

**AZERBAIJAN REPUBLIC**

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**PERSPECTIVE DEVELOPMENT DIRECTIONS  
OF THE ECONOMIC RELATIONS OF THE REPUBLIC  
OF AZERBAIJAN AND POLAND**

Specialization: 5310.01- the world economy

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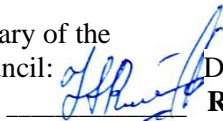
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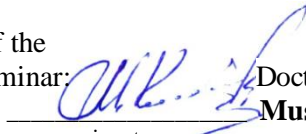
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## GENERAL CHARACTERISTICS OF THE WORK

**Relevance of the topic and degree of elaboration.** The processes taking place in the world economic system, its general content and essence, the steps taken in the field of expansion of foreign trade and exchange of international resources reveal the general picture of the economic policy of the world house. From the point of view of the strategic goals of our republic, the purposeful and successful implementation of these works is one of the most important issues. Because of this its success determines the place and role it will play in the economic sphere. Azerbaijan has already achieved its independence and has revealed its position on the political and economic level. Negotiations, systematic and purposeful meetings with different countries of the world are calculated for the establishment and perspective of bilateral relations. The leadership in commodities, capital and labor force, calculating the perspective of its new flows and directions and making successful conclusions clarify the perspective of the state's economic policy.

The establishment of inter-country economic relations on a more active quality level determines mutual benefit, the dynamics of mutual development, and the picture of sustainability of processes. In this regard, the Republic of Azerbaijan is represented by a serious strategy calculated for mutual understanding and partnership with foreign countries (regardless of whether they are near or far). The economic partnership with the Republic of Poland is in this order. As is known, the Republic of Azerbaijan has economic, political and cultural ties with Poland since the 19th century. Their development in the new conditions, after the collapse of the Soviet empire, and determining their strategy was one of the most important issues.

Issues such as strengthening of the national economy with foreign economic relations, guarantee and continuity of capital flow, guarantee of investment, etc., determine the growth of the country's economic potential. Certain models of economic growth (for example, the Harrod-Domar model, the Solow model, etc.) are models designed to study the economic development of countries. Undoubtedly, the increase of investment in the country and the essential improvement of

this system become the guarantor of the success of investment sources. The flow of foreign investment also necessitates the naturalization of new technologies, management methods, and new knowledge in the organization of production. Azerbaijan is represented by a serious strategy in the success of these processes; its coefficient of mutual cooperation and success is calculated to the

Sufficient studies have been conducted at the level of analysis of the scientific-theoretical system of competitiveness of national economic systems. Sufficient attention has been paid to the extensive study of such a problem both in foreign and Azerbaijani scientific-theoretical opinion. Z.E.Semedzade, A.K.Elesgerov, A.A.Shekereliyev, F.E.Qemberov, Ch.M.Abbasov, Sh.T.Eliyev, C.H.Kerimov, D.E.Veliyev, C.E.Genciye, Sh.H.Hacıyev, İ.A.Kerimli and others created the general scientific-theoretical base of Azerbaijan's foreign economic relations with their fundamental research. Analyzing the problems of the Polish economy Ben Slay, Dominick Salvatore, Raymond Taras, Franches Millard, Leijonhufvud Axel and dozens of others became known in the European scientific sphere for their serious research. In general, theoretical and methodological bases of foreign economic relations A.Smith, D.Ricardo, B.Jancar-Vebster, B.Bortolotti, B.Ebbinghaus, J.Toporowski and has been solved in sufficient detail in the researches of others.

A serious scientific base has been formed in Azerbaijan in the field of establishing and studying economic relations with individual foreign countries and economic associations. In recent years, special attention has been paid to conducting research in this direction, conducting scientific-practical conferences, holding discussions in order to determine relevant priorities, work done in terms of determining alternative options and more successful directions, etc. is an example of this. All this necessitates the analysis of the economy of Azerbaijan and Poland on separate issues and makes it necessary to carry out studies at the typological level.

**The object and subject of the research:** The current state of economic relations between the Republics of Azerbaijan and Poland is the object of the study. The main directions of the organization,

management and development of foreign economic relations between Azerbaijan and Poland are the subject of the research.

**Research goals and objectives.** The main goal of the dissertation is to analyze the current state of economic relations between the Republics of Azerbaijan and Poland as a whole, to work out its development direction, opportunities for success, the degree of efficiency of use, to clarify the essence at the level of proposals and recommendations.

The following tasks have been set for the realization of the intended goal:

- Clarifying the essence of the issue by analyzing the theoretical opinions of Azerbaijani and foreign scientists on the determination of the perspective directions of economic relations;

- To determine the perspectives of mutual economic relations between the Republics of Azerbaijan and Poland;

- Calculation of relations between the Republics of Azerbaijan and Poland with Grubel-Lloyd, Balassa indexes;

- to clarify the strategic perspectives of mutual use of renewable and non-renewable resources;

- to take advantage of the common bases of international experience in increasing the competitiveness of the economy;

- to determine the guarantee of meeting the needs, taking into account the strengthening of innovations at the level of sustainable competition;

- To determine the priority parties in the economic cooperation of the Republics of Azerbaijan and Poland;

- Analyzing the current state of economic relations between Azerbaijan and Poland based on statistical data and identifying additional opportunities;

- To systematically analyze the joint activity of the import-export operations of the Republics of Azerbaijan and Poland in the economic and social fields;

- Providing suggestions and recommendations in terms of improving mechanisms of economic-commercial relations, expansion and sustainability of bilateral cooperation, etc.

