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ABSTRACT

of the research for the degree of Doctor of Philosophy

**THE DEVELOPMENT DIRECTIONS OF THE FOOD
INDUSTRY IN AZERBAIJAN**

Speciality: 5308.01 – “General Economics”

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GENERAL CHARACTERISTICS OF THE RESEARCH

Relevance of the topic and degree of development. In the conditions of globalization, international challenges make the diversification of the national economy an objective necessity. All this, besides playing an important role in the development of the non-oil sector, also determines the acceleration of the economic development of each country in the post-oil era, and the entry of income into the state budget from alternative sources. The process of diversification of the economy is considered one of the priorities of the development of oil-exporting countries, especially in the post-oil era. From this point of view, the acceleration of economic development in the post-oil era in the Republic of Azerbaijan and the achievement of sustainable economic growth depend directly on the development of the non-oil sector. One of the most important priorities of the development of the non-oil sector is closely related to the rapid and modern development of the food industry.

As it is known, the food industry plays an important role in suppling the demand for food products of the country's population, and at the same time creates favorable conditions for ensuring the employment of the population and increasing the income of workers in this field. Accelerating the development of the food industry in modern conditions, first of all, includes increasing the competitiveness of the products produced in this field and improving the quality of the products. It should be taken into account that the high-quality product produced in the food industry, both in terms of price and non-price, is aimed at ensuring the sustainability of the produced food products both in the domestic and foreign markets. In this regard, accelerating the development of the food industry, applying the world practice in the development of this field, as well as attracting foreign investments, is an important priority direction, and it brings to the fore the inclusion of alternative incomes in the state budget.

In modern conditions, the implementation of measures aimed at the development of the food industry is one of the priorities of the state's investment policy and regional policy. In this regard, it is necessary to admit that the development of the food industry plays an

important role not only in ensuring the country's food and economic security, but also in the implementation of import substitution and export promotion processes.

"State Program of Socio-Economic Development of the Regions of the Republic of Azerbaijan in 2019-2023", "Strategic Roadmap for the Production and Processing of Agricultural Products in the Republic of Azerbaijan", Law of the Republic of Azerbaijan "On Food Products", "Azerbaijan 2030: National Priorities for Socio-Economic Development", it is important to determine and assess the development directions of the food industry in Azerbaijan.

It should be noted that scientific-research works have been carried out in different formats related to the development of the food industry in different periods. However, in the conditions of modern globalization and the liberation of our territories from the Armenian occupation, complex research works on the directions of the development of the food industry in Azerbaijan have not been carried out sufficiently. Taking into account all this, the investigation of the mentioned problem and the preparation of relevant proposals made the completion of the dissertation research an objective necessity.

Among our local economists Z.A. Samadzade, A.Kh. Nuruyev, E.A. Guliyev, I.H. Ibrahimov, E.R. Ibrahimov, B.Kh. Atashov, A.F. Abbasov, A.E. Guliyeva, N.C. Gafarov, V.H. Abbasov, M.C. Huseynov, A.H. Valiyev and others have conducted extensive research in connection with the study of various aspects of the development problems of the food industry. Foreign economists M. Porter, Blak I.A., Deniskin V.V., I.N. Buzdalov, Goncharov V.D. and others have examined various problems related to the integration of processing industry and agriculture, food security, as well as the development of processing industry.

Without diminishing the value of the scientific and research work performed by the above-mentioned economists, we would like to note that in the context of agrarian globalization and increased demand for food, the priorities of the development and regulation of the processing industry, as well as the mutual synthesis of the problems related to increasing investment attractiveness, are almost complex. not investigated.

The object and subject of the research. The object of the research is the food industry enterprises of the Republic of Azerbaijan. The subject of the research is the economic relations, legalities, methods and tools in the areas operating in connection with the development of the food industry in Azerbaijan.

Goals and tasks of the research. The purpose of the research is to study the scientific-theoretical bases of the development of the food industry, as well as to examine the current situation of the development and integration of the food industry in Azerbaijan, and finally to develop scientifically-theoretical and practically important proposals for the regulation of the development of the food industry in Azerbaijan.

The tasks of the research include the following:

- to examine the characteristic features of the food industry in the development of the non-oil sector;
- to justify the need to regulate the involvement of investments in the development of the food industry;
- to determine the factors shaping the development of the food industry;
- to analyze the current state of integration of agriculture and food industry in Azerbaijan;
- to analyze the dynamics of import-export of the food industry and the current state of relations in this field;
- to analyze the problems and the current situation in the provision of investment related to the development of the food industry;
- to examine the directions of development of the food industry in terms of global challenges;
- to determine directions for increasing the competitiveness of the food industry;
- to determine directions for stimulating investment attractiveness in the development of the food industry and prepare appropriate proposals.

Research methods. Research methods include comparative analysis, observation, generalization, economic-statistical analysis and expert assessment.

The bases of the theoretical methodology of the research are firstly the normative legislation acts by the President of the Republic of Azerbaijan, the National Assembly of the Republic of Azerbaijan, the Cabinet of Ministers of the Republic of Azerbaijan. In addition, the works written by the classics of economics, as well as the international conferences and symposiums held in this field, the information by the World Bank and State Statistical Committee of the Republic of Azerbaijan can be included to the theoretical methodological basis of the research.

