

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**DIRECTIONS FOR INCREASING THE EFFICIENCY OF
FOREIGN TRADE RELATIONS IN AZERBAIJAN**

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Field of science: Economic sciences

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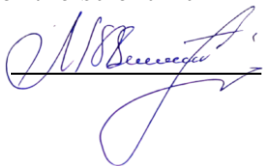
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GENERAL CHARACTERISTICS OF THE RESEARCH

Relevance and degree of development of the topic. In the conditions of global transformations, the problems of regulating international trade flows and ensuring the maximum efficiency of intercountry trade exchange have always been in the spotlight. Improving the mechanisms of international trade that have existed for many years, assessing the specialization of countries in the international division of labor system in accordance with modern characteristics are important conditions. Along with this, it is required to continuously implement measures to expand foreign trade relations in the global context and diversify them through effective tools.

After the collapse of the former USSR, Azerbaijan has done a lot of work to take its place in international commodity markets and specialize as an independent state. The implementation of the "Contract of the Century" signed on September 20, 1994 and the implementation of the oil strategy of our independent state in general have ensured macroeconomic and macrofinancial stability in our country, as well as allowed the formation and implementation of a foreign trade concept. Thus, Azerbaijan, which first of all strengthened its position in world markets with oil raw materials and became a strategic energy partner of the European Union, is currently increasing its natural gas exports year by year.

In addition, as a result of targeted and consistent reforms carried out in the country, the processes of increasing the export potential of non-oil and gas products, forming more national brands and introducing them to foreign markets are intensifying. At the same time, complex and systematic measures are being taken to improve and regulate the country's import policy, develop import-substituting sectors, expand the ranks of foreign trade participants and, ultimately, strengthen foreign trade relations. It is no coincidence that Azerbaijan has established foreign trade relations with about 170 countries in modern times and measures are being taken to increase the efficiency of these relations. True, a significant part of these relations is related to oil, natural gas raw materials and oil refining products. However, in recent years, the export-oriented activity of non-oil and gas sector

sectors has been developing and more and more export-oriented products of this type are being introduced to world markets.

In recent years, the instability of energy resource prices at the global level, problems in the distribution of energy resources at the international level, economic sanctions against many countries, conflicts and wars have led to the restriction of international trade flows. In this regard, along with the renewal of the policies of countries on foreign trade relations, at the same time, the problems of improving the mechanisms of action in this direction, selecting new foreign trade routes, and taking additional measures to strengthen in global commodity markets have emerged. Which is why the mentioned issues are quite relevant for our country and make conducting research in this direction an objective necessity.

In accordance with the set goals, Azerbaijan is currently conducting targeted work towards the implementation of a number of regional and global projects as an initiator of many internationally important energy and transport projects, as well as a financial donor. High-tech infrastructure has been created at the Baku International Sea Trade Port located in the Alat settlement. In addition, the processes of forming the Alat Free Economic Zone, established by the Decree of the President of the Republic of Azerbaijan dated May 22, 2020, are continuing rapidly, and a special law has been adopted in this regard, and the creation of infrastructure for the start of the economic zone has been largely completed. The subjects of this economic zone have been granted 10-year tax and customs privileges. Specific motivational mechanisms have been applied to stimulate exports in our country. Reforms have been carried out to improve the activities of customs authorities and increase the transparency of the processes of formalizing documents for export-import operations. At the same time, measures to minimize official-entrepreneur contact during these operations, expand the scope of electronic services, and increase the efficiency of tariff and non-tariff regulations are noteworthy.

In order to ensure the consistency of reforms and policies implemented in this direction, along with a number of State programs and concepts in line with new challenges, the "Strategic Roadmaps for the National Economy and Key Sectors of the Economy" approved by

the Decree of the President of the Republic of Azerbaijan dated December 6, 2016, and its component, the "Strategic Roadmap for the Development of Logistics and Trade in the Republic of Azerbaijan", are of particular importance ¹.

It should be noted that, in accordance with the Decree of the President of the Republic of Azerbaijan dated February 2, 2021, "Azerbaijan 2030: National Priorities for Socio-Economic Development" was approved. At the same time, in accordance with the Decree of the President of the country dated July 22, 2022, the "Socio-Economic Development Strategy of the Republic of Azerbaijan for 2022-2026" was approved. In addition, the issues of expanding foreign trade turnover, increasing export potential and improving import efficiency were identified as priority targets in the "I State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan", approved by the Decree of the President of the Republic of Azerbaijan dated November 16, 2022. These important documents, as a continuation of the previously implemented and currently implemented State Programs, include the goals of improving the structure of the country's economy, rapidly developing non-oil and gas sectors, forming a green economy, creating a wider range of national brands and introducing them to foreign markets. At the same time, measures have been initiated to raise trade and economic relations with Turkic-speaking states to a more dynamic level of development. We believe that the formation and development of a common market of Turkic-speaking states will create additional opportunities for expanding our country's foreign trade relations and increasing their efficiency.

There is a serious need to deeply study the problems of diversifying and increasing the efficiency of our country's foreign trade relations, to identify the superior methodological aspects of these relations, to assess the adequacy of the applied mechanisms, and to develop optimal action mechanisms and strengthen state support instruments in order to increase the efficiency of our country's foreign trade

¹ Decree of the President of the Republic of Azerbaijan on approval of Strategic Roadmaps for the national economy and key sectors of the economy. – Baku, December 6, 2016.

relations in the context of global challenges. All this indicates the relevance of the topic of the dissertation work.

Regarding the degree of development of the topic of the dissertation work, we would like to note that research has been carried out in the areas of efficient organization of trade relations, formation and implementation of the state's foreign trade policy, maximum efficiency of foreign economic relations, more productive mechanisms for participants in foreign trade activities, mastering potential markets, achieving rationality of import-export operations, and improving the aforementioned processes and related action mechanisms. Fundamental scientific works have been produced and theoretical and methodological approaches have been determined, and maximum practical action mechanisms and tools have been developed and applied. These problems were explained and ways to solve them were considered in the scientific works of Azerbaijani scientists, as academician Z.A.Samadzade, A.Kh.Nuriyev, E.A.Guliyev, B.Kh.Atashov, A.J.Muradov, A.Sh.Shakaraliyev, I.A.Karimli, G.A.Ganjiyev, Sh.T.Aliyev, F.A.Ganbarov, F.Sh.Hajiyev, U.G.Aliyev, E.M.Hajizade, D.A.Valiyev, V.A.Gasimli, V.I.Bayramov, A.M.Asadov, S.I.Valiyeva, P.A.Hasanova, M.A.Allahverdiyeva, E.A.Ibrahimov, A.F.Abbasov, M.M.Mammadli, E.N.Karimov and others. In addition, the scientific works of foreign researchers and scholars on trade, foreign trade theories, and problems of increasing the efficiency of foreign trade relations were highlighted. The mentioned issues are reflected in the scientific works of A. Smith, A. Marshall, D. Ricardo, J.S.Mill, J.B.Say, P.A.Samuelson, P.R.Krugman, R.M.Solow, V.Leontiev, B.Ohlin, E.Heckscher, A.Gray, J.E.Stiglitz, N.G Menkeu, L.I.Abalkin, V.Y.Rybalkin, R.I.Khasbulatov and others.

On the other hand, in the context of global challenges, the problems of efficient organization of trade, expansion of foreign trade relations, improvement of the state's foreign trade policy, preparation and application of more functional action mechanisms in these directions stand out for their relevance. We believe that there is a serious need for a deeper investigation of fundamental research on the mentioned problems and the preparation and application of functional action

mechanisms in accordance with the requirements of the time.

Object and subject of the research. The object of the research is the subjects, relevant structures and existing mechanisms that implement foreign trade relations in the Republic of Azerbaijan, including the processes of their organization and development.

The subject of the research is economic relations, regularities, methods and means related to the determination of directions for increasing the efficiency of foreign trade relations of Azerbaijan in the modern period and the improvement of existing mechanisms of action in this regard.

