

MAIN SPEECH

by the Minister of Economy of the Republic of Azerbaijan Mr. Mikayil Jabbarov at the main part of SPECA Ministerial Meeting

Dear colleagues!

Dear guests!

(Acknowledgments)

I would like to welcome all of you present here at the Palais des Nations in Geneva and thank you for showing interest in this event and for taking the time to come here to discuss issues related to the development of the SPECA Program and its empowerment.

The presence of various international organizations on this site gives us confidence in the importance of the Programme itself and the increased interest in it.

(About the event)

It is no secret that in recent years we can observe an increasing dynamic in relations between the countries participating in the Programme. The political and economic trends of recent years around our region have made the issues of economic and logistical integration of the South Caucasus and Central Asia acute.

The increased interest in the Middle Corridor on the part of major players motivates the SPECA member States to take certain steps to create a stable environment along the entire route.

Based on this, Azerbaijan, within the framework of its chairmanship in the Programme, put forward an initiative to organize a special meeting of ministers of the SPECA member States in order to discuss in detail the issues facing this format, including the issues of logistics routes diversification, facilitation in trade and transportation, digitalization and green transformation issues.

(Azerbaijan's point of view on SPECA)

In connection to this, Azerbaijan attaches great importance to this format, and our country has its own understanding of the potential of SPECA Programme.

In order to make full use of the geographical advantages, as well as to strengthen the logistics potential of the SPECA region, all participating countries need to level the existing flaws in the transportation and logistics sectors as soon as possible.

First of all, I would like to highlight that the SPECA member countries have equal opportunities for their own development. The Silk Road passing through the region, as well as the Middle Corridor, which is an integral part of this route, are equally important for each country.

In order to fully realize the hidden, but undoubtedly great potential of the Middle Corridor, it is necessary to pay close attention to key aspects, such as boosting investments in infrastructure,

including the modernization of the existing railway network, nodes, receiving stations, deepening of seaports.

Furthermore, also work on improving and simplifying the legal aspects related to logistics, such as the digitalization of customs procedures, the introduction of common international logistics standards, the use of through tariffs, and maybe even establishment of a single regional logistics operator.

In addition, at this stage, the issue of enhancing the activities of SPECA, in particular, the implementation of targeted technical projects with the involvement of international donor organizations for their financing, is vital.

(Activity of Azerbaijan)

Azerbaijan is carrying out systematic work in the direction of developing logistics potential. Taking advantage of its geographical position, our government is investing heavily in the development of own transportation and logistics infrastructure, including the construction of a modern railway network, seaports, and an extensive network of roads.

Thanks to these investments, together with our regional partners, we were able to attract the attention of major international players and companies to the South Caucasus and its transit potential.

In view of the events taking place in Europe, the importance of cargo transportation along the Middle Corridor itself, which covers the territories of the countries participating in the SPECA Programme, has increased significantly over the past year.

The development of logistics and transportation chains, bringing this area to uniform standards, the use of preferential terms of transportation, digitalization of processes and electronic document management are factors in the attractiveness of this project for international players.

Bringing logistics processes to the unified world standards, the use of preferential terms of transportation, the digitalization of customs processes and electronic document management are factors in the attractiveness of this route for interested parties.

For example, it is worth noting that Azerbaijan, Georgia and Uzbekistan have already secured connections to the TIR system, and an electronic E-TIR system has been created to facilitate import-export operations along the corridor, which is expected to become available by July to the countries involved in the Middle Corridor.

The liberation from the occupation of the territories of Azerbaijan as a result of the victorious war in the fall of 2020 gave a new impetus to the development of regional logistics routes in the South Caucasus.

I would like to emphasize that after 30 years of occupation, almost all infrastructure in Karabakh was destroyed, as a result of which the government had had to invest significant funds

for its restoration. In 2022 alone, 4.2 billion manats, or about \$2.5 billion, were allocated from the budget, and in 2023, the amount of allocated funds will be 3 billion manats, or about \$1.77 billion.