The main provisions defended:

- in the post-oil era, there is a greater need to justify the necessity of the development of the non-oil sector and to determine its characteristics in terms of the challenges of globalization;
- in the new economic conditions, it is considered important to justify the role of the food industry in the development of the non-oil sector, economic progress and food security;
- the need to classify the factors affecting the development of the food industry and to regulate the development with economic means has emerged in the conditions of market relations;
- there is a need to determine the main priorities and integration of the innovation
- oriented development of the food industry in the new economic conditions;
- it is necessary to assess import-export relations in the food industry and determine priorities for increasing competitiveness;
- it is considered important to justify the role of economic regulation tools in attracting domestic and foreign investments to the development of the food industry;
- there is a need to implement stimulation measures related to the attraction of investments in the food industry.

Scientific novelty of the research. The scientific novelty of the research consists of the following:

- the role and importance of the food industry in the development of the non-oil sector, as well as its strategic importance in terms of ensuring food security, are substantiated;

- the necessity of attracting investments to the food industry in the new economic conditions was justified and it was determined that the attraction of investments essentially had a significant impact on the production of innovative products in the food industry and the increase in the volume of its offer on the market;
- in the development of the food industry, the need to adapt the relations between agricultural commodity producers and economic subjects operating in the processing industry to the requirements of the modern era and the preparation of a new food safety State Program are justified;
- factors affecting the nature of integration between the processing industry and agriculture were conducted;
- the priorities of the development of the innovation-oriented food industry in accordance with the new economic conditions, as well as the directions for the modernization of the field, taking into account the characteristic features of the food industry within these priorities have been prepared;
- directions for increasing competitiveness in the food industry and regulating it with economic means were determined, as well as the advantages of price and non-price competition in this field were revealed;
- directions of import-export regulation in the food industry are defined;
- the existing problems in attracting investments to the development of the food industry in the new economic conditions and the directions of stimulation were studied;
- the SWOT analysis of the development of the food industry was carried out, and within this analysis, the strengths and weaknesses of the development of the food industry were revealed.
- the role and effect of a favorable business environment in attracting investments to the food industry was investigated.

The theoretical and practical importance of the research.

The theoretical importance of the development consists in the synthesis of the production of agricultural products and the production of clean products from ecological ignorance as the

priority direction of the development of the food industry. In fact, it can be useful in modernizing the production process. The practical importance of the investigation consists of the following:

- Scientifically based generalizations about the neutralization of destructive trends affecting the development of the food industry can be used in the preparation of materials on the development prospects of the food industry.

- in terms of increasing investments in the food industry within the framework of the import substitution policy, it can be useful in preparing measures and programs to solve the development problems of the food industry from scientifically based proposals related to limiting the volume of imports of food industry products and increasing the volume of exports.

Approval and application. The main scientific-theoretical claims, results and proposals of the dissertation are reflected in 6 articles (including 1 abroad) and 6 theses (including 1 abroad) published in prestigious journals and conference materials recommended by the High Attestation Commission under the President of the Republic of Azerbaijan. Conference materials include "Directions of environmental regulation of industrial enterprises in Azerbaijan" (Baku, 2018), "The directions of increasing the products of the food industry in the period of technological development" (Baku, 2020), "Directions of increasing eco-friendly foods production" (Madrid, Spain, 2023).

During the research, the author also discussed "Development of the food industry in Azerbaijan and priority directions of investment" (Baku, 2020), "Integrated relations between agriculture and processing industry in modern conditions and factors affecting it" (Baku, 2022), "Development and formation of food industry products" influencing factors" (Baku, 2022), "The development of food industry in ensuring of the food security" (Budapest, Hungary, 2022) articles were published.

The name of the institution where the dissertation work was performed. Baku Business University.

The total volume of the dissertation with a sign indicating the volume of the structural sections of the dissertation separately. The

dissertation consists of an introduction, three chapters, a conclusion and a list of used literature. The total volume of the introduction (11314 characters), chapter I (64847 characters), chapter II (61293 characters), chapter III (62774 characters), conclusion (10749 characters) and bibliography (13466 characters) is 239420 characters. The mark number of the dissertation is 210977 marks, excluding tables, diagrams, the list of used literature and the list of abbreviations.

THE MAIN CONTENT OF THE RESEARCH

In the introductory part of the thesis, the relevance and degree of development of the topic, the purpose and tasks of the research, the subject, the main propositions defended, the scientific novelty and practical importance of the research, approval are explained and justified.

In first chapter of the research entitled "**Scientific theoretical foundations of the development of the food industry**", the characteristic features of the food industry in the development of the non-oil sector, the necessity of regulating the development of the food industry, and the factors of the formation of the development of the food industry are investigated.

It is known that nature does not provide ready-made food products necessary for human existence. Therefore, people are forced to produce all the food products and other items necessary for their vital needs in order to survive. Academician Z.A. Samadzade rightly points out that nutrition is an important condition for the normal functioning of human body parts and systems, and for meeting physiological needs. Adherence to proper nutrition makes their activity period continuous and flawless. Adhering to the requirements of proper nutrition requires people to have knowledge and literacy as well as having a sufficient budget. At the same time, it should be noted that the level of nutrition is primarily related to the level of economic development.¹

¹ Səmədzadə, Z.Ə. Azərbaycan iqtisadiyyatı 100 ildə: IV cild. Bakı, 2022-592 s.