The goals and objectives of the study. The main goal of the study is to identify the directions for expanding Azerbaijan's foreign trade relations and increasing its efficiency in the modern era. In this regard, the following tasks have been set in the research work:

- ✓ to study and generalize the theoretical foundations of the efficiency of foreign trade relations;
- ✓ to study the impact of foreign trade relations on the national economy in the context of global threats;
- ✓ to assess the efficiency of our country's foreign trade relations in accordance with the realities of the modern era;
- ✓ to identify complex and systematic measures to increase the role of our country's foreign trade relations in the development of the national economy;
- ✓ to indicate the directions for the application and improvement of mechanisms in accordance with the requirements of the modern era in order to increase the efficiency of Azerbaijan's foreign trade relations;
- ✓ to investigate the prospects for diversifying and strengthening our country's foreign trade relations, taking into account the revival of post-conflict territories;
- ✓ to identify more important and important directions of action in order to increase the efficiency of our country's foreign trade relations in the context of modern global challenges;
- ✓ studying the possibilities of strengthening Azerbaijan's foreign economic relations with Turkic-speaking states;
- ✓ drawing appropriate conclusions, preparing proposals and

recommendations regarding the implementation of the tasks listed above.

Research methods. During the research, a group of scientific methods, primarily analysis, synthesis, generalization, comparison, etc. methods, as well as scientific works of a number of national and international researchers related to increasing the efficiency of Azerbaijan's foreign trade relations and methodological approaches were used.

In addition to the above, the priorities of increasing the efficiency of Azerbaijan's foreign trade relations and improving state policy in this regard, as well as existing laws and legal documents in this area, Decrees and Orders of the President of the Republic of Azerbaijan, materials of relevant state structures, official statistical data, Internet resources, as well as methodological materials of specialized scientific research institutes and international organizations were used.

The main provisions put forward for defense are:

- ✓ in the context of global transformations, there is a need to form new views on the effectiveness of foreign trade relations, to investigate related problems in more depth, and to harmonize approaches to the state's foreign trade relations within the framework of the requirements of the modern era;
- ✓ in modern conditions, in order to effectively organize foreign trade relations, increase productivity, expand its geography, and accelerate foreign trade flows, methodological approaches have been investigated in terms of developing and implementing more efficient transport and logistics routes, and it has become necessary to identify superior methodological styles and apply new methodologies to increase the effectiveness of foreign trade relations;
- ✓ in terms of new challenges, there is a need to expand foreign trade relations, accelerate currency flows into the country, take measures to prevent currency outflows from the country, develop import-substituting sectors, and take measures to increase export potential, there is a need to study in-depth the experience of countries around the world and generalize ideas on the application of international practice models in

accordance with national interests;

- ✓ it is required to prepare proposals and develop new mechanisms for taking adequate measures based on the analysis of the current state and assessment of the effectiveness of our country's foreign trade relations in order to maximize the efficiency of import and export operations;
- ✓ in the current period, it would be useful to improve the structure of the national economy by expanding our country's foreign trade relations, increase its flexibility despite the ongoing processes in the world, ensure the strengthening of national economic entities in international markets and further deepen their specialization in the international division of labor system, study and provide specialization opportunities in other export products in addition to oil and gas products, and take complex and systematic measures to strengthen the role of foreign trade relations in the development of the national economy;
- ✓ in order to increase the efficiency of foreign trade relations in Azerbaijan, it is important to prepare and implement more targeted incentive state support mechanisms in order to systematically improve the currently operating state support mechanisms, incentive documents for stimulating imports and exports, and practical action tools;
- ✓ as one of the strategic tasks facing our country in the modern era, the revival of the territories liberated from occupation, the effective use of the prospects for strengthening foreign trade relations in the processes of implementing the First State Program on ensuring the Great Return, ensuring closer foreign trade relations with Turkic-speaking countries, developing export-oriented sectors in post-conflict areas and implementing a more efficient import policy, especially the formation of national brands and the development of non-oil and gas sectors adequate for the region, identifying and efficiently using the prospects for increasing their export potential can be of significant benefit;
- ✓ in the context of global challenges, in terms of improving the

foreign trade policy of our country and increasing the efficiency of foreign trade relations, it has become necessary to update state policy in these areas, develop a more efficient set of measures, and also prepare and implement targeted state programs in this regard.

The scientific novelty of the research consists of the following:

- ✓ the factors that reflect the role and efficiency of foreign trade in the national economy in the context of global transformations and are of exceptional importance in the economic development of the country, and the main principles of foreign trade policy have been systematized;
- ✓ the criteria for objectively assessing the efficiency of foreign trade relations of the Republic of Azerbaijan have been determined and a block diagram of important factors determining the importance and role of trade in the foreign market in the system of international economic relations has been prepared;
- ✓ a study was conducted in accordance with world experience, and based on the efficiency indicators of foreign economic relations of countries, a block diagram of important stages and directions of the analysis of these relations was prepared based on the methodology of evaluation indicators for foreign trade;
- ✓ the constituent elements of the action program for expanding the structure of exports in order to develop foreign trade and diversify foreign trade relations in the Republic of Azerbaijan have been prepared and its main directions have been determined, and strategic action directions for preventing Azerbaijan's dependence on imports for a number of products in the context of increasing the efficiency of foreign trade relations have been determined and justified with scientific arguments;
- ✓ a block diagram of directions for increasing the efficiency of Azerbaijan's foreign trade relations in the context of the development postulates of world trade and new challenges has been prepared.

Theoretical and practical significance of the research. The scientific provisions and proposals obtained in the dissertation work can be used in measures to more effectively organize and expand Azerbaijan's foreign trade relations, in regulating and improving related action mechanisms, in developing targeted action strategies and programs. At the same time, the materials in the dissertation work can be used in the preparation of textbooks, teaching aids and lectures.

The scientific provisions and proposals obtained in the research process can be used in measures to increase the efficiency of Azerbaijan's foreign trade relations, in developing related action mechanisms.

Approval and application. The topic of the dissertation corresponds to the general direction of planned scientific research work at the Azerbaijan Cooperation University and is currently considered to be a topical problem.

The applicant has 10 scientific works on the topic of his dissertation, including 6 articles and 4 theses, of which 2 articles and 2 thesis were published abroad in prestigious local and foreign scientific journals recommended by the Higher Attestation Commission.

The main provisions of the research are given in the theses as “Особенности развития внешней торговли Азербайджана” (Gomel, 2021); “Xarici ticarət əlaqələrinin müasir vəziyyətinin təhlili və mövcud problemlərin müəyyənəldirilməsi” (Baku, 2021); “Azərbaycan Respublikasının xarici iqtisadi əlaqələrinin səmərəli inkişaf istiqamətləri” (Baku, 2023); “Пути расширения внешнеторговых связей Азербайджана в современных условиях” (Moscow, 2024). In addition, the applicant's articles as “Xarici ticarətin təşkilinin əsasları və inkişaf xüsusiyyətləri” (Baku, 2020); “Анализ современного состояния внешнеторговых отношений Азербайджанской Республики” (Moscow, 2022); “İqtisadi səmərəliyin mahiyyəti və məzmunu” (Baku, 2021); “Müasir dövrdə ixracın səmərəliliyinin qiymətləndirilməsi məsələləri” (Baku, 2023); “Azərbaycanın xarici ticarət əlaqələrinin səmərəlilik problemlərinə konseptual yanaşmalar” (Baku, 2024); “Актуальные проблемы и перспективы расширения внешнеторговых связей Азербайджана” (Moscow, 2024) were published.

The name of the organization where the dissertation work was performed. The dissertation work was performed at the Azerbaijan Cooperation University.

The total volume of the dissertation in characters, indicating the volume of the structural sections of the dissertation separately. The total volume of the introduction (20292 characters), chapter I (84247 characters), chapter II (53279 characters), chapter III (83494 characters), conclusion (16715 characters) and the list of used literature (23532 characters), list of abbreviations (600 characters) is 299062 characters. The number of characters of the dissertation is 258027 characters, excluding tables, figures, list of used literature and list of abbreviations.

MAIN CONTENT OF THE WORK

In the **“Introduction”** section of the dissertation, the relevance of the topic is justified, the goals and objectives of the research, methods are given, the main provisions put forward for defense are commented on, the scientific novelty, theoretical and practical significance and approval of the work are indicated.

In the first chapter of the dissertation, entitled **“Theoretical and methodological approaches to increasing the efficiency of foreign trade relations”**, the theoretical foundations of the efficiency of foreign trade relations are studied, the methodological features of determining the efficiency of foreign trade relations and the impact of foreign trade relations on the national economy in the context of global transformations are examined.