**Research methods.** Economic-mathematical modeling, deduction, analysis, logical generalization and comparative analysis methods were mainly used in the research process. In the study of bilateral relations in terms of international economic relations, statistical analyzes were calculated using the method of applying indices.

**Main clauses defended:** Based on the fact that the topic “prospective development directions of the economic relations of the Republics of Azerbaijan and Poland” has not yet become a systematic research problem, the following provisions are defended:

-The mutual economic relations between the Republics of Azerbaijan and Poland have serious prospects at the level of the two countries;

- forms a fundamental idea in the context of general problems of organization and management of foreign economic activity;

- increasing the competitiveness of the national economy lays the groundwork for the development of the sectoral economy in the example of Azerbaijan and Poland;

- the import of new technologies requires joint action in terms of economic security, export control;

-Strengthening the economic relations of the Republics of Azerbaijan and Poland creates additional opportunities for export and import prospects and competitiveness;

- in the context of strengthening foreign economic relations, the economic prospects of the Republics of Azerbaijan and Poland become the basis for mutual benefits at the level of Central Europe and Caspian states;

- strengthening innovations at the level of sustainable competition facilitates meeting the needs of countries;

- The analysis of the current state of economic relations between Azerbaijan and Poland based on statistical data clarifies the results and perspectives;

- Improving the mechanisms of economic-commercial relations, expansion and sustainability of bilateral cooperation also fulfills the priority function for other areas, etc.

**Scientific innovation of research.** The study is characterized by the emergence of serious scientific conclusions, which are as follows:

- Prospective development directions of the Republics of Azerbaijan and Poland have become a problem of analysis as a whole for the first time;

- in the context of the theoretical foundations of the organization and management of foreign economic activity, a fundamental understanding of the dynamic picture of the economy of the Republics of Azerbaijan and Poland was formed;

- under the conditions of strengthening of foreign economic relations, the prospects of export and import and directions of competitive development are defined;

- the problems of Azerbaijan's economic security and export control were clarified in the process of importing new technologies;

- the main principles and mechanisms and conditions for increasing the competitiveness of the national economy have been revealed;

- in the context of creating sustainable competition, the conditions for strengthening innovation components are defined;

- in the context of strengthening foreign economic relations, a whole theoretical base was created in the form of the economic perspectives of the Republics of Azerbaijan and Poland;

- calculation of relations between two countries using the Grubel-Llyod index, etc.

**Theoretical and practical significance of research.** The research work forms a fundamental idea with its scientific-theoretical importance. The theoretical concept revealed by the problem can serve as a fundamental source for separate analysis and research.

The results obtained during the research can be used to determine and take advantage of economic partnership opportunities. To increase the competitiveness of the country, import, export control, dissemination of new technologies, protection of economic security, etc. can be used as a source in such matters. Proposals made about the prospects of economic relations can help determine directions, import and export, create joint enterprises and strengthen economic relations between the two countries from a practical point of view. The research

work is also of practical importance in terms of the preparation of legislative acts and development programs. Dissertation work can be used as a resource in teaching "World Economy", "Economic Theory" subjects, as well as special courses.

**Approval and implementation.** The contents of the research and the obtained results were reflected in the speeches at national and international level scientific conferences and in prestigious scientific journals.

**The name of the institution where the dissertation work was performed.** Odlar Yurdu was developed at the "Economy and economic relations" department.

The topic of the dissertation was approved at the meeting of the "Economy, international relations and social sciences" department.

**The total volume of the dissertation with a sign indicating the volume of the structural sections of the dissertation separately.** The total volume of the study, consisting of an introduction, three chapters, a conclusion and a list of used literature, consists of 240806 characters (Introduction 10425 characters; Chapter I - 82782 characters; Chapter II – 71700 characters; Chapter III - 67841 characters; Conclusion 8058 characters).



## THE MAIN CONTENT OF THE DISSERTATION

In the “**Introduction**”, the topic's relevance, purpose and task, level of development, methodological basis, scientific innovation are justified, theoretical and practical importance, approval, etc are explained.

The problem is solved in three paragraphs in the first chapter called “**Development features of the economic relations of the Republics of Azerbaijan and Poland**”. First of all, attention is paid to the issue of “**Necessity, characteristics and theoretical foundations of international economic relations**”. As is known, the modern picture of the world economy necessitates globalization, dynamic international competition, the place of each country in the international division of labor and its level of activity; here, of course, competition opportunities in specific fields, influence on the development of the country, organization of work progress in social, economic, technological, ecological, cultural, etc. fields are important as a basis. The criteria and principles of modernization, quantitative and qualitative changes that took place in the country after the independence of Azerbaijan are based on a strict scientific and theoretical basis.