It is noted that the food industry is an important part of the non-oil sector. In this regard, the integration of the agricultural sector and the processing industry should be based on mutually beneficial cooperation and the specific characteristics of both sectors should be taken into account. The agricultural sector includes the production of raw materials, while the processing industry acts as both an efficient market for agricultural producers and a provider of ready-made food products for consumers. The implementation of competitive and high-quality product production in the food industry depends, first of all, on the quality of agricultural raw materials and its price, competitiveness and modernization of food industry enterprises. The formation of effective integration relations between agriculture and food enterprises should be established in accordance with the characteristics of the market mechanism, but also adapted to the efficient operation of agriculture in the conditions of free competition. Implementation of the modernization process in the food industry requires investment in this area. Unlike agriculture, investing in the manufacturing industry requires relatively little risk.

One of the most important problems of the development of the food industry is the strengthening of global threats, as well as the fact that the process of integration into global markets causes destructive manifestations in a number of cases. However, despite all this, the development of the processing industry in our republic has its own advantages. So, with the exception of Baku Agglomeration, other economic regions of our republic are directly specialized in the production of agricultural products. Taking into account the conditions of specialization, the creation of processing enterprises based on the type and character of the products produced in the natural economic regions of our republic should be prioritized.

In Azerbaijan, specific factors create favorable conditions for the creation of processing enterprises specialized in plant breeding, animal husbandry and natural raw material sources. Also, there is a variety of rural influence, primary and secondary processing of products operates in cities and villages. Considering these features, a number of factors determining the development of the food industry are distinguished.

These may include:

1. Agriculture: development of crop and livestock breeding, development of the raw material base, which is the basis of the food industry and based on primary processing, in the direction of meeting the current demand;

2. Processing of food products: development of enterprises in the direction of preparation of fresh products for the market and production of prepared food products;

3. Marketing - advertising, marketing campaigns, packaging, public relations, etc. of general products (for example, bread, milk, etc.) and new products. implementation of works on;

4. Expansion and development of transport and international logistics service in order to organize wholesale and retail sales. Currently, the development of international economic relations and trade relations based on the international division of labor are of great importance for the solution of many universal problems. There is a need to pay more attention to international trade relations related to the purchase and sale of food products. Experience shows that instead of transporting food products from foreign countries by spending a large amount of capital, it is more beneficial to organize their local production.

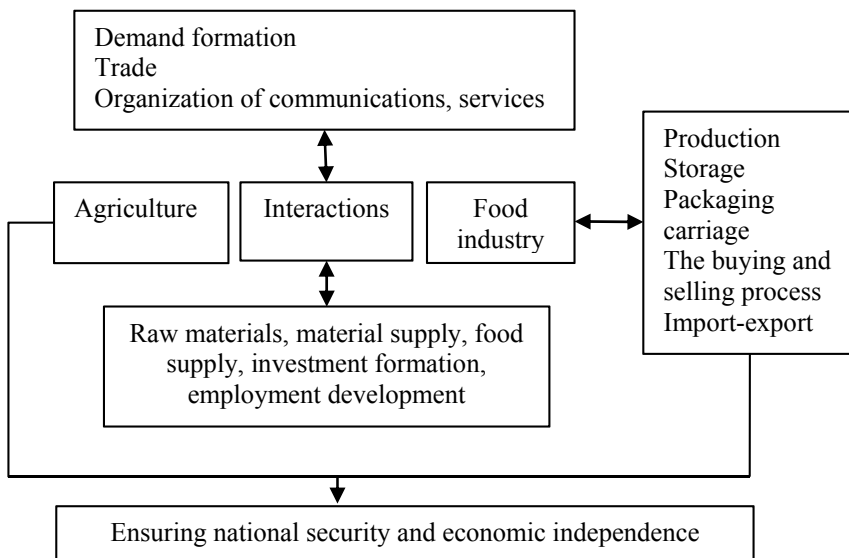
5. As a result of the application of the latest technological innovations in production, in addition to meeting the growing demand of the country, it is possible to stimulate economic development by having a certain share in the world market of food products by conducting an export-oriented policy on an international scale.

Based on the above, the relationship between the food industry and agriculture (scheme 1.) should be used taking into account its role in the process of national security and ensuring economic independence, is more effective than the production potential in the food industry. We believe that the following can be included in the main components of the production potential of the food industry: 1) technical and technological potential; 2) organizational potential; 3) financial potential; 4) personnel potential, etc.

In order to ensure continuity of production and supply of food products, the production potential of the food industry must be continuously and constantly repeated. This can be ensured if the

elements of the production potential can be reproducible information circulating in the system taking into account both the state of individual elements and their mutual relations, as well as the characteristics of the constituent parts of the production potential, the technical and economic aspects of the goals and tasks facing it. In this regard, the optimal volume of the production potential should be directed to the production of food products that match the potential of the region's food market during the efficient use of existing resources.

Optimizing the production potential in the food industry is not an increase in the nomenclature of the produced product, but is evaluated as achieving a more suitable development goal of the field and the fulfillment of its tasks. Effective solutions for optimizing the production potential in the food industry should be implemented taking into account the characteristics of the food industry.



Scheme 1. Interaction of food industry and agriculture
(The scheme was drawn up by the author.)

Based on the above, considering that the development of the food industry is closely related to the development of agricultural production, its characteristic features can be characterized as follows:

- the results of the food industry depend on natural conditions;
- with the variety of ownership forms;
- with the seasonal nature of interruptions in the supply of the food industry due to the non-coincidence of the work cycle and the production cycle in agriculture;
 - with the leading role of the state in regulating the development of the agricultural sector;
 - due to the small number of processing enterprises and the low specific weight of some agricultural products used for processing purposes due to technology lagging behind the demand;

It is noted that the following should be taken into account for the development of the food industry:

- commodities, products of vital importance in the food industry should be provided in time in terms of volume and variety, taking into account individuals' needs and interests, age, gender, traditions, etc.
- the demand for agricultural raw materials in some areas of the food industry is low, and for this reason, food-oriented products are imported from abroad;
- since the demand for agricultural products is less elastic or inelastic, there is no special increase in the demand for these products, due to the effect of price differences, production costs at a loss, etc.