Due to the very deep transformation of global economic processes, the complexity of international trade flows and the formation of new trends in the integration processes between countries, there is a need to improve and organize the foreign trade relations of each country more efficiently from the point of view of the requirements of the modern era. In addition, priority areas of action include uniting the efforts of countries around the world to ensure food security, one of the world's main problems, optimizing the activities of international

organizations in this direction, and modeling the most efficient ways and mechanisms for using existing food resources ².

The special role of foreign trade in the national economy is that it is integrated into all areas of economic activity and performs the functions of filling the gap in domestic consumption, investment, financial and technological resources:

- ✓ providing markets for sectors producing liquid resources in the world market;
- ✓ providing resources to meet domestic final demand;
- ✓ increasing budget and tax revenues;
- ✓ capital flows to cover the gap in financial resources in various sectors of the economy, etc.
- ✓ speaking about the role and efficiency of foreign trade in the functioning of the national economy, we can note that a group of factors attract attention as important factors in the economic development of the country (Figure 1).
- ✓ Foreign trade contributes to the country's economic development through the expansion and deepening of specialization and concentration of production, and integration into the world economic system.

We believe that when analyzing the development directions of foreign trade, two cases should be taken into account. These are: *"first, economic resources such as natural, labor, etc., which are unevenly distributed between countries, and second, for the efficient production of various goods, technologies or combinations of resources of different types and types are required."*³.

We have provided a block diagram of the important factors that determine the importance of foreign trade in the foreign market in the system of international economic relations in Figure 2.

² Guliyev, E.A. Global food security: realities, challenges and prospects. Baku: Kooperasiya, 2018. – 480 p.

³Rzayev, M.A. Analysis of various views on the problem of international trade relations in the context of international trade relations of Azerbaijan / M.A.Rzayev // Science, technology and education. - 2020. No. 9 (73), - p.51.

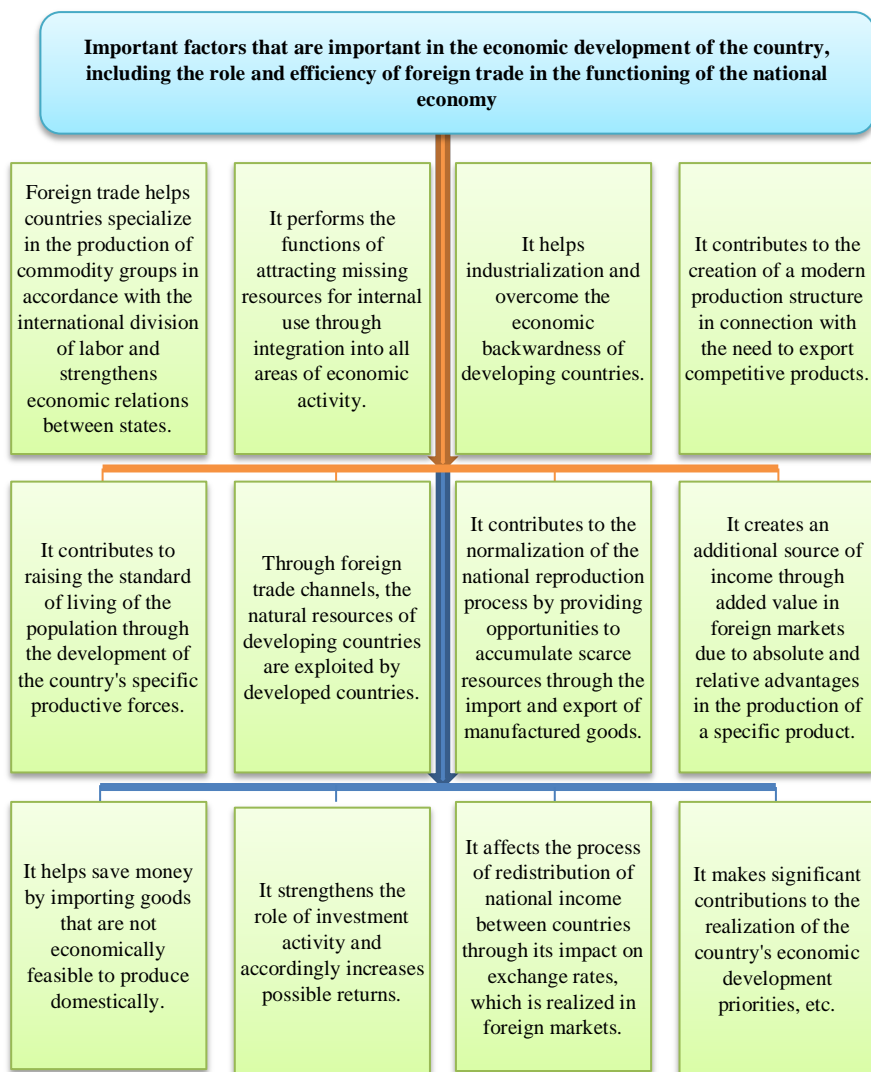


Figure 1. Important factors that are important in the economic development of the country, including the role and efficiency of foreign trade in the functioning of the national economy

Source: summarized by the author.

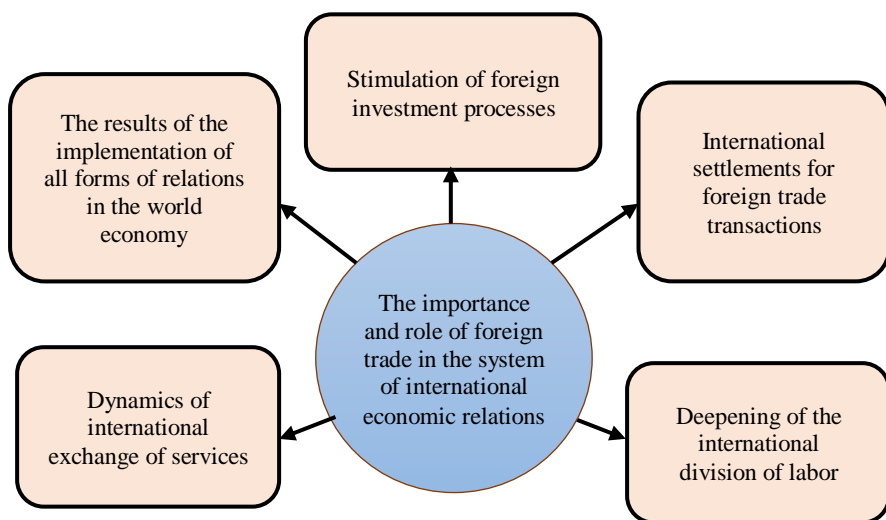


Figure 2. Block diagram of important factors determining the importance and role of trade in the foreign market in the system of International Economic Relations

Source: summarized by the author.

The content of the FTT (protectionism, free trade policy) depends on the political and socio-economic conditions in which the state operates, and is a response to changes in the system of international relations that determine the nature of the FTT to ensure economic relations. In this regard, the main principles of the country's foreign trade policy in the context of global transformations can be determined as in Figure 3.

The Customs Tariff of Foreign Trade is a set of methods of state regulation of foreign trade based on the application of customs duties, customs procedures, and rules. Thus, the essence, goals and objectives of the customs tariff in our country, types of customs duty rates and rules for their determination, and other concepts related to this activity are reflected in the Law of the Republic of Azerbaijan "On Customs Tariff" ⁴.

⁴Law of the Republic of Azerbaijan on Customs Tariff. – Baku, – June 13, 2013.