The degree of success of the country's economic growth, the development trend is determined by foreign economic activity in one direction, and this is observed by the variety of forms and the dynamics of the number of participants. For example, if Azerbaijan established foreign economic relations with 122 countries of the world in 2000, this indicator increased and reached 156 in 2012. This dynamic has been preserved in the following periods, and serious successes have already been achieved at the level of bilateral and multilateral economic cooperation. The criteria and principles of international economic relations are based on strict scientific-theoretical regularities, historical experience, and what prominent representatives of the classical school of political economy say. U. Petty, A. Smith, D. Ricardo and others commented in detail in their analysis that foreign economic activity plays a fundamental role in the future development of the country. The approaches of the classics, neoclassics,

monetarists, institutional sociological school, and the difference in their views make it possible to clarify the development trend of international economic relations and to create alternatives.

International economic relations are undoubtedly formed on the mutual connection and dependence of the economy of individual countries. “Through the application of innovations, the level of development of science and the degree of its technological application, the social combination of the production process, the quantity and efficiency of the means of production are determined in natural conditions”<sup>1</sup>. The theoretical principles of international economic relations in themselves aim at the content of the economic strategy, the sustainability of the set goal, and the perspective.

Resistance to competition determines the quality of the product, the criteria by which the demand appears, and compatibility. A. Smith emphasized that, “consumption is the only result and goal of the entire production process”<sup>2</sup>.

In the second paragraph of the first chapter called “**Importance of geo-economic factors in international economic relations**”, attention is paid to the issue of geo-economic factors at the level of economic relations between the Republics of Azerbaijan and Poland. As it is known, geoeconomics contains a serious basis for formulating strategies and tactics in the international arena by studying the economic relations and activity system of the state within the specific environment and conditions.

The analyzes carried out in the context of the Republics of Azerbaijan and Poland are not only limited to exhibiting the economic relations between the two republics, but also new lines, directions and perspectives are defined here. In general, “The development of international economic relations is based on two main conditions: first, the objective necessity of foreign economic relations; and the second

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<sup>1</sup> Muradov V.A. Possibilities of applying the Western European innovation development model in the development of regions. Abstract, (Ph.D. in economics. Baku, BSU, 2016, p. 7

<sup>2</sup> Eamon Butler. Adam Smith - the alphabet of economics. Baku: Free Thoughts, 2008, p. 119

is that those relations are mutually beneficial”<sup>3</sup>. The growing trend of relations between states is based on the importance of geo-economic factors. The analysis of the economic relations of the Republics of Azerbaijan and Poland on this system reveals a serious economic texture. Azerbaijan's rich energy resources, its exploitation, joint development and exploitation mechanism, export routes, production and consumption problems, strengthening of interest in non-oil fields are realized at the level of importance of geo-economic factors in international economic relations. Finally, it reveals a whole model in the context of the importance of international economic relations.

**“Development features of the economy of the Republics of Azerbaijan and Poland, its field structure and foreign economic relations”** is set as a problem and found a solution in the third paragraph of the first chapter. The analysis of the field structure, development characteristics, foreign relations of the economy of the Republics of Azerbaijan and Poland from the typological point of view draws attention to the wide texture, the emergence of new directions and perspectives of mutual economic connections. The main issue in the essence of globalization is the orientation of the world house to a single channel at all levels, and finding points of commonality in the social, economic, cultural and political spheres. The systematic study of the economic strategic goals of our republic, in the example of the success of international economic relations, is an event calculated for the future.

Polish industry is characterized by substantial diversity. Shipbuilding, forestry, textile, chemical, metal industry, aluminum, oil products are characterized by successful development as the main directions. Dada is mostly represented in the foreign market by mining and mining industry. Let's add that Poland is the largest coal producing country in Europe after Germany and England. Salt, iron, manganese, etc. have a special importance among underground resources.

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<sup>3</sup> Eyvazov A. Directions for improvement of economic relations between the republics of Azerbaijan and Ukraine. Abstract (candidate of economic sciences). Baku, Institute of Economics, 2008, p. 8

For clarity, let's focus on some of the goods produced in Poland; these are electronics, helicopters and airplanes (PZL Swidnik, PZL Mielec), ships (Gdansk Shipyard, Szczecin Shipyard, Gdynia Polish Naval Shipyard), buses and trams (Solaris, Solbus), military equipment (FB "Lucznik" Radom, Bumar-Labedy SA), chemical products, pharmaceuticals (Polpharma, Polfa), glass pottery (Boleslawiec), food (Tymbark, Hortex, E.Wedel), clothing (LLP), etc. Poland is one of the world's largest producers of copper, silver, and coal. All this creates serious opportunities for establishing mutual economic relations in the geo-economic sphere.