We can attribute the following to the group of factors determining the development of food industry enterprises:

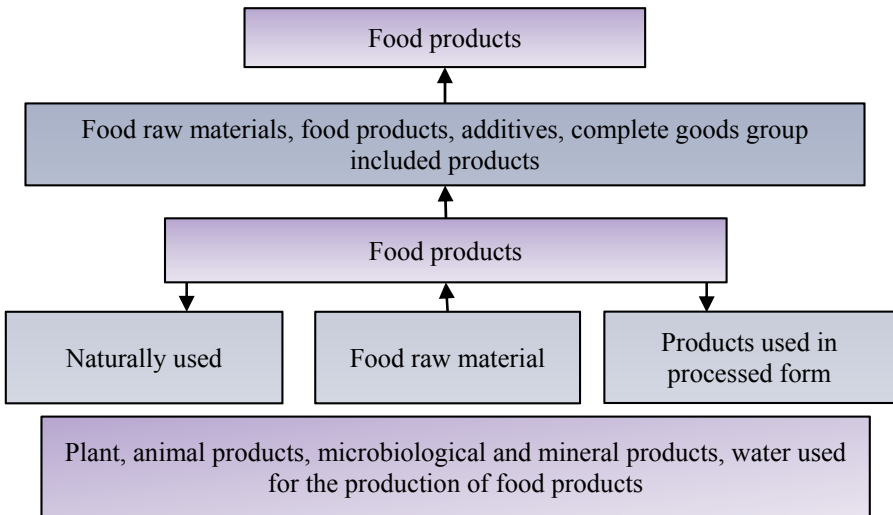
- the climate and relief factor that directly affects the development of the food industry;
- the factor of availability of resources of a wide and diverse raw material base;
- population growth and environmental factor;
- factor of existence of traditional industrial enterprises and infrastructure;

In the dissertation, an important place is devoted to the issues of regulation of the food industry. Here, the intensive development of the field, economic security, improvement of the living standard of the population and the solution of many socio-economic problems are connected with investment and its regulation.

Our research shows that taking into account regional differences in the context of the development of the food industry, the necessity of regulating (balancing) investment attraction can be conditioned by the following factors:

- limited financial opportunities of food products production and raw materials, as well as entrepreneurial activity providing services to the food industry;
- technical-technological equipment used in the food industry to a certain extent wears out, integration, infrastructure lags behind the demand;
- slow development of the creation of competitive, new types of production and services at the expense of the country's internal resources, etc.

The structure of food products is one of the main factors in the formation of food industry enterprises. Considering this factor, in our opinion, should be evaluated as an important component of the modernization of the food industry. The structure of food products is shown in the following scheme.



Scheme 2. Structure of food products
(Scheme drawn by the author)

It should be noted that the need to regulate the development of the food industry is important in terms of the development of agriculture, ensuring food safety, and increasing the employment and income of the population in the regions. Insufficient stimulation of small and medium entrepreneurship, agrarian sector, as well as food industry, insufficient attraction of foreign investments to the food products market, infrastructural problems not being solved, market relations not being formed in terms of new relations, work going slowly in the direction of socio-economic development of the regions, local officials the subjective problems that arise are also among the reasons that complicate the provision of food security in the country. In connection with the above, state regulation measures of food safety of the population are implemented. Stimulation of food production, standardization and certification of quality indicators, accounting and regulation of food production, supply, sale, as well as import and export, competition development, protection of the rights and interests of local producers, control over the quality and safety of food products from the producer to delivery to consumers, financing the development and implementation of food programs with the involvement of foreign investments.²

At the same time, the development and formation of the food industry requires consideration of a number of factors:

1. Enterprises of the primary processing industry directly depend on the activity of agriculture, which is the main supplier of raw materials. The activity of agricultural enterprises is seasonal, production is characterized by high uncertainty.

2. The products of most food industry enterprises are material capacity, which is an important methodological aspect in strategic planning. The share of material costs in the cost of the product varies from 60% to 80%. Price, quality and delivery conditions have a special effect on the activity of enterprises.

3. For many enterprises of the food industry, there is an objective need to invest in raw materials and pay for products (for example, in

² İbrahimov, İ.H. Kənd təsərrüfatının inkişafı və sahibkarlığın formalaşması problemləri. Bakı, 2005. 360

fruits and vegetables, oil and fat fields, etc.), to create a large stock of perishable raw materials.

4. The population is the main consumer of food industry products. Currently, the low purchasing power of the market, which limits the development of many food enterprises, leads to strict planning of production costs, the search and implementation of cost reduction resources.

5. Since the food industry has established its own strategy to make enterprises use a certain technology, its change can be carried out only with significant costs of time and resources. Therefore, vertical integration is important in the activity of food industry enterprises.

In chapter II of the research entitled "**Analysis of the current state of development of the food industry in Azerbaijan**", the analysis of the current state of integration of agriculture and food industry in Azerbaijan, import-export relations and investment provision in the field was carried out.

It is noted that the main goal of forming integrated relations between agriculture and food industry is to create strong relations between specialized agricultural and food enterprises with the aim of obtaining products and economic benefits from agricultural raw materials. In this globalization environment, ensuring food security against the background of market vectors, global threats and the strategic interests of the state is considered the main principle of integration relations between agriculture and food industry enterprises.