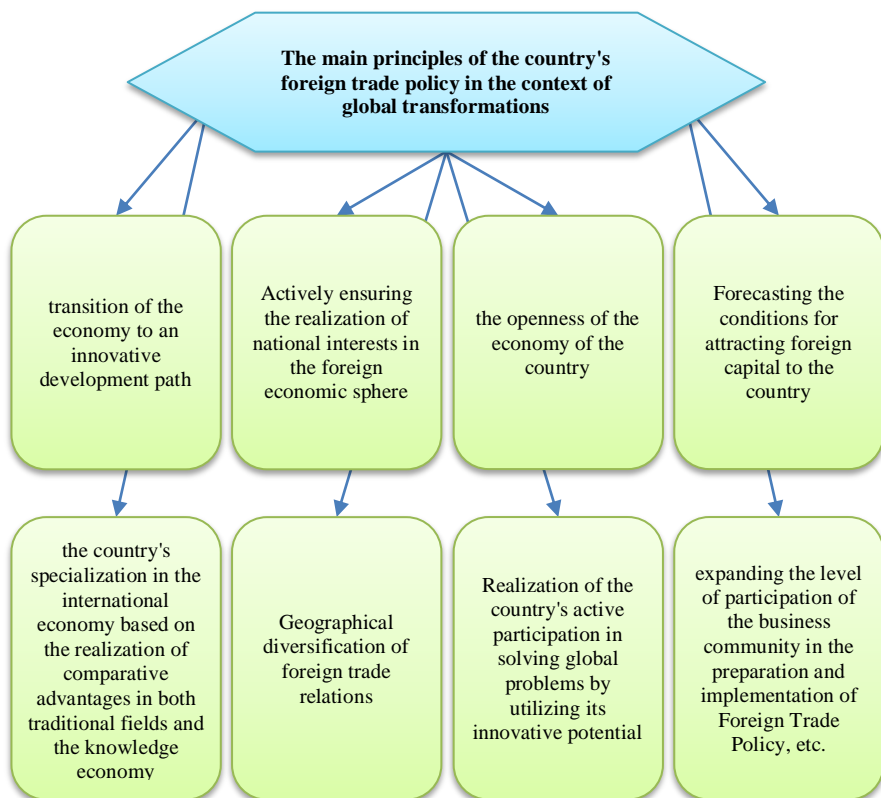


Figure 3. Basic principles of the country's foreign trade policy in the context of global transformations

Source: summarized by the author.

The application of the approach to the assessment of the effectiveness of foreign economic relations from the standpoint of the national economy allows us to compare the total costs of all goods and services exported from the country with the costs spent on the production of these products. Thus, if the costs of local production of imported products are greater than the costs of paying for exported products, then the country gains from the exchange. However, the result can also be negative, and in the practice of foreign economic activity such cases mainly occur when, due to negative changes in

prices, the export of a particular product becomes unprofitable, but the resulting loss is more than covered by a large amount of profit from imports⁵. In the context of global threats, it is important to form these relationships and develop a methodology for comprehensively examining and determining the impact of foreign trade relations on the national economy (Figure 4).

In order to determine the impact of the foreign trade relations on the national economy and the level of efficiency in the global context, it is necessary to investigate the processes taking place in this area. In addition, academician Ziyad Samadzadeh writes: *“Protecting the principle of transparency in the public administration system, spending budget funds according to their intended purpose, and strengthening financial discipline are important issues”*⁶.

It should be noted that in the context of new realities, the process of expanding international economic relations has entered a new stage - the process of gradual formation of the international economy. Professor B.Kh. Atashov notes that *“the contradiction between the internationalization of the international economic relations and the limited capabilities of the relevant national markets constitutes the objective basis for the development of the international economic relations”*⁷.

In the second chapter, entitled **“Analysis and assessment of the effectiveness of foreign trade relations of the Republic of Azerbaijan”**, an analysis of the current state of the country's foreign trade relations, an assessment of the effectiveness of Azerbaijan's foreign trade relations and a study on expanding the role of Azerbaijan's foreign trade relations in the development of the national economy were conducted.

⁵Babayev, T.S. The role of the investment factor in expanding the foreign trade potential of Azerbaijan. Dissertation of the degree of Doctor of Philosophy in Economics / – Baku, 2014. – p. 54.

⁶ Samadzade, Z.A. Ensuring transparency and financial discipline is an essential condition in a dynamically developing country. [Electronic resource] / <http://www.samedzade.az/az/pages/183>.

⁷ Atashov, B.Kh. Financial markets. Baku. - Cooperative publishing house, 2016. - p.405.

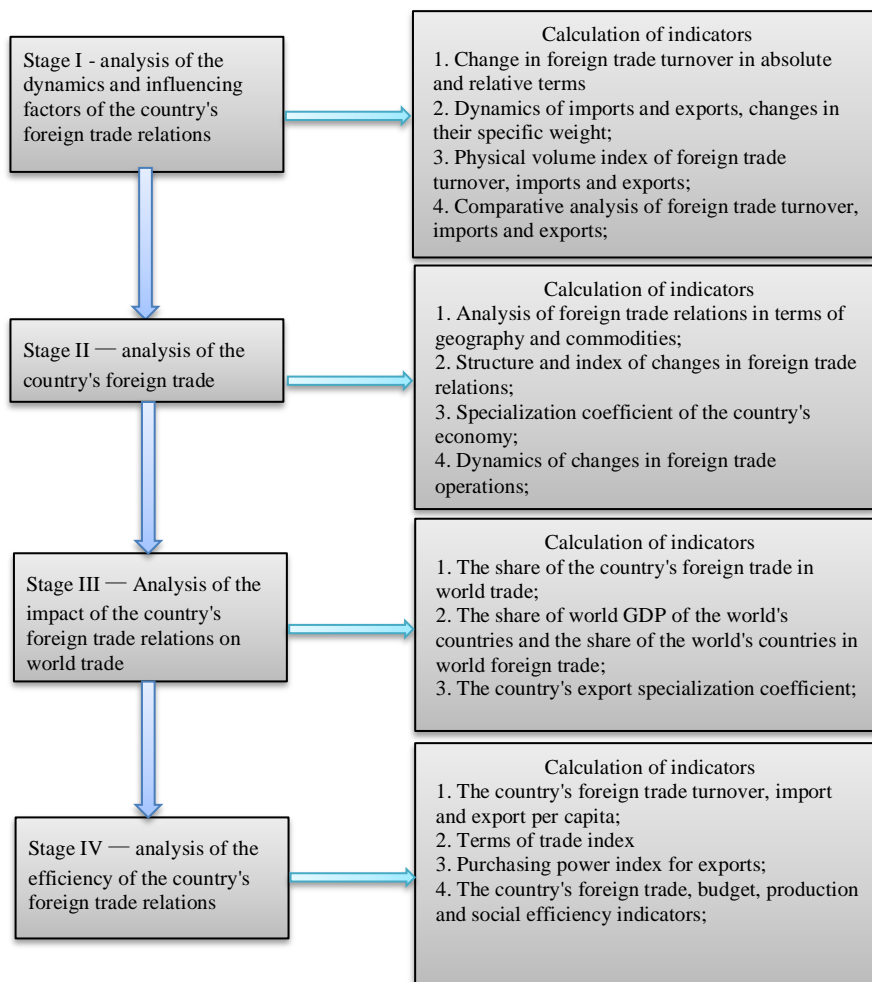


Figure 4. Block diagram of the main stages and directions of the analysis of foreign trade relations

Source: summarized by the author.

The analysis of the current state of our country's foreign trade relations is of interest. Table 1 gives general indicators of Azerbaijan's foreign trade turnover in 1991-2023.

Table 1.

General indicators of foreign trade turnover of the Republic of Azerbaijan, 1991-2023 (in million US dollars)

Years	Turnover			Import			Export		
	Total	CIS, %	Far abroad, %	Total	CIS, %	Far abroad, %	Total	CIS, %	Far abroad, %
1991	4002,2	87,0	13,0	1 881,3	80,1	19,9	2 121,0	93,1	6,9
1995	1215,0	36,7	63,3	667,7	34,2	65,8	547,4	40,0	60,0
2014	31016,3	9,4	90,6	9187,7	22,7	77,3	21828,6	3,8	96,2
2015	21945,8	11,3	88,7	9216,7	21,3	78,7	12729,1	4,1	95,9
2016	21946,7	12,9	87,1	8489,1	25,4	74,6	13457,6	4,9	95,1
2017	24103,3	14,6	85,4	8783,3	27,3	72,7	15320,0	7,4	92,6
2018	30955,0	12,9	87,1	11465,9	25,0	75,0	19489,1	5,8	94,2
2019	33302,7	13,8	86,2	13667,5	25,1	74,9	19635,2	6,0	94,0
2020	24203,5	17,3	82,7	10732,0	26,1	73,9	13 471,5	9,5	90,5
2021	35636,8	13,9	86,1	11703,2	25,0	75,0	23933,6	8,1	91,9
2022	56212,1	11,5	88,5	14539,9	30,4	69,6	41672,2	4,3	95,7
2023	47003,0	12,5	87,5	17285,3	27,6	72,4	29717,7	4,9	95,1
Growth in 2023 compared to 2014, %	151,5	-	-	188,1	-	-	136,1	-	-

Source: Foreign Trade of Azerbaijan. Statistical Bulletin. /– Baku, 2024. – pp.12-13.