The problem is solved in three paragraphs in the second chapter of the dissertation called **"Characteristics of economic relations between the Republic of Azerbaijan and the Republic of Poland"**. In the paragraph **"The main directions of the economic cooperation between Azerbaijan and Poland"** the dynamic picture of this cooperation, its growing pace in the political, cultural and economic spheres and its historical roots are analyzed. In the economic sphere, it is noticeable that the new stage of this cooperation is more substantial and fundamental, and that it is organized on a solid basis. Because here, in addition to historical connections, the mutual benefit of the countries and the joint solution of economic problems are taken as the main criteria. Polish economist Jan Toporowski emphasizes in his article "Polish Contribution of Economics" that, "there is no such thing as a national school in economics. The ideas of professional economists in Poland are largely derivative, like those of economists in most countries of the world; that is, it is the manifestation and expansion of what was in the past in one form or another"<sup>4</sup>. After the establishment of diplomatic relations between the two countries (February 21, 1992), the establishment of the Polish embassy in Azerbaijan (2001) and the Azerbaijani embassy in Poland (2004) became the basis for economic revival and the implementation of large projects. Agriculture, tourism, air transport, cargo transportation, the participation of Polish companies in Azerbaijan's industrial parks, etc., have a wider meaning

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<sup>4</sup> Janek Toporowski. Polish contribution to the economy. [www.res.org.uk/view/-art4Apr14Features.html](http://www.res.org.uk/view/-art4Apr14Features.html).

as a fact of that agreement. The official visit of the President of the Republic of Azerbaijan to Poland (August 26-28, 1997) was aimed at developing bilateral relations. Declaration on friendship and cooperation, non-admission of double taxation, prevention of income and property tax evasion, cultural and scientific cooperation, mutual promotion and protection of investments, civil air transportation, cooperation in the field of tourism, etc.

Subsequent visits of the President of Azerbaijan to Poland (March 5, 2005, February 26, 2008, June 26-28, 2017), as well as visits of the Polish President to Azerbaijan (March 30, 2007, June 2, 2009), May 30-31, 2019) or at the GUAM summits (June 18, 2007 in Baku, July 1, 2008 in Batumi), etc. the meetings were calculated to improve bilateral cooperation. “Charter of the Consultative Committee of the Presidents of the Republic of Azerbaijan and the Republic of Poland”, “Protocol of Intent between the State Oil Company of the Republic of Azerbaijan and the Polish “Grupa Lotos” Joint Stock Company” (July 2, 2009), cooperation tables, etc. all of them confirmed the strengthening of economic relations in one direction. The “Joint Declaration on the Roadmap for Partnership and Economic Cooperation between the Republic of Azerbaijan and the Republic of Poland” (June 26-28, 2009), as well as the five-point document, is a clear example of the strengthening of economic relations between the two countries.

Azerbaijan has a wide structure in its economic relations with Poland, and the dynamics of these relations leave a positive impression every year. After oil and carbohydrate deposits, agriculture is the second promising field for economic development. The country's rich flora and fauna, fertile soil, and climatic conditions make it clear that it has serious foundations in the development of international economic relations.

With Poland's presence in the Baltic Sea States system and its presence in Central Europe, Azerbaijan's geographic location in the Caspian Basin group of states gives reason to think that it occupies an important place as an important figure in the establishment of economic relations at all levels.

Among agricultural products, potatoes, tobacco, flax, rye, barley, wheat and oats predominate and are important in the country's trade relations and export market. Animal husbandry (mostly cattle and sheep), fishing has a special weight in the country's economy. Azerbaijan, as an Asian country, is a country of great importance in economic cooperation with Poland due to its rich resources and geographical advantages. All this clarifies the main directions and perspectives of the economic cooperation between Azerbaijan and Poland, as well as its progress. In the second paragraph, which is called **“Current situation, structure and dynamics of Azerbaijan-Poland economic relations”**, the general aspects of the perspectives of the problem become a fact of analysis. One of the most important issues in the analysis of the prospects of economic relations between the Republics of Azerbaijan and Poland in the scientific-theoretical aspect is the improvement of these relations and the determination of the direction of its solution. As it is known, since the time when the Republic of Poland recognized the sovereignty of Azerbaijan and the establishment of bilateral relations, mutual relations have always been in a developing direction. Poland is one of the first countries to recognize Azerbaijan's independence (December 27, 1991). Meetings held at the level of the President and Prime Minister in different years were aimed at improving the economic development of the countries and creating mutual economic ties.

The mutual visits of the presidents of Azerbaijan and Poland are aimed at the successful development of bilateral relations and solving problems. An important part of the discussions was the negotiations in the economic field, the implementation of large projects, private companies, and state interests. For example, at the 2009 meeting, the President of the Republic of Azerbaijan and the President of the Republic of Poland signed the “Charter of the Consultative Committee”, the protocol of intent between the State Oil Company of the Republic of Azerbaijan and the Polish “Group Lotos” Joint Stock Company, between the Security Council of the Republic of Azerbaijan and the National Security Bureau of the Republic of Poland Cooperation schedule for 2009-2010 etc. all are focused on mutual

connections, the future perspective of political, economic, cultural relations.

