



**Statement by the Delegation of the Republic of Azerbaijan
1112nd Meeting of the Permanent Council,
08 September 2016**

*Illegal economic and other activities
in the occupied territories of the Republic of Azerbaijan*

Mr. Chairperson,

The Delegation of the Republic of Azerbaijan would like to refer to the report of the Ministry of Foreign Affairs of the Republic of Azerbaijan entitled “Illegal economic and other activities in the occupied territories of Azerbaijan” distributed under reference number SEC.DEL/333/16 on July 22 and share its view on implementation of OSCE commitments by some OSCE participating States.

On numerous occasions, we have underlined that companies and natural persons involved in any activity in the occupied territories of the Republic of Azerbaijan act in violation of norms and principles of international law and national legislation and do not comply with basic standards of corporate responsibility and accountability. The legislation of Azerbaijan requires that each and every foreign natural and legal person must obtain formal registration with the relevant authorities of Azerbaijan and a special license to operate in regulated industries, prior to starting operations on its territory. Accordingly, foreign natural and legal persons must refrain from participating in, or facilitating in any manner, any unlawful activity that infringes upon the sovereignty and territorial integrity of Azerbaijan, contravenes international humanitarian law and violates the national legislation of Azerbaijan.

In particular, any activity by natural and legal persons of third states in the occupied territories of the Republic of Azerbaijan runs contrary to numerous OSCE commitments related to conduct in economic sphere. Under the Helsinki Final Act, economic activity in the OSCE area should contribute to reinforcement of peace and security in Europe and in the world as a whole. The OSCE participating States must be committed to ensure the rule of law and the development of a transparent and stable legal system in the economic sphere. It is also our collective OSCE commitment to promote good corporate governance, and fair and transparent business environment based on efficient management, proper auditing and accountability, and adherence

to and respect for laws, rules and regulations. Furthermore, in Maastricht and Dublin we took commitment to encourage the business community to take into account in its activities the social, environmental, humanitarian and security needs of the participating States.

Illegal economic and other activities in the occupied territories has turned into a lucrative business and is one of the sources of income for Armenia and the subordinate separatist regime it has set up in those territories. Armenia directly organizes and promotes such an activity to generate financial and other means to sustain occupation of Azerbaijani territories. Involvement of natural and legal persons of third countries into this plot creates conducive ground for money laundering, tax evasion and other serious corporate crimes. The above-referred report establishes the existence of a clear link between the exploitation and pillage of natural resources and other wealth in the occupied territories of Azerbaijan and the unconstructive position of Armenia in the conflict settlement process.

Therefore, prevention and eradication of illegal economic activities in the occupied territories is one of the crucial conditions for the status-quo in the region to be changed. The unacceptable situation in the conflict zone will persist as long as Armenia continues to generate financial and other resources to sustain the occupation through illegally exploiting the wealth of the occupied Azerbaijani territories. Turning a blind eye to such activities or failure to take actions against natural and legal persons involved into these activities by respective states seriously impedes prospects of earliest peaceful resolution of the conflict. Such an unacceptable approach would only serve to continuation of occupation and thus, cannot but affect Azerbaijan's bilateral relations with respective countries. The status-quo in the conflict zone must be changed through withdrawal of all occupying Armenian armed forces from the occupied territories accompanied by cessation of all illegal activities in the conflict zone.

Against this background, it is of deep regret that some OSCE participating States, in particular the USA and a number of EU member-states disregard persistent calls of the Azerbaijani side and fail to take any step with a view to preventing and reversing illegal activities of their natural and legal persons. Close to 80 companies or natural persons from the USA and EU member-states, such as Austria, Belgium, Bulgaria, the Czech Republic, Estonia, Finland, France, Germany, Italy, the Netherlands, Sweden and the UK have engaged in illegal activities in those territories. Azerbaijan has consistently raised the issue at all appropriate bilateral and multilateral formats and requested the USA, EU and its member-states to take effective measures to prevent and reverse illegal activities of their companies and citizens. Unfortunately, no step has been taken to heal our concerns.

Lack of adequate response to concerns of Azerbaijan is not in line with relevant OSCE commitments and undermines prospects of peaceful settlement of the Armenia-Azerbaijan conflict. Ignorance to illegal activities in the occupied territories condones occupation of internationally recognized territories of the OSCE participating State and contradicts to position of the USA, EU and its member-states expressed at the highest political levels on unacceptability

of the status-quo in the conflict zone. In this context we underline special responsibility of the USA and France as co-chairing countries of the OSCE Minsk Group.

In light of the above-mentioned, the Delegation of the Republic of Azerbaijan reiterates its call on the USA and relevant EU member-states to strictly abide by and honor their obligations and commitments under international law, including those adopted within the OSCE framework.

We underline that OSCE commitments in all three dimensions are of equal importance and must be unreservedly implemented by all OSCE participating States. Any selective approach to those commitments or failure to uphold them vis-à-vis each other undermine comprehensive nature of security and by no means serve to enhancing mutual trust and confidence within the Organization. Our Delegation remains open for further consultations with respective Delegations, in this regard.

Thank you, Mr. Chairperson.