The main principles of integration relations between agriculture and food enterprises include the following:

- establishing a system of mutually beneficial economic relations between commodity producers and food enterprises;
- directing resources to the most promising areas of the economy;
- up-to-date information on mutual settlements between agricultural commodity producers and food industry enterprises and using communication technologies;

- increasing the competitiveness of manufactured products in domestic and foreign markets;
- ensuring the optimal level of profitability of agricultural commodity producers.

The results of integration relations between agriculture and food industry are essentially reflected in the production of food industry products. In this regard, the dynamics of the production of the main food products is shown in the table below.

Table 1

Dynamics of production of food industry products (thousand tons)

	2018	2019	2020	2021	+, - in 2021 compared to 2018
Cheese and cottage cheese, thousand tons	50, 1	51, 3	53, 5	59, 3	+ 9,2
Butter, thousand tons	23, 6	24, 1	24, 6	27, 0	+ 3,4
Sugar and powdered sugar, thousand tons	203, 1	271, 0	246, 3	340, 6	+137,5
Pasta products, thousand tons	4, 2	4, 2	11, 3	19, 9	+15,7
Vegetable oils, thousand tons	71, 1	75, 1	75, 1	35, 9	-35,2
Margarine, thousand tons	47, 2	47, 3	49, 9	47, 6	+0,4
Champagne, thousand dkl	3, 1	0, 5	0, 4	0, 6	-2,5
Grape wine (general), thousand dkl	1574, 3	877, 3	895, 0	1011, 6	-562,7
Beer, thousand dkl	4662, 0	5083, 3	5466, 3	4707, 3	+45,3
Natural tea, thousand tons	9, 3	9, 8	10, 6	10, 2	+9
Fermented tobacco, tons	3501, 7	4621, 2	4383, 7	4276	+774,3

Source: [13, s. 39-41, 49, 60-61] (<https://www.stat.gov.az>) (Table compiled by the author)

As can be seen from the table, some food and industrial products increased in 2020 compared to 2018, while some products decreased. In the comparative period, the decline in the production of champagne and grape wine in the country is closely related to the

pandemic and the emergence of sales problems. So, in the conditions of the pandemic, the population mainly gave more priority to the consumption of food products. Calculations show that the return of viticulture and winemaking to its former glory, essentially ensuring the production of competitive wine products in our country can provide each country with income on 2.5-3 billion US dollars after about 5-6 years.

In recent years, the provision of macroeconomic stability and sustainable development in the agricultural sector, the creation of agroservices and agroparks play an important role in the development of processing enterprises. More than 170 flour mills are operating in the republic related to grain production, which is important for food security. European firm in Baku, Takil Open Joint Stock Company (ASC), Milla in Absheron, Aspirco LTD, Atena in Agjabedi, Bilasuvar, Ganja, Shabran, Sumgayit, Agsu, etc. processing enterprises that meet modern requirements operate in the regions. Baku Dairy Processing Plant, Zahmet, Ruzi, OJSC and specialized in the production of animal husbandry products. Yogurt produced in Baku Milk Processing Plant, fruit and berry juices produced in Gabala region played a big role in increasing export, while reducing import from abroad. Along with the production and sale of various types of food products of Azersun Holding company, Azersun agriculture LLC also operates. This group includes sugar beets, sunflowers, barley, wheat, peas, corn, tomatoes, cucumbers, canned goods, etc. Miripark trade and industry company is one of the production enterprises. The company produces natural juices, jam, jam and various canned products and, in addition to targeting the domestic market, exports these products to the CIS countries, the Baltic countries, the Far and Middle East countries, the USA, China and other European countries. Azersun holding has an important position in the field of food production in our republic. The structure of this company includes Baku food oil factory LLC, Azersun trade and distribution LLC, SUN FOOD service LLC, Qafqaz Cannery, Gazakh Cannery, Kurdamir milk processing plant LLC, Soni Tea tea factory, etc. operates.

One of the most important priorities of the development of the food industry is to achieve the effective introduction of manufactured

products to the world market. All this requires the improvement of foreign trade conditions, the substitution of imports, and the improvement of the structure of exports. Although many food industry enterprises have been established in our republic in recent years, the volume of food products imported to our country is still at a high level.

Table 2

The dynamics of the import of the main types of food products

Name of products	2018		2020		2021	
	quantity, tons	amount, thousand US dollar	quantity, tone	amount, thousand US dollar	quantity, tone	amount, thousand US dollar
Bovine meat	8326,8	25208,9	9769,1	36718,8	5721,1	22309,4
Poultry meat and its additives	34091,3	38769,9	29809,1	34419,4	30924,1	41318,4
Fresh and frozen fish	10177,7	17109,0	9743,8	19295,9	12159,6	21066,1
Milk and cream	9511,4	12652,5	9657,3	15312,8	11190,5	14743
Butter, other milk fats and pastes	12115,3	69690,0	16806,4	82608,3	15043,3	78856,1
Bird eggs, thousand pieces	54876,2	10262,5	27938,0	6031,2	51858,9	10354,3
Potato	151 232,2	38642, 1	182 653,8	49 517, 4	214970, 4	55799,4
Fresh vegetables	16 496, 9	9 162, 6	35 290,7	18 906, 3	39649	20549
Fresh fruit	106 583,1	96660, 2	123 009,2	112 444,6	124347	117402
Tea	12957, 8	49807, 3	13 984,9	56187, 2	13965	61858
Wheat, thousand tons	1080,9	205968, 1	1365,1	296905,2	1148,1	331946
Rice	49826,1	36431, 2	56884, 3	38949,3	46765,5	33922,9
Wheat flour	2124,4	814,1	2909,8	1150,9	3523,9	1452,4
Vegetable oils	129950,3	109445, 5	139628, 2	129469, 0	130144	181375
Margarine, food other mixtures suitable for	22856,3	29410, 9	23549, 9	29057,0	23147,8	36907
Meat sausages and other similar products	2847,8	9380,2	4656,5	13479,7	5567,1	16208
Canned meat and fish	5591,3	14994, 3	6576,2	18464,7	6714,7	21291,8
Beer (thousand dkl)	472,1	4973,8	354,4	3695,8	373,7	4222,5