The work covers the restoration of demolished settlements, public buildings, including dozens of destroyed mosques, laying roads, highways, tunnels, bridges, as well as financing the process of returning Azerbaijanis expelled from there to their former home places.

As part of these processes, over the past two years, Azerbaijan has been actively promoting the initiative to create the Zangezur Corridor, which, being an integral part of the Middle Corridor, will significantly reduce the time for transporting goods both from East to West and in the opposite direction.

In direction of modernization of the existing infrastructure, it is also planned to expand the capacity of the existing Baku-Tbilisi-Kars railway. Azerbaijan plans to make additional substantial investments, mainly in the Georgian part of the road.

Speaking about investment attractiveness, foreign direct investments in country's economy in 2022 increased by 30.9% compared to 2021, amounting to \$6.2 billion. 71% of these investments were in the oil and gas sector. In turn, the volume of FDIs in non-oil and gas sector increased by 2.3 times and amounted to \$1.8 billion.

Sufficient work is being carried out with SPECA member countries in direction of investment policy. Recently, Azerbaijan created a joint investment fund with the Republic of Uzbekistan for \$500 million, and in October last year an agreement was signed on the establishment of an Azerbaijani-Kyrgyz Development Fund with an authorized capital of \$25 million.

It should be highlighted that Azerbaijan's trade with SPECA participating States is developing dynamically: in 2022, the foreign trade turnover with the countries of region amounted to almost 1 billion 334 million dollars, which is 3.6 times higher than in 2021.

However, even such an impressive figure, as it seems to us, does not fully reflect the potential we have. I believe that there is room for greater development in this direction, not only at the level of trade between our countries, but also in the format of the SPECA region with a purpose of entering foreign markets and integrating with them through joint efforts.

Azerbaijan is also actively working towards the green agenda.

Within the framework of the national priorities "The Great Return to the Territories Liberated from Occupation" and "A Clean Environment and Country of "Green Growth", specified in the strategic document "Azerbaijan 2030: National Priorities for Socio-Economic Development", the measures were identified related to the restoration and improvement of the ecological environment, efficient waste management, mitigation of the effects of global climate change and the expansion of the use of environmentally friendly vehicles and other green technologies.

Measures are being taken to carry out large-scale rehabilitation work in the territories liberated from occupation, projects are being implemented in the field of building smart cities and

villages, hydropower and alternative energy. By 2050, the territories liberated from occupation should turn into a "zero emission" zone using "smart" and "green" approaches.

In accordance with "The Socio-economic Development Strategy for 2022-2026", approved by the Decree of the President of the Republic of Azerbaijan, one of the priorities for the development of the energy complex is to increase the share of renewable and alternative energy sources in electricity production from 17% in 2021 to 30% by 2030.

Significant steps are already being taken in this direction. Azerbaijan is implementing large-scale projects for the construction of wind and solar power plants with the involvement of large international companies such as ACWA Power, Masdar, BP.

I would like to mention that the renewable energy potential of Azerbaijan is estimated high – it exceeds 27 GW in wind and solar energy on land and 157 GW in the wind energy of the Azerbaijani sector of the Caspian Sea. By 2027, our country intends to produce 3 GW of wind and 1 GW of solar energy, 80% of which will be exported.

In parallel with "green" energy, Azerbaijan intends to increase gas exports to the European market. In 2022, natural gas exports to the EU market amounted to 11.4 billion m³, and this year this figure will be at least 11.6 billion m³.

(Conclusion)

The intensification of SPECA's activities, in particular, the transition of its activities to a more substantive plane will give an impetus to the development of the economies of our countries. Attracting international donor organizations to finance relevant technical projects will have a positive impact on the processes of economic integration in the region.

The SPECA Programme has a historical chance to move to a higher level: to be not just a format, but a full-fledged organization that will bring not theoretical, but practical skills in certain areas.

We are extremely interested in this, and Azerbaijan will directly promote this topic during its chairmanship.

Thank you for your attention.