

Statement by H.E. Armen Baibourtian
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ENGLISH only

**The 14th Meeting of the OSCE Economic Forum
Plenary Session I**

**“Transport development to enhance regional economic cooperation and stability;
the special case of landlocked countries”
May 23, 2006, Prague**

Mr. Chairman,

Armenia attaches great importance to the theme of the 14th OSCE Economic Forum: “Transport development to enhance regional economic co-operation and stability in the OSCE area”, therefore we participated actively in the previous stages of the Forum and contributed to their success. We hope that this last session will be able to produce concrete results and forward looking recommendations.

This session on landlocked countries is of particular importance to Armenia. As a landlocked country we are particularly sensitive to the problems that this group of countries face. Nevertheless, we think that this is not the problem of landlocked countries only but rather it's a common problem. Obviously, landlocked countries and their economies are more unusually vulnerable to both exogenous events and the actions of other countries. In other words the landlocked countries are not only hostage to the geographic or natural restrictions but they depend on the willingness of their neighbors to provide access to the sea or to the major international networks.

Armenia in terms of its access to outside world and therefore to the world markets faces not only the challenges that other landlocked countries face, but also some specific further challenges: having its borders blocked by two out of its four neighbors - Turkey and Azerbaijan. This situation continues since 1992. Since then there is no progress. Therefore, we are not only landlocked in geographic terms but also “land blocked” in the terms of the actions of some of our neighbors. We are told frequently that those roads will be opened if certain political preconditions are met.

Without going into the details of what are those preconditions, let me simply note that the closing of borders is neither a legitimate tool to impose conditions nor will it help resolve pending political issues and conflicts. Armenia has managed to develop its economy even with these tight closures. Nevertheless, it is enough to look at the figures of annual economic growth and index of economic freedom of Armenia to conclude that its economy, particularly its transport systems have achieved a resilience and adaptation towards border obstacles. Today we use roads which are expensive and disadvantageous for Armenian exports and imports. Nevertheless, Armenian products are being successfully consumed in Europe, in Russia in America and elsewhere. The country has managed to register impressive economic growth, without oil resources or other significant natural resources, and more importantly in spite of extremely limited access to and from the outside world.

Having said that, we do not want to leave the erroneous impression that we are satisfied with the current situation and that we are not interested in changing this situation. Armenia is interested in the quickest opening of its communications and the restoration of transport links with outside world. This remains a top priority for our country, for its economy and its population. But more

importantly it is also in the interests of the entire region and its individual countries because every transport network in any region is interdependent, and therefore we will not be the only beneficiary of opening roads. We know that there is a serious willingness on the part of the populations and on the part of the business communities of our neighbors who are willing to cooperate with their partners across the border with Armenia, but are restricted to do so because the governments concerned are not yet willing to enter into cooperation before the full resolution of existing conflicts.

Another case we face in our region is that there is newly projected railroad construction that tends to bypass Armenia for the same political motivation. One vivid example is the construction of Kars-Akhalkalaki-Baku railroad from Turkey to Azerbaijan. This is a construction of a railroad that is going to link Turkey with Azerbaijan via Georgian territory. But is there a need to construct such a new line when there is an existing railroad from Kars in Turkey via Armenia and then Georgia to Azerbaijan? Given the political sensitivities we have even stated that we are ready to provide our own segment of that Kars-Gyumri-Georgia-Azerbaijan railroad without using it for Armenian needs. We thought this may be one instance where we could establish cooperation, truly regional cooperation between our three-four countries. However, our offer remained unanswered, essentially rejected. We hope the situation will evolve.

Mr. Chairman,

It is not a secret that Armenia has always been genuinely advocating the notion of regional cooperation and confidence building measures for our own region. We think that the resolution of conflicts itself is not necessarily a precondition for establishing dialogue, communication, cooperation. We think that one does not contradict the other. Just the opposite. We believe that regional cooperation and mutual confidence building measures do lay the foundation of an incremental way to eventual peace and stability. As we have said on several occasions - one does not need to build mutual trust and confidence once the outstanding differences and contentious issues of the conflicts have been fully settled: once you have settled the conflicts it means one already has achieved a certain level of trust and confidence. If one arrives to that stage, one needs to engage in maintaining confidence and reinforcing it, rather than building confidence from scratch.

Therefore it is our firm conviction that mutual opening of borders, roads and railroads can serve as an important confidence building measure in such situations and they can create a conducive environment for the resolution of conflicts.

Thank you, Mr. Chairman.