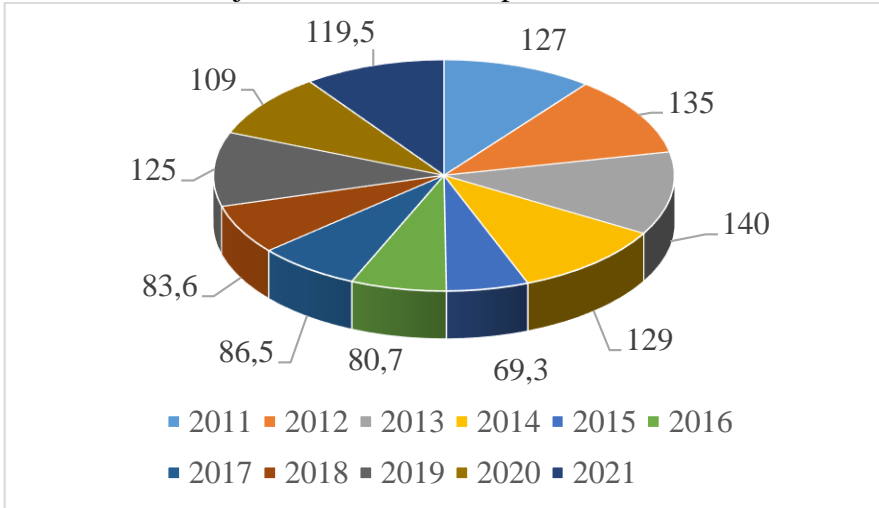
Azerbaijan's prospects in the agricultural field create conditions for the implementation of serious and successful economic connections. Rich climatic conditions suggest the existence of other alternative areas. All this creates a complete picture of the current situation, structure and dynamics of economic relations between the Republics of Azerbaijan and Poland. The third paragraph of the second chapter is entitled **“The current state of the development of trade relations between the Republics of Azerbaijan and Poland”**. One of the important directions in clarifying the problem of the prospective development of the economic relations of the two republics is the current state of trade relations. As it is known, Azerbaijan prefers balanced relations with all countries of the world as a partner.

If we pay attention to foreign trade relations with Poland in 2015, import (in thousand US dollars) was 90732, export was 6509.0, balance was 84223.7. In 2015, in terms of the specific weight of the main partners in the import of Azerbaijan, it took 1% and 19th place <sup>5</sup>. In general, the trade turnover of Azerbaijan in 2015 was 21945.8 million US dollars. Import 9216.7, export 12729, balance 3512.4, trade turnover in 2016 was 21596.6 million (import 8489.1, export 13107.5, balance 4618.4) US dollars. In 2017, the total foreign trade turnover was 24263.8 (import 8783.3, export 15480.5, balance 6697.2) US dollars. In 2018, the foreign trade turnover was 31782.7 (import 11465.9, export 20316.8, balance 8850.9). In 2019, the trade turnover was 33065.3 (import 13667.5, export 19397.8, balance 5730.3) US dollars. In 2020, foreign trade turnover amounted to 24471.3 (import 10730.7, export 13740.6, balance 2739.7) million US dollars. In 2021, the volume of export products from Poland to Azerbaijan was 109 million dollars, and the volume of export products from Azerbaijan to Poland was 7.83 million dollars. In 2021, in the economic indicators of the OEC World and the Polish Statistical Committee (Główny Urząd Statystyczny), in terms of the complexity of the economy,

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<sup>5</sup> Statistical indicators of Azerbaijan. Baku: State Statistics Committee of the Republic of Azerbaijan, 2015, 814 p.

Poland was 1.01%, Azerbaijan -0.52%. As it can be seen, the pandemic (COVID-19) has had its effect on the foreign trade relations of Azerbaijan as well as in the whole world. The export figures from Poland to Azerbaijan are shown in the pie chart below.



**Pie chart 1. Export products from Poland to Azerbaijan (million dollars)**

*source: OEC World və Polşa Statistika Komitəsi (Główny Urząd Statystyczny)*

The liberation of Azerbaijan's lands from the enemy, the 44-day war and the construction works carried out in the liberated territories promise serious prospects from the point of view of the green economy. Various Polish companies Grupa Lotos, PGNIG, PGE Polska Grupa Energetyczna, KGHM Polska Miedz, Tauron Polska, ArcelorMittal Polska, Lidi Polska, Enea SA show special interest in the implementation of green zone projects in Azerbaijan. In January-March 2021, the Republic of Azerbaijan established trade relations with 153 countries of the world, exported products to 89 countries, and imported goods from 144 countries. GDP in Azerbaijan was 43 billion, per capita income was 4,300 US dollars, in Poland it was 594 billion, per capita income was 13,650 US dollars. Azerbaijan's foreign trade turnover in 2020 was 24 billion (export 14 billion, import 10 billion), Poland's foreign trade turnover was 45 billion (export 23 billion,



import 22 billion) US dollars. Foreign trade relations between Azerbaijan and Poland in 2020 amounted to 114 (5 million exported by Azerbaijan, 109 million imported from Poland) million US dollars. The range and general picture of the goods imported from Poland to Azerbaijan reveal substantial trade links.

The problem is summarized in three paragraphs in the third chapter of the thesis called **“Prospects of development of economic relations between the Republics of Azerbaijan and Poland and directions for its improvement”**. First, **“Development trends of mutual economic relations between Azerbaijan and Poland”** becomes a fact of analysis at the paragraph level. One of the important directions in the systematic scientific-theoretical analysis of the economic relations of the Republics of Azerbaijan and Poland is the determination of the prospects of economic relations and the direction of its improvement.