If we look at Table 2, it can be seen that during the analyzed period, the share of the CIS countries in the total foreign trade turnover decreased from 87% to 12.5%. This is primarily due to the export of oil and gas raw materials to Europe and other countries of the world. The same indicator for imports decreased from 80.1% to 27.6%, and for exports from 93.1% to 4.9%. This fact itself can be seen as an expression of the sufficient expansion of our foreign trade relations. In recent years, the volume of exports has more than doubled, and this is also due to the increase in the volume and price of oil and gas products.

Table 2 reflects the specific weight of the countries that occupy the main place in Azerbaijan's imports, and, as can be seen, Russia, China and Turkey have a greater share in our country's imports.

Table 2.

Share of countries that occupy the main place in Azerbaijan's imports (in percent)

Countries	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Belarus	0,9	0,9	0,9	1,5	1,6	1,5	1,4	1,1	1,8	1,9
Kazakhstan	2,4	1,1	1,2	1,2	1,5	1,5	1,1	0,8	3,4	1,2
Russian Federation	14.3	15.6	19.3	17.7	16.4	16.8	18.3	17,7	18,8	18,3
Ukraine	4.6	3.4	3.4	5.2	4.1	3.4	3.9	4,0	1,8	1,4
Germany	7.7	7.5	4.6	5.1	5.8	5.2	5.4	5,4	4,6	5,3
United States of America	6.1	9.2	5.6	8.2	4.6	5.6	5.9	3,8	3,3	5,1
United Kingdom of Great Britain and Northern Ireland	10.6	6.0	5.8	2.7	2.3	1.7	2.8	2,3	1,8	1,98
China	7.6	5.6	8.3	9.7	10.4	10.5	13.2	14,0	14,3	17,5
France	1.7	2.3	1.8	1.8	1.6	1.8	4.2	1,5	1,5	2,3
Iran Islamic Republic	1.6	1.0	2.0	2.7	3.6	3.3	2.8	3,4	3,3	2,7
Italy	3.0	6.4	3.9	3.6	3.0	2.7	3.7	3,6	2,3	2,8
Republic of Korea	2.0	1.5	0.8	1.0	2.0	1.2	1.7	1,9	1,8	2,5
Turkey	14.0	12.7	13.9	14.5	13.8	12.0	14.6	15,8	15,8	13,3
Japan	2.6	6.1	3.3	1.9	3.3	1.6	1.8	2,2	2,0	2,5
Other countries	20,8	20,9	25,1	23,1	26	31,1	19,3	22,4	23,4	21,22
Total	100	100	100	100	100	100	100	100	100	100

Source: Foreign Trade of Azerbaijan. Statistical Bulletin. /Baku, 2024. – pp.20-24.

Table 3 analyzes the share of countries that occupy a major place in Azerbaijan's exports, and the largest share belongs to Italy and Turkey, which are primarily directly related to the export of oil and gas raw materials.

Graph 1 provides a comparative analysis of the share of exports and imports in the foreign trade turnover of our country, from which it can be seen that at the end of 2023 this indicator is 36.8% for imports and 63.2% for exports.

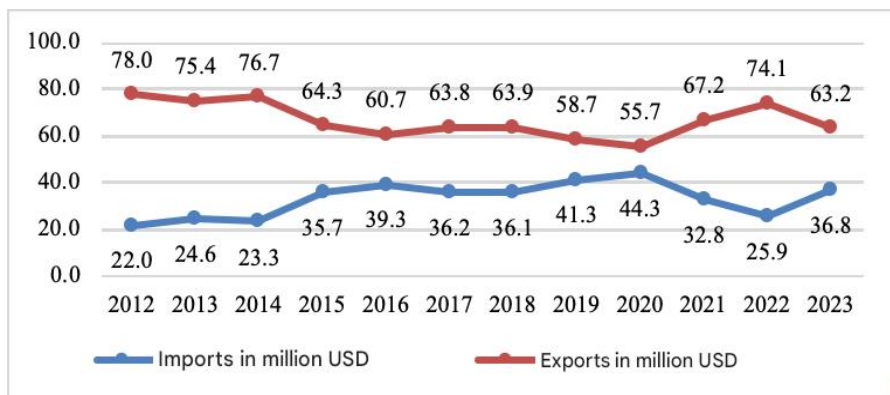
Table 3.

**Share of countries that occupy the main place in Azerbaijan's
exports (in percent)**

Countries	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Belarus	0.1	0.08	0.4	0.11	0.1	0.1	1.2	1,3	0,3	0,09
Kazakhstan	0.1	0.14	0.2	0.22	0.2	0.1	0.2	0,2	0,3	0,3
Russian Federation	2.9	3.28	3.0	3.83	3.4	3.7	5.2	4,1	2,6	3,5
Ukraine	0.2	0.18	0.3	2.80	1.8	1.7	2.6	2,0	0,9	0,4
Germany	8.8	9.62	4.5	2.94	4.0	4.7	1.7	2,9	1,6	2,7
United States	3.4	2.65	0.6	0.40	1.7	0.1	0.2	0,3	0,2	0,05
Austria	1.6	3.20	0.8	0.90	1.7	0.9	0.9	0,6	0,2	0,5
Czech Republic	2.7	4.32	1.6	3.63	4.8	3.3	1.7	1,2	2,4	2,0
China	0.3	0.42	2.8	2.90	0.6	3.8	3.1	0,6	0,2	0,2
France	7.0	6.79	4.7	3.00	2.3	2.7	0.8	0,3	0,1	0,4
Georgia	2.4	3.90	3.1	3.18	2.6	3.0	3.4	3,0	1,7	2,2
India	3.6	2.12	4.1	2.64	4.2	4.9	3.3	2,7	4,4	3,6
Croatia	1.4	1.56	2.0	1.39	1.3	2.2	3.4	3,4	2,5	1,7
Spain	3.6	2.48	3.7	2.51	2.0	3.6	2.4	2,5	2,6	2,3
Israel	8.1	6.30	4.9	4.17	6.7	6.8	3.2	4,0	4,4	4,1
Switzerland	0.7	0.76	0.8	1.19	0.8	0.9	1.6	1,2	1,1	0,5
Italy	22.0	17.71	32.2	34.94	30.2	28.7	30.4	41,6	46,6	44,9
Portugal	2.5	2.90	2.5	3.27	2.7	1.8	1.7	2,6	1,9	0,9
Thailand	3.8	2.04	0.9	0.71	0.7	1.8	0.9	0,6	0,7	0,08
Turkey	2.3	11.61	8.8	9.10	9.4	14.6	18.9	12,7	9,3	15,8
Greece	1.2	1.14	1.5	1.04	0.8	1.2	3.8	1,9	3,6	4,0
Other countries	21.2	16.80	16.6	15.10	17.9	9.1	9.4	10,0	12,3	9,7

Source: Foreign Trade of Azerbaijan. Statistical Bulletin. /– Baku, 2024. – pp.26-29.

In addition, we believe that it is important for Azerbaijan to objectively assess the effectiveness of foreign trade relations. In our opinion, it would be more efficient to use a set of criteria for this purpose (see Figure 5).



Graph 1. Share of exports and imports in the foreign trade turnover of the Republic of Azerbaijan (in percent), 2012-2023

Source: Foreign Trade of Azerbaijan. Statistical Bulletin. / Baku, 2024. – pp.12-13.