Source: [9. etc. 593-603, 14. p. 71-72] (<https://www.stat.gov.az>) (The table was compiled by the author)

As can be seen from the table, in 2018-2021, cattle meat, poultry meat and its by-products, fresh frozen fish, milk and cream, butter, other dairy oils and pastes, poultry eggs, potatoes will be imported into the country, fresh vegetables, fruits, tea, wheat, wheat bran, rice, wheat flour, vegetable oil, canned meat and fish, sugar, confectionery products made from sugar, beer, natural grape wine and grape sauces, vodka, ethyl alcohol, tobacco, etc. are imported. The import volume in 2021 has changed significantly compared to 2018-2020.

The dynamics of export of food products is shown in the table below.

Table 3
Dynamics of export of food products (amount-thousand USD)

Name of goods	2018		2020		2021	
	Amount tone	the amount	Amount tone	the amount	Amount tone	the amount
Potato	66563,4	29627,5	81388,3	33786,2	92343	40077, 7
Fresh vegetables	233332,	202811,	18530,3	219968,5	173812	179786
Fresh fruit	319187,9	324780,7	301080,9	349886,2	361898	403550
Tea	1367,0	9373,9	1357,2	9461,4	1115,7	8491,5
Vegetable oils	10842,2	9353,8	14043,4	12238,3	11889	15860
Margarine for food other useful mixtures	2768, 5	2819,8	3907,8	4 215,1	3086,7	4379
Sugar, thousand tons	44,1	24974,7	60,6	26904,3	59,1	32093
Canned fruit and vegetable	6688,7	7753,6	7191,2	8727,8	8512,9	9581
Fruit and vegetable juices	7487,2	9 672,8	11856,3	15779,5	12707,7	15449, 5

Source: [9, pp. 596-615; 14, p. 80-82] (<https://www.stat.gov.az>) (The table was compiled by the author)

As can be seen from the table, growth trends were observed in the volume of food products exported from the country in 2020-2021 compared to 2018. Thus, it can be concluded that there is a strong need to implement necessary measures in the direction of improving the foreign economic activity of the country.

At present, the priorities of investment in the economy are almost of a different nature. In this regard, investing in the development of the non-oil sector is of great importance. From the point of view of the development of the non-oil sector, in the most important areas to be developed after oil in the economy of our republic, first of all, agriculture and the food industry and the tourism sector, which have mutual relations with it, can play an important role.

It should be noted that the increase in the specific weight of domestic investments in the structure of total investments invested in the country's economy essentially plays an important role in reducing the country's dependence on foreign investments, and we believe that this can be considered a positive trend.

In order to implement real investment processes in food industry enterprises, it is important to consider a number of features of this process. We believe that real investment projects are one of the most important means of implementing the country's economic development strategy.

The dynamics and structure of investments in the food industry are reflected in the table below.

Table 4

The volume and structure of investments directed to fixed capital in the food industry (million manats)

Indicators	2017	2020	2021	+, - % in 2021 compared to 2017
The whole industry	10610, 1	9065, 3	7507, 3	-78,1
foreign investments	6989, 5	3845, 6	3169, 1	-220
domestic investments	3620, 6	5219, 7	4338, 2	+1,2 d
Processing industry	652, 6	2610, 5	2018, 0	+3,92
foreign investments	32, 0	19, 9	13, 0	-2,4
domestic investments	620, 6	2590, 6	2005, 0	+223
Production of food products	125, 5	225, 1	197, 8	+1,6
foreign investments	32, 0	18, 8	-	-100
domestic investments	93, 5	206, 3	197, 8	+2,1
Beverage production	26, 9	39, 4	39, 1	+1,4d
domestic investments	26, 9	39, 4	39, 1	+5 d
Production of tobacco products	0, 4	4, 3	2, 2	+1,5 d
Domestic investment	0, 4	4, 3	2, 2	+1,5 d

Source: [12, p. 72] (<https://www.stat.gov.az>) (The table was compiled by the author)

The analysis shows that investments in the food industry sector of the economy can create favorable conditions for maintaining stability in the domestic market, stabilizing the price level, and exporting food products to foreign markets. Some conditions should be taken into account when making investments in the food industry. The first of them is the climate and relief factor, the second is the existence of a diverse raw material base, and the third is the insufficient analysis of the infrastructure system in traditional industrial enterprises. Based on the world experience, we can conclude that the product production process should be designed according to the consumers, taking into account the needs of the buyers, and this should be prioritized in the investment process.

In chapter III of the research entitled "**Directions of regulating the development of the food industry in Azerbaijan**", the priorities of the development of the food industry, the priority directions of increasing the competitiveness of the food industry, and the directions of stimulating investment in the development of the field are defined.