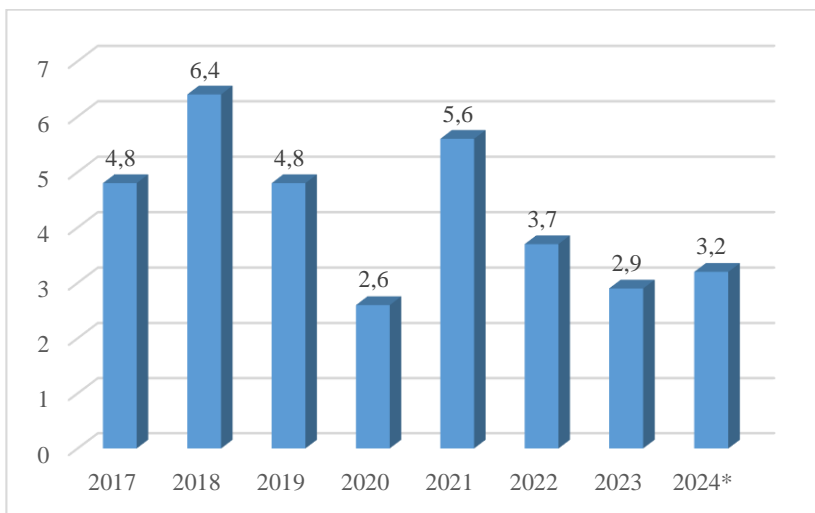
In the last 5 years, the general picture of the Polish economy in different areas continued at a different pace. This was caused by the onset of COVID-19.

**Table 1. Main indicators of the economy and economic activity in the Republic of Poland in 2013-2020**

Year	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, in % of GDP								
Polşa	3.1	2.9	2.4	2.5	2.9	2.3	2.3	2.5
Industry, in % of GDP								
Polşa	28.3	29.2	30.1	29.5	28.4	28.5	27.9	27.7
Services, in % of GDP								
Polşa	57.3	56.6	56.2	56.3	56.6	56.7	57.6	57.8

*Source: statista.com*

In addition, expectations for 2024 were calculated for Poland's Real GDP.



**Chart 1. Real GDP growth rate for Poland in 2017-2024 in %**

In general, in terms of metallurgy, agricultural industry, forest industry (combination) and furniture production, light industry, heavy industry, shipbuilding, machine building, building materials and construction production, chemical industry, textile, automobile, aircraft, machinery, cement, aluminum, etc. Poland has a wide range of opportunities. If we pay attention to the import and export issues in Azerbaijan and the weight of this partnership of Poland, a significant picture emerges. For example, in 2013, import was 46475.8, export was 3483.0 US dollars, the balance was -36254.1. The ratio of 2013 to 2012 is import 102.7%, export 293.5%. The weight of the main partner in the import of Azerbaijan is 0.4, the place is 29.

In 2014, import was 62348.9, export was 16329.8 US dollars, the balance was -46019.1. The ratio of 2014 to 2013 in percentage is import 134.2%, export 159.8%<sup>6</sup>.

The trends in the development trends of the Republics of Azerbaijan and Poland clarify the possibilities of expanding the circle of economic relations. The current indicators in the general picture of

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<sup>6</sup> Statistical indicators of Azerbaijan. Baku: Sada, 2011; Statistical indicators of Azerbaijan. Baku: Sada, 2012; Statistical indicators of Azerbaijan. Baku: Sada, 2013; Statistical indicators of Azerbaijan. Baku: Sada, 2014.

economic relations create substantial opportunities for the prospects of trade relations.

The export policy of both countries is calculated to increase economic power and develop export potential in the prism of strategic partnership. Those who are at the level of natural-economic potential need to be actively directed to economic circulation. Those at the level of technical and production potential make it possible to take into account the innovation in the field of technique and technology.

The dynamics that started in the 90s of the last centuries resulted in the emergence of additional opportunities in meetings and discussions at the state level. For example, at the 22nd International Caspian Oil, Gas, Oil Separation and Petrochemical Conference held in Baku on June 2-5, 2015 (there was also an exhibition), there were several Polish companies and the co-chairman of the Azerbaijan-Poland intergovernmental commission (the Polish side) were seriously discussed.

In the field of agricultural development, Poland stands out with a special opportunity. The climatic conditions of the region, the fertility of the soil, the specific weight of investments in agriculture are indicators of the state's attention to this field. Potatoes, tobacco, flax, rye, barley, wheat, oats occupy leading positions in the field of agriculture. The country stands out for its large income in the field of livestock and fishing. The progress in the field of sheep breeding, cattle breeding, the pace of development of agriculture as a whole is the basis of foreign relations in this direction. About 30% of the country's population works in agriculture.

The climatic conditions of Azerbaijan and Poland form a positive image for the development of agriculture and access to the world market with various products. In recent times, cocoon growing, cotton growing, tobacco growing, horticulture, animal husbandry, etc. The state policy implemented in these areas makes it clear that the country as a whole is not limited to non-renewable material resources and pays attention to other aspects as well. All this, as a whole, clarifies the perspective of the development trends of mutual economic relations between Poland and Azerbaijan, the results of the positive development calculated for the future, and their diversity.