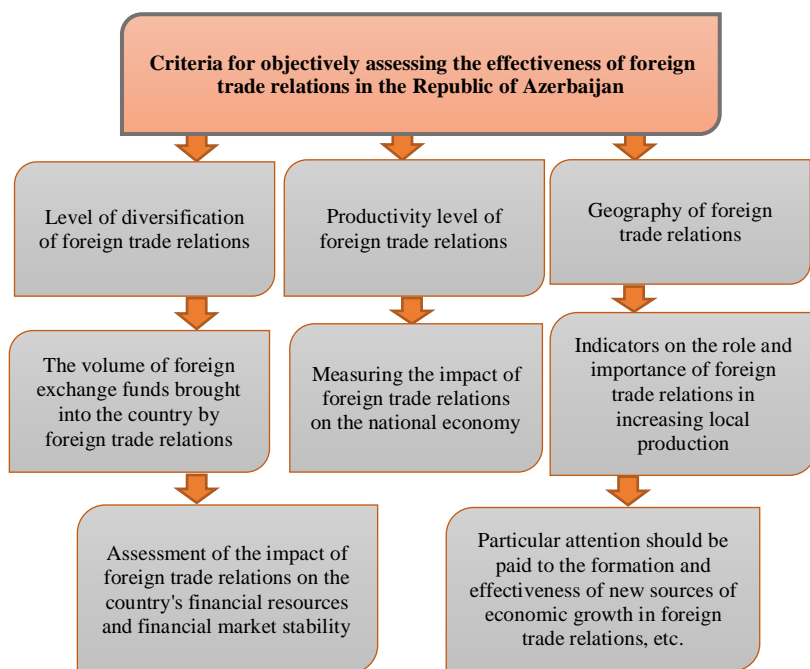


Figure 5. Criteria for assessing the effectiveness of foreign trade relations in the Republic of Azerbaijan

Source: summarized by the author.

Support for export-oriented production is an important condition for increasing the efficiency of foreign trade. One of the main directions of support for export-oriented production is the solution of financial problems of producers, which is possible in various ways, including through preferential loans, subsidies, grants. “Providing financial support is one of the main means of reducing risks in foreign trade relations” .

In addition, the basis for expanding the country's export structure should be an appropriate program for the development of foreign trade, which should include not only the justification of its priorities, but also methods of influencing the commodity structure of exports, and in this program the following can be considered as priority areas of activity (see: Figure 6).

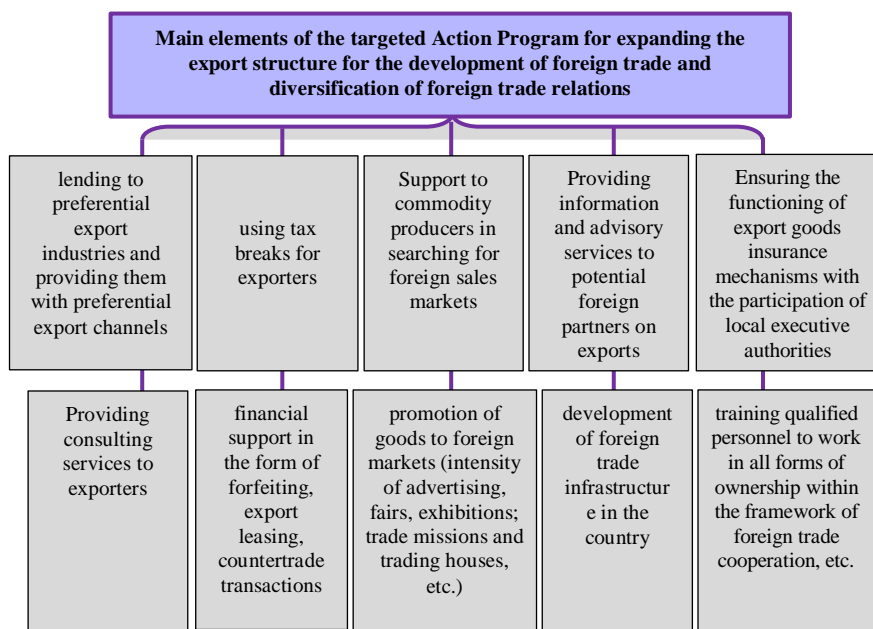


Figure 6. Components and main directions of the targeted Action Program for expanding the export structure in order to develop foreign trade and diversify foreign trade relations in the Republic of Azerbaijan

Source: summarized by the author.

The third chapter of the dissertation “Prospects and directions for increasing the efficiency of foreign trade relations of the Republic of Azerbaijan” deals with the improvement of mechanisms for increasing the efficiency of foreign trade relations in the country, the prospects for using the resource potential of the liberated territories to expand Azerbaijan’s foreign trade relations, the directions for increasing the efficiency of Azerbaijan’s foreign trade relations in the face of new challenges, and the strengthening of Azerbaijan’s foreign economic relations with Turkic-speaking states.

After the Great Karabakh Victory, objective realities have just been formed in the region, and a lot of work is being done in terms of the rehabilitation of post-conflict territories, and several issues can be noted here:

1) Conceptual approaches and strategies for the restoration and revitalization of post-conflict territories have been formed;

2) The state’s policy in terms of the development of post-conflict territories is reflected in the relevant documents, the state program and action strategies;

3) Currently, the First State Program is being implemented in order to ensure the Great Return, and a large number of infrastructure facilities have been put into operation, and these processes are continuing rapidly;

4) Taking into account the strategic role of post-conflict areas, the processes of creating international-level transport-logistics and production infrastructure have been initiated here.

Two international airports have already started operating in the region - Fuzuli and Zangilan International Airports. The commissioning of the third international airport in the Lachin district will play an important role in the efficient and productive use of the region's resources and the region's integration with surrounding regions and countries of the world at the international level.

The factors that an enterprise can regulate and change to increase the efficiency of foreign trade relations include the following (Figure 7):

Taking into account the above factors, we have identified the main directions for increasing the efficiency of the enterprise's foreign trade relations (see Figure 8).

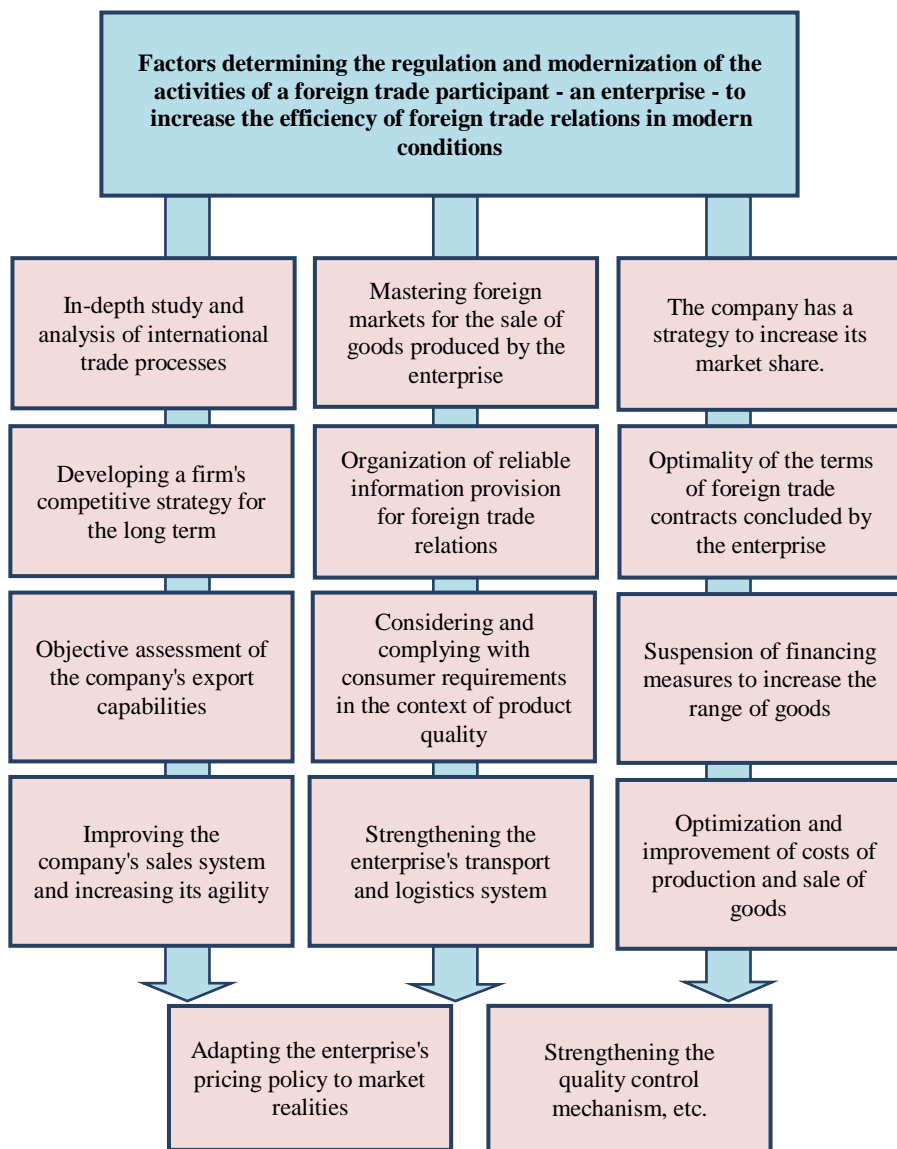


Figure 7. Factors determining the regulation and modernization of the activities of a foreign trade participant - an enterprise - to increase the efficiency of foreign trade relations in modern conditions

Source: summarized by the author.

