 per cent, for which treatment facilities with a capacity of 800,000 cubic metres are to be commissioned. This programme is already under way and preliminary work has started on the modernization of the largest treatment plant — the Govsaninsk effluent purification plant — to increase its capacity of 400,000 cubic metres by a factor of 1.5. Work has been completed on the Sumgait treatment plant, which has a capacity of 120 [sic] cubic metres. A local treatment plant has begun operation in the village of Bel'gya. Treatment facilities should be commissioned in Lokbatan, Gadzhigasan, Zhyk and Bibi Eybat by 2010. Along with the construction of major treatment

facilities, the programme also provides for the construction of sewage systems in small settlements and the construction of local modular treatment facilities with a capacity of 100,000 to 120,000 cubic metres. The entire programme will cost some 762 million manats or more than 700 million euros.

As regards sewage entering the sea through the Kura River and other small rivers (studies have indicated that there are around 200 sources of effluent discharge), the country produces almost 80 million cubic metres of sewage, and this figure increases to more than 600 million cubic metres if we include the effluent from Armenia and Georgia. The modernization and construction of water supply, drainage and sewage treatment systems in rural settlements will require almost one billion manats, more than 300 million of which are to be allocated from the State budget as part of this programme. On the subject of pollution, the negative impact of solid waste should also be mentioned. The programme envisages important changes in this area. Over the last few years, toxic and radioactive waste disposal facilities meeting international standards have been built, and in the near future work will commence on the construction of a disposal facility for persistent organic pollutants. Three incinerators, costing some 450 million manats, are to be built in Baku and Sumgait. Military training grounds are being converted for the disposal of industrial and domestic sewage, and there are plans to build modern facilities in 40 regional towns. In all these areas, the Government is actively working with leading foreign companies to find the best solutions.

I am paying so much attention to pollution issues because environmental pollution is connected with and has a direct impact on biospheric productivity in general and the Caspian Sea in particular. It affects biodiversity and is the primary cause of many problems, including land degradation, which ultimately result in deterioration in the social situation and health of the population. In this connection, I should like to say a few words about the damage caused by human technology to some 33,000 hectares of land on the Apsheron peninsula, notably land and inland water reservoirs that have been polluted by oil, sludge and drill water. It is envisaged that by 2010 some 2,705 hectares of land and eight major natural lakes will be recultivated and rehabilitated. The total cost of this work will be 67.5 million and 50 million manats respectively.

There are plans to raise a number of sunken and semi-submerged ships and other vessels from the seabed. This work has begun and 19 ships have already been raised, but there are still around 120 left on the seabed. Preparations are currently being made and financial estimates carried out to determine the required investment. Similar work is being carried out to establish the level of funding needed to dismantle offshore platforms no longer in operation and mothball old oil wells.

The implementation of these programmes will make it possible to improve the environmental situation significantly and will increase the regeneration potential of the natural marine environment, preserve biodiversity and enhance the productivity of bioresources, including commercial fish stocks.

Significant steps are being taken in Azerbaijan to preserve biodiversity and the sustainable use of marine bioresources. I shall list only the main aspects of this work:

- Seven fish hatcheries, three of which produce sturgeon fry, have been renovated and modernized;

- A new modern sturgeon hatchery with a capacity of 15 million fry per year has begun operation. This has made it possible to increase the sturgeon fry output by a factor of 1.7. Some 467.5 million fry were produced in 2006, 17.3 million of which were sturgeon species;
- Work has begun to restore the natural spawning grounds and the Kura River is being dredged to ensure that the producers of anadromous and semi-anadromous fish species have unimpeded access to the spawning grounds in the Kura and Araks rivers;
- Work has been stepped up to combat poaching;
- Nature conservation areas have been expanded considerably, which has made it easier to protect rare and endangered species of flora and fauna and ensure good conditions for the roosting and wintering of migratory birds. Nature conservation areas now account for almost 11 per cent of Azerbaijan's territory;
- Over a period of four years, seven national parks have been established, three of which (Apsheeron, Shirvan and Girkan, totalling some 75,000 hectares) are located in the Caspian Sea coastal area;
- The hydrological regime has been restored in the Kyzyl-Agach reserve, which covers an area of 88,400 hectares, 62,000 hectares of which border on the Caspian Sea;
- Work has begun to establish the Samur-Yalama national park, which will cover an area of 22,000 hectares, 10,000 hectares of which will be in Caspian waters;
- A rehabilitation centre has been set up in the Altyagach national park to rescue rare and endangered bird and animal species, and there are plans to set up similar centres in another two parks.

The items listed above are just the main efforts currently under way or in the planning stage, which will be further consolidated and expanded in the future.

I have deliberately refrained in my statement from mentioning the names of any specific international organizations, friendly countries or financial agencies that are providing us with support in the implementation of our programmes because this would have taken up too much time and there was always the danger that I might simply have forgotten to mention one of them. I should therefore like to express our gratitude to all of them and hope that this co-operation will continue to develop. In particular, I should like to express our support for the OSCE Environment and Security Initiative, which has been discussed at length today, and I hope that together we will be able to implement this programme and safeguard our common future.

Thank you for your attention.