The second sub-chapter is entitled **“Improvement of Azerbaijan-Poland economic relations and directions for its solution”**. Relations between Azerbaijan and Poland (the relations between Aggoyunlu ruler Uzun Hasan and Polish king Jagello) have been rooted in a positive trend at all stages, dating back to the 15th century. This policy, based on friendship and mutual cooperation, has already formed successful perceptions in international organizations. As it is known, the Republic of Poland is the sixth country of the European Union according to the degree of economic opportunity. Poland, which is considered the largest among the members of the Eastern Bloc of the European Union, is at a record level in terms of the rate of economic development. The high profitability of this country is specially emphasized by the World Bank, which implemented the policy of economic liberalization (1990). Gross domestic product per capita increased by about 6%. It ranks 20th in the world in terms of gross domestic product.

The largest part of its economy is occupied by services, industry and agriculture, and these are distinguished by their high level of indicators. Thus, the service sector is 62%, industry is 34.2%, and agriculture is 3.5%. Poland is distinguished by its successful reform in the economic field with serious achievements in terms of import and export. Suffice it to say that in 2015 it sold 198.2 billion dollars of goods, which means an increase of 5.4% compared to 2011 and 7.6% compared to 2014. According to the data of the Polish Central Statistical Office, economic growth was 3.9% in 2010, 3.3% in 2014, and 3.6% in 2015. In Europe, this indicator was evaluated as the best result.

One of the important directions in the study of the prospective development problem of the republics of Azerbaijan and Poland is the improvement of the economic relations of the two countries and the directions for its solution. Azerbaijan and Poland promise serious prospects, being countries with special weight in the region where they exist. Its renewable and non-renewable material resources, the economic reforms implemented are the main indicators for ensuring sustainability. With uninterrupted economic growth since the 2007 financial crisis, Poland is attracting more interest. Relations with

Azerbaijan, political, economic and cultural relations have been in the center of attention as the main issue in state and government level meetings, partnership documents signed by presidents, and business forums. “Joint Declaration on the Roadmap for Partnership and Economic Cooperation between the Republic of Azerbaijan and the Republic of Poland” and 5 other documents open the way to great prospects. One of the most important was related to cooperation in the economic sphere, where transport, energy, engineering, agriculture, etc. had an important place.

The arrival of representatives of the Polish government to Azerbaijan with the aim of participating in the 22nd International “Caspian Oil, Gas, Oil Separation and Petrochemical” exhibition and conference held in Baku (June 2-5, 2015) was a meeting of mutual interests, economic, political, cultural Acts the necessity and future calculation of connections. Poland was represented by several companies at the exhibition and conference, and agreements were reached in the context of establishing economic relations in separate areas. A broad and multifaceted cooperation format has emerged between Azerbaijan and Poland, which is regulated within the framework of international laws and mutual understandings and friendly relations. The problem of improving economic relations can be systematized in the following direction:

- a) at the level of solving and improving energy security;
- b) in terms of the perspectives of the East-West, South-North transport corridors;
- c) in the context of expansion of export-import relations in various fields of industry;
- d) development of agriculture and implementation of joint projects;
- e) in terms of improvement and further development of trade relations;
- f) organization of intergovernmental discussions and periodic business forums;
- h) strengthening of intercompany joint activity;
- g) further increase of cultural relations, etc.

All this expresses the main line and strategic essence of economic relations between Azerbaijan and Poland.

In the implementation of economic growth, the specificity of the region, as well as the economic and living thoughts of the ethnos, the level of opportunity should be taken into account as a special aspect, and this is based on the definition of the national concept of economic development. The successful integration of the national economy into the world economic space undoubtedly creates conditions for the growth of the economic power of both Poland and Azerbaijan and the improvement of the living conditions of the population. All these are analyzed carried out in the context of economic relations between Poland and Azerbaijan, which require constant improvements, new approaches and consideration of reality, processes and innovations taking place in the world economic sphere, making the processes at this level relevant. In the last paragraph, **“Azerbaijan's sectoral economic relations with the Republic of Poland and prospective development directions”** are analyzed. One of the important directions in the perspectives of economic relations between the Republics of Azerbaijan and Poland is related to sectoral economic relations. Azerbaijan is a country that stands out among the South Caucasus states with its economic potential and promises prospects. Its rich carbohydrate deposits, oil reserves, as well as climatic conditions suitable for the development of agriculture make it necessary to carry out serious economic projects and investments. The geo-economic and geo-political landscape of the region has been the basis for the tendency of the world's political and economic power centers to be here.

By calculating with the Balassa index, it can be seen whether the country has a comparative advantage in terms of product or industry in the world market. If the index is less than 1, the country has a comparative advantage in that field or industry.

$$RCA_{iw}^k = \left( \frac{X_{iw}^k}{X_{iw}} \right) : \left( \frac{X_{ww}^k}{X_{ww}} \right) \quad (2.1.1)$$

Here,

$X_{iw}^k$  – Total volume of x product exported by x country to the world

$X_{iw}$  - The total volume of products exported by country X to the world

$X_{ww}^k$  - Total volume of product x exported by the world

$X_{ww}$  - The total volume of products exported by the world

In calculating the index, the agricultural area of Poland was taken.