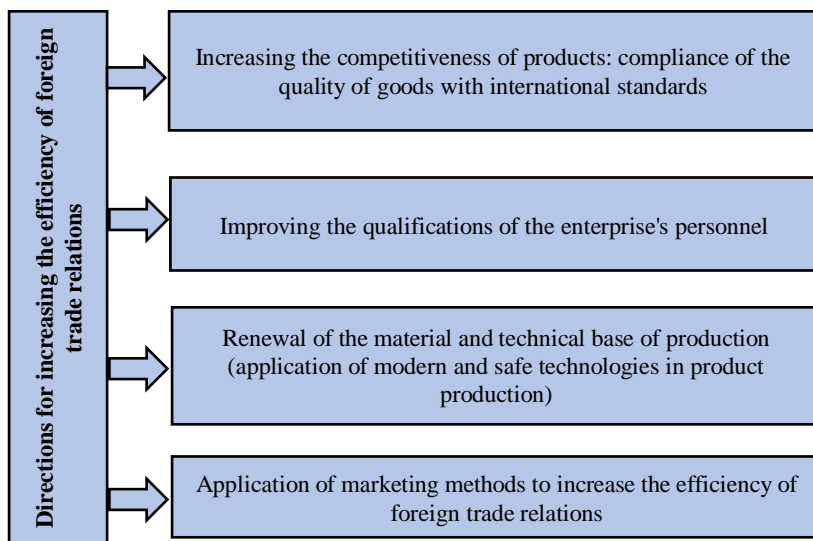


Figure 8. Directions for increasing the efficiency of foreign trade relations of enterprises

Source: author's approach.

Taking into account certain problems existing in the global economy, the President of the Republic of Azerbaijan approved a strategically important document entitled "Azerbaijan 2030: National Priorities of Socio-Economic Development" by the Decree of February 2, 2021⁸. Among these priorities, improving the structure of foreign trade turnover, developing export-oriented non-oil and gas sectors, and maximizing export potential have come to the fore⁹.

In Figure 9, we have given a block diagram of the directions for increasing the efficiency of Azerbaijan's foreign trade relations in the context of new challenges.

⁸ Azerbaijan 2030: National Priorities for Socio-Economic Development. / – Approved by the Decree of the President of the Republic of Azerbaijan dated February 2, 2021.

⁹Shakaraliyeva, Z.A. Directions for improving the regulation of the use of export potential in the non-oil sector // Journal "News of ANAS". Economics series, - Baku. - 2019. No. 5, - p.45.

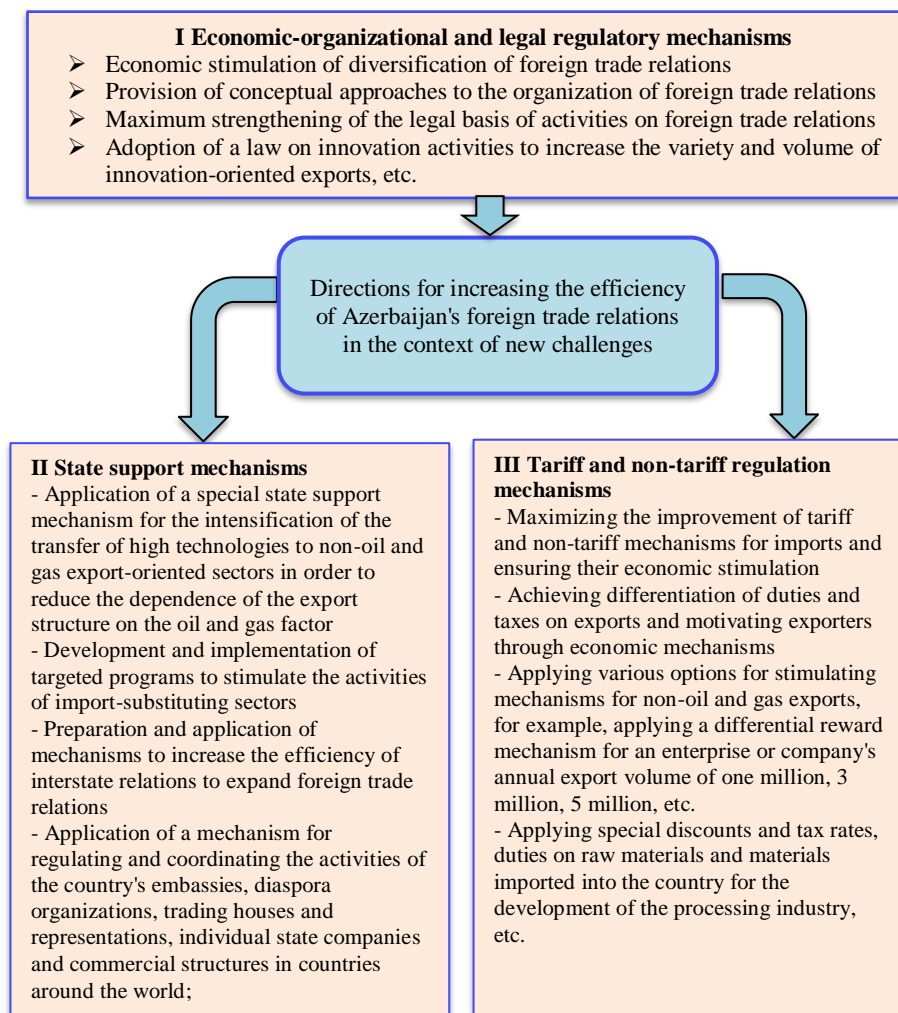


Figure 9. Block diagram of directions for increasing the efficiency of Azerbaijan's foreign trade relations in the context of new challenges

Source: summarized by the author.

Along with these, the acceleration of the integration of Turkic-speaking states will allow us to raise foreign trade relations to a new stage. In our opinion, in the near future, along with traditional foreign trade directions, it will create additional grounds for improving both import and export policies with Turkic-speaking states, and for

forming and developing relations that meet the interests of Turkic-speaking states.

In recent years, cooperation between Turkic-speaking states has taken on a new meaning, and they have united within the framework of an organization such as the Cooperation Council of Turkic-speaking States. Currently, this organization includes 5 member and 3 observer countries, each of which has different aspirations and expectations ¹⁰.

Within the framework of the OTS, which was established with the Nakhchivan Agreement signed by the presidents of Turkic-speaking countries at the 9th Summit in 2009, these countries today not only successfully cooperate in all areas, especially in the trade-economic, political and cultural-humanitarian fields, but also support each other. Summit meetings, business visits, business forums and trade missions with the participation of various organizations and entrepreneurs are organized between the members of the OTS and the presidents of those countries, and cooperation relations with these countries are strengthened. At the 8th Summit of the heads of state of the OTS member countries held in Istanbul on November 12, 2021, the leaders of Azerbaijan, Turkey, Kazakhstan, Kyrgyzstan and Uzbekistan announced the change of the name of that organization and its renaming to the Organization of Turkic States (OTS).

The main direction of Azerbaijan's foreign economic relations with Turkic-speaking states is in the field of foreign trade. In order to analyze the current state of the country's foreign trade relations with those states, let's pay attention to the following table 4; figure 10 and figure 11.

Table 4 shows that the volume of Azerbaijan's foreign trade turnover with Turkic-speaking states has increased continuously during the studied periods, except for 2020. In 2023, the volume of foreign trade turnover with Turkic-speaking states was 8982.2 million US dollars, which constituted 16.7% of the total foreign trade turnover of our country. To consider the specific weight of Azerbaijan's foreign trade turnover with individual Turkic-speaking states in the total turnover in 2023, let us pay attention to Figure 10.

¹⁰ Zhang, Yu. Organization of Turkic States (OTS): origin, motives, features and influence. Bulletin of Perm University. Political Science. Vol. 17. No. 1. 2023. – p.78.