It should be noted that despite the series of measures taken in connection with the development of the food industry of our republic, there are still many problems waiting to be solved in this field. Thus, significant progress has not been achieved in the direction of modernization of production, increasing the competitiveness of manufactured products. This acts as a source of serious threat in the export of products produced by food enterprises to foreign markets. It is noted that although the process of mechanization of labor in the food industry is carried out at the limit of 40-60%, but in some cases up to 50% of labor-intensive operations in processing enterprises remain unmechanized.

During the modernization of food industry enterprises, first of all, the mechanism of reducing energy costs should be activated, losses during production should be prevented, and various wastes should be processed so that they do not cause environmental problems.

It is noted that the CIS countries play an important role as the traditional market of processing industry enterprises in our republic. In our opinion, if the competitiveness of the product is increased, the

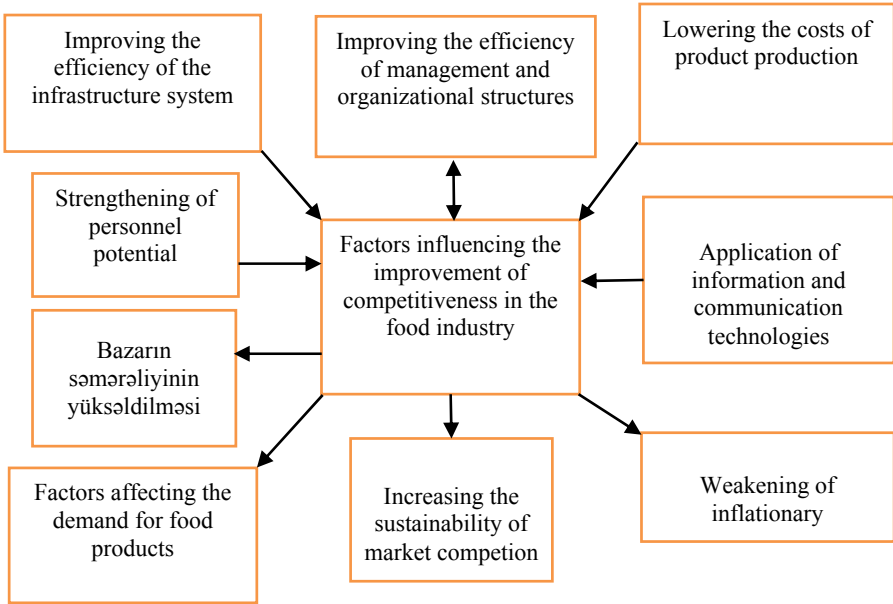
export of processing industry products to Europe, including ecologically clean products to Western European countries, could serve as a source of important foreign exchange earnings.

It is known that compared to traditional products, the production of environmentally friendly products is more expensive and it is far from genetically modified elements. From this point of view, the production process of environmentally friendly food products should first of all start from the production process of agricultural raw materials. In agriculture, it should be considered to apply the rotation system of cropping and also to use microbiological, plant and animal fertilizers. At the same time, it is important to form the necessary sales and market infrastructures within the framework of measures aimed at the production of ecologically clean products. Opportunities to use alternative energy sources should be provided to reduce the costs of food production.

Investigations show that competitiveness in food industry enterprises is characterized by its own different characteristics compared to other industries. These features are primarily related to the fact that the raw material base of the food industry is agriculture. It should be noted that this process is more typical for developing countries. During the measures implemented in terms of increasing the competitiveness of processing industry enterprises, first of all, the specifics of the activity of that enterprise should be brought to the fore, as well as the characteristics of activity in the market should be taken into account. Lowering the cost of food production, which essentially includes reducing energy and other costs, and using alternative energy sources.

One of the important features in increasing competitiveness in the food industry is the quality of the product. At the same time, increasing the competitiveness of the food industry enterprise depends on the implementation of innovation activities. It is possible to classify the innovation process in two aspects. The first of these is the implementation of investment activities in food products that have undergone changes or are newly introduced, and the second is investment activities and innovations.

A number of factors influencing the increase of competitiveness in the food industry are reflected in the following scheme.



Scheme 3. Factors influencing the increase of competitiveness in the food industry

Source: Scheme designed by the author.

In our opinion, in order to increase the competitiveness of the food industry in the republic, the efficiency of the main production funds should be increased, the use of physically and morally outdated technologies should be stopped, and the application of modern technologies, the achievements of scientific and technical progress should be stimulated. should be raised. Food industry enterprises should be located and rebuilt taking into account specialization in the regions.

From this point of view, the SWOT analysis of the competitiveness of food industry enterprises was carried out.

In the "Result" section, important scientific-practical proposals and recommendations arising from the nature of the research are given.

1. The main goal in the formation of integration processes in the agricultural field is to obtain finished products from agricultural raw materials and to achieve economic efficiency in this field, and to create a strong connection between specialized agricultural and processing enterprises. At this time, ensuring the mutual financial interests of both agricultural commodity producers and food industry enterprises, or rather, all parties involved in the integration process, is of particular relevance and practical importance.

2. In the conditions of new economic relations, in the integration relations between agriculture and processing industry enterprises, the provision of food security is considered the main fundamental principle, primarily in terms of market vectors, global threats and the strategic interests of the state. In the process of integration, market vectors are primarily considered to be free competition, preservation of economic independence of commodity producers, consideration of supply and demand for certain products in the agricultural and food market, and effective response to changes in the international market environment. Global threats to integration relations are more evident in the context of the globalization process. Global threats include global climate changes and the rise in prices of other food products and market fluctuations as a whole, as well as dumping processes. Taking into account all the mentioned ones, the changing demand of the population, increasing the production of competitive food products, the factors that hinder the provision of food security in the modern era, and the expiration of the State Program for Food Security, in order to ensure the efficiency and sustainability of food supply in a condition where our lands are free from occupation, we consider to adopt a new comprehensive food security State Program covering 7 years (2024-2030).