**Table 2. Total agricultural exports (EUR, 2021)**

Poland	37.4 mlrd
World	104.7 mlrd

*Source: author's calculation*

**Table 3. Volume of total exports (EUR, 2021)**

Poland	332.1 mlrd
World	28003.9 trln

*Source: author's calculation*

If we look at the Balassa index:

$$RCA_{iw}^k = 30.11$$

In calculating the index, the agricultural area of Azerbaijan is taken.

**Table 4. Total agricultural exports (EUR, 2021)**

Azerbaijan	13.8 mlrd
World	104.7 mlrd

*Source: author's calculation*

**Table 5. Volume of total exports (EUR, 2021)**

Azerbaijan	21.63 mlrd
World	28003.9 trln

*Source: author's calculation*

If we look at the Balassa index:

$$RCA_{iw}^k = 170.64$$

As a result, by calculating both countries on the Balassa index, if the index coefficient is greater than 1, it means that both countries have RCA. If we take the results on the coefficient, Azerbaijan has more advantage on RCA.

The specialization of Azerbaijan and Poland on certain products in the field economic relations creates conditions for revealing economic advantages and ensuring success in this field. Here, of course, the organization of the more efficient work of the national economy is observed and provides a basis for making additional investments. Production of means of production and production of consumption means are formed. For example, the reforms carried out in separate zones of Azerbaijan, cotton growing, viticulture, animal husbandry or specialization in terms of industry are an example of this.

Agriculture is an important aspect in the field economy perspectives. Because the climatic conditions of Azerbaijan and the fertility of the soil make it possible to make special investments in this area and achieve positive productivity with the application of high technologies. In terms of growing agricultural products, the general picture of the region promises substantial prospects. In recent times, cotton growing and viticulture, cocoon growing have been covered with special care at the state level.

Successful implementation of the investment policy is undoubtedly one of the important factors for the revival and development of the country's economy. The general picture of the development of the field economy of the republics of Azerbaijan and Poland promises serious prospects. Here, further increase of foreign trade relations, transportation and other areas of service trade, tourism, foreign investment, implementation of joint projects in various fields of economy, ensuring cooperation in various areas of agriculture, successful implementation of competition policy, science, education projects, etc. It determines prospective opportunities and directions of development in field relations with Poland. All this gives reason to think that the Republics of Azerbaijan and Poland are characterized by broad opportunities and perspective development in terms of sectoral economic connections, and to implement a successful economic policy



strategy. In “**Conclusion**” the conclusions reached throughout the dissertation are summarized.

The investigation of the prospective development directions of the economic relations of the Republics of Azerbaijan and Poland resulted in the emergence of the following scientific conclusions.

1. The contemporary picture of economic, cultural and political relations between Azerbaijan and Poland takes its source from the positive meaning of bilateral relations in historical traditions.

2. At the level of international economic relations, the economic relations of the Republics of Azerbaijan and Poland determine fundamental perspectives in the image of the globalized world. Poland is considered one of the developed countries of Central Europe due to its economic potential. It is the largest state of the European Union among the members of the Eastern Bloc.

3. The fact that the South Caucasus is in the interest of the world as a geo-economic space and that Azerbaijan has exceptional opportunities in meeting the growing energy needs, rich carbohydrate deposits, East-West, South-North transit function, forms a fundamental idea for the prospects of economic and trade relations.

4. The activities of the Intergovernmental Commission on Polish-Azerbaijani economic cooperation, the expansion of cooperation and commercial relations in the field of transport, railway, energy, machine building, infrastructure, agriculture, tourism, pharmaceutical, construction, food make the goals prospective.

5. One of the main issues in the purpose and purpose of meetings held periodically at the level of heads of state is the determination of the regulation of bilateral economic relations. For this, opportunities are studied at different levels, individual private organizations are involved, signing of the “Joint Declaration on the Roadmap for Strategic Partnership and Economic Cooperation” between the Republic of Azerbaijan and the Republic of Poland, a memorandum on cooperation in the field of energy, etc. determines the perspective of the work to be done.

6. The application of high technologies to the economy of Poland and Azerbaijan, services, equipment, oil and gas processing processes, improvement of railway lines, benefiting from the achievements in the

field of information technologies are the basis for the positive course of the circle and varieties of economic relations, strengthening the economic potential of the country.

7. Researching and working out the conceptual foundations of the economic relations between Poland and the Republic of Azerbaijan in the conditions of the market economy, identifying the aspects of difference and similarity, and the success of the republics makes the fundamental dynamics a reality.

8. Involvement of the companies of both countries at the level of determining the sphere of interest has an important role in clarifying the development trends of economic relations. Orientation of cooperation to the non-oil field, expansion of machine-building, light and food industry, oil machine-building, petrochemical, chemical, agriculture, etc., are defining prospects.

9. Studies show that the modernization of production, service and market infrastructures, the application of new technologies to the country's economy are important in terms of raising the standard of living of the population.

10. Finally, all this suggests that the economic relations between the Republics of Azerbaijan and Poland arose out of necessity as an example of political, cultural, and historical connections, and promises substantial prospects by bringing additional dividends for both countries.

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