3. The specific features of the field, as well as the effects of the globalization process, essentially lead to the creation of a destructive

situation in the relations of integration. It is possible to classify the factors influencing the emergence of these trends as follows:

- seasonality of agricultural production;
- failure to ensure long-term storage of the product;
- the uncertainty of risks as a result of the influence of natural conditions;
- significantly lagging behind developed countries in terms of intensification of the food industry;
- physical and moral obsolescence of machines and technologies used in agriculture and food industry;
- poor development of market infrastructures in agriculture and food industry enterprises.

4. The limited and small size of the land area used by agricultural commodity producers limits their opportunities to participate as an equal party in the integration process. A small number of agricultural commodity producers have large plots of land, and the presence of such plots allows them to enter into integrated relations of food enterprises as a whole, as well as to keep processing enterprises at their disposal. In this regard, priority can be given to the creation and efficient management of cooperatives (on viticulture, grain growing, meat and milk production and processing).

5. Taking into account the high potential in our country for the development of the agricultural products processing industry, necessary measures should be taken in the direction of increasing the production of products in separate semi-complexes of the field and the development of processing industrial enterprises. For example, it is possible to meet the demand of the domestic market, but also export to the CIS countries and European markets. Establishment of enterprises for other food products can be considered.

6. In modern times, the newest challenges of the globalization process, in fact, significant changes in the process of people's nutrition are envisaged. So, as in foreign countries, the middle class is already trying to give preference to environmentally friendly products. It is natural that the class with high financial capabilities feeds on environmentally friendly products. But the joining of the middle class to this process may be one of the important conditions

for ensuring the competitiveness of the production of food products in our country as a whole, as well as for the production of products to be rich in biological components at a level that will not adversely affect people's health. Stimulating the attraction of foreign investments in the food industry can also be one of the important issues. Here, it is considered important to consider both the internal environment and the external environment in order to create a favorable business environment.

7. As a result of the analysis, according to the information of the State Statistics Committee for 2022, 448 micro, 164 small, and 158 medium and large enterprises of the food enterprises operating in the country belong to the share. The point that attracts attention in official statistics is that the number of large and medium-sized enterprises is less than that of micro-enterprises. This prevents us from fully meeting the continuously growing and changing demands of the population. In our opinion, the greater the number of large enterprises, the more attractive the investment, the application of new technologies and the possibility of increasing competitiveness. Also, since large enterprises have more opportunities to reduce the cost of their products, they have more opportunities to increase labor productivity. In this regard, the state should take necessary stimulating measures.

8. It can be concluded from the research that the priority directions of the development of the food industry in modern conditions should include the modernization of the production process based on the synthesis of traditional product production and ecologically clean product production. Against the background of the realization of this process, it is possible to ensure the satisfaction of the country's population's demand for food products, and at the same time to form a balanced development of the domestic market at the expense of local production, and at the same time it is possible to eliminate the dependence on imports and increase the volume of exports, which essentially means providing alternative sources of income to the state budget. may include shaping. In general, following diversification processes in the development of the food industry can essentially create favorable conditions for ensuring the

diversification of both exports and the economy as a whole. This can create favorable conditions for increasing the competitiveness of product production and, at the same time, increasing the quality of the product, exhibiting more positions in foreign markets.

9. The use of local agricultural raw materials and the production of ready-made products should be prioritized in the activities of food enterprises operating in our republic, as well as joint enterprises established with foreign companies. From this point of view, we believe that the state should implement the measures of stimulation with the necessary economic means. The application of certain additional tax benefits (credit, customs, etc.) for food enterprises that use domestic raw materials can be important in attracting foreign investments and also in the implementation of other stimulating measures implemented in this field. The successful aspect of this process is that when food industry enterprises prefer domestic agricultural raw materials, all this can create favorable conditions for ensuring the sustainable development of agriculture, as well as for the realization of their profitable economic financial activities.

10. From the conducted research, it can be concluded that competitiveness in food industry enterprises is characterized by its own different characteristics compared to other industries. These features are primarily due to the fact that the raw material base of the food industry is agriculture, and at the same time, sharp competition in this field and the dominant position of industrial enterprises over agricultural enterprises take a more dominant position in a number of cases. This process is more typical for developing countries. During the measures implemented in terms of increasing the competitiveness of food industry enterprises, first of all, the specifics of the activity of that enterprise should be taken into account, as well as the specifics of the activity in the market.

11. The priority directions of the development of the food industry in modern conditions should include, first of all, the modernization of the production process based on the synthesis of traditional product production and ecologically clean product production. Against the background of the implementation of this process, it is possible to ensure the satisfaction of the country's population's

demand for food products, and at the same time to shape the balanced development of the domestic market at the expense of local production. Also, it is possible to eliminate dependence on imports and increase the volume of exports, which essentially includes the formation of alternative sources of income for the state budget. In general, following diversification processes in the development of the food industry can essentially create favorable conditions for ensuring the diversification of both exports and the economy as a whole, and this is favorable conditions for increasing the competitiveness of production and at the same time, ensuring the improvement of product quality, can exhibit more positions in foreign markets.

The following scientific works have been published on the subject of the dissertation work.

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