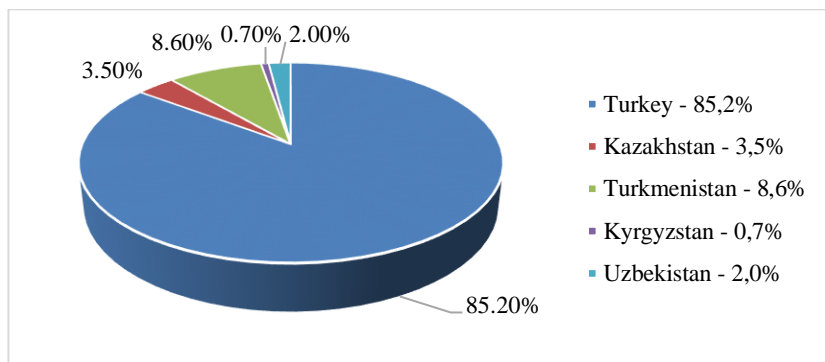
Table 4.

**Volume of foreign trade turnover of Azerbaijan with
multilingual states, million US dollars**

	2015	2018	2019	2020	2021	2022	2023
Turkey	2648,6	3402,8	4509,5	4160,2	4661,8	5842,1	7650,6
Kazakhstan	116,8	220,7	229,6	142,0	134,7	598,4	314,1
Turkmenistan	52,4	133,0	225,6	108,6	105,0	535,4	773,9
Kyrgyzstan	8,1	6,0	5,8	5,4	9,0	10,8	64,9
Uzbekistan	17,0	43,9	81,9	82,3	111,9	183,3	178,7
Total	2842,9	3806,4	5052,4	4498,5	5022,4	7170,0	8982,2

Source: Prepared by the author based on

https://customs.gov.az/uploads/foreign/2023/2023_12.pdf?v=1705581222// and
<https://www.stat.gov.az/source/trade//>



Graphic 2. Share of Azerbaijan's foreign trade with individual Turkic-speaking states in the total turnover in 2023

Source: Prepared by the author based on

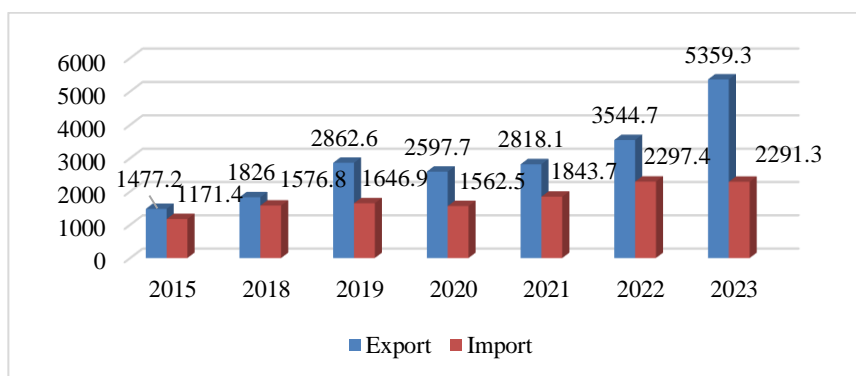
https://customs.gov.az/uploads/foreign/2023/2023_12.pdf?v=1705581222// and
<https://www.stat.gov.az/source/trade//>

Graphic 2 shows that the main part of the country's foreign trade turnover with Turkic-speaking countries falls on Turkey. In 2023, the volume of foreign trade turnover with Turkey was 7650.6 million US dollars, of which 5359.3 million US dollars or 70.1% fell on exports, and 2291.3 million US dollars or 29.9% on imports. In that year, exports with Turkey accounted for 15.8% of total exports, and imports

for 13.2% of total imports. In 2023, Azerbaijan established foreign trade relations with 193 countries, among which Turkey ranked second after Italy in terms of total foreign trade turnover (14.9%).

As can be seen, the trade volume between Turkey and Azerbaijan has increased overall, from approximately \$200 million in 1992 to \$7,650.6 million by the end of 2023. During some periods when bilateral trade volume increased, devaluations experienced by Turkey and Azerbaijan led to a decrease in bilateral trade volume in US dollar terms.

If we look at Graphic 3, which reflects the volume of Azerbaijan's foreign trade turnover with Turkic-speaking countries, we can see that while our country's foreign trade turnover with Turkmenistan was \$52.4 million in 2015, it increased 14.7 times in 2023 compared to that year, amounting to \$773.9 million.



Graphic 3. Volume of Azerbaijan's foreign trade turnover with Turkey, million US dollars

Source: Prepared by the author based on https://customs.gov.az/uploads/foreign/2023/2023_12.pdf?v=1705581222// and <https://www.stat.gov.az/source/trade//>

The strategic document currently being prepared under the name "Turkish Vision 2040" will strengthen the future of Turkic-speaking states and cooperation between them. In addition, the establishment of trade representations of Azerbaijan in Turkic-speaking countries will ensure more flexible and efficient implementation of trade transactions between them.

The conclusion of the dissertation contains proposals and recommendations of scientific and practical importance arising from the essence of the research:

The scientific results, approaches, proposals and recommendations obtained during the research can be systematized and presented as follows:

1. A very important strategic task lies ahead, namely, to reduce the impact of the sectors with greater international trade flows on the Azerbaijani economy, i.e., to prevent the impact on the national economy, or to reduce the scope of negative consequences, by diversifying foreign trade relations and reducing the dependence of the country on external factors, primarily through the diversification of foreign trade relations.

2. The state should take continuous measures to diversify the country's foreign trade relations, to make such relations with possible countries and regions of the world as efficient and productive as possible, to improve the legislative framework, to introduce new mechanisms and tools of action, to develop more effective mechanisms of stimulating state support, and to focus on other important issues.

3. In order to assess the impact of foreign trade relations on the national economy, economic growth, and macroeconomic indicators, it is first of all expedient to determine the main directions and stages of the country's foreign trade relations. This allows us to determine the country's export opportunities, export potential, import dependence, and other factors for the national economy.

4. We conclude that the modern development of foreign trade has three main regularities: 1) Acceleration of the growth rate of foreign trade. 2) Strengthening of contradictions between globalization and regionalization of foreign trade and foreign economic relations in general. 3) Direct impact of scientific and technical progress in the information age on the state of world trade. Along with this, foreign trade is a system of international commodity-money relations consisting of trade of all countries of the world.

5. In our opinion, the efficiency of customs regulation has a

significant impact on the expansion of foreign trade relations. Customs authorities act as a kind of regulator of relations in the foreign economic sphere and in the field of state regulation in the places where they are located. The use of tariff measures, in particular the customs tariff, as a means of regulating foreign trade, taking into account the regional characteristics of the Republic of Azerbaijan, can expand the level of foreign economic interaction and create prerequisites for trade interaction.

6. In our opinion, customs policy should be aimed at developing a selective approach to reducing import duties on the basis of tariff protection measures for sectors of the domestic market that are more sensitive to imports. Tariffs should be formed taking into account the solution of the tasks of Azerbaijan's fiscal policy.

7. In our opinion, the liberalization of foreign trade activity requires the implementation of appropriate reforms in the management and regulatory system. Reforms in the field of management of the foreign economic sphere in Azerbaijan should be carried out taking into account the established foreign and domestic experience. A lot of work has already been done in Azerbaijan to improve the modern management mechanism of the system of foreign trade relations. However, a scientific concept is needed that includes the justification of its goals and objectives, organizational, methodological and legal forms of improving the mechanism of state regulation of foreign trade relations.

8. We propose to take various measures to strengthen foreign trade relations with Turkic-speaking states:

- Rationalization and increasing the efficiency of existing instruments of state support for foreign trade activities of entrepreneurship;
- Increasing the role of the information and communication technologies component in expanding foreign trade relations;
- Modernization of existing instruments and increasing the efficiency of financial mechanisms for supporting exports using new instruments;
- Preparation of non-financial instruments to support foreign trade relations;

- Ensuring further development and efficient use of the national commodity distribution network with Turkic-speaking states;
- Liberalization of currency and customs control, terms of completion of foreign trade contracts;
- Stimulation of acceleration of export of services, more efficient use of Azerbaijan's transit opportunities and accelerated development of knowledge-intensive types of services;
- Improving the commodity structure of exports by improving the quality of the range of high-tech and high-value-added goods, etc.

9. In the context of post-conflict territories, the most effective use of the prospects for strengthening Azerbaijan's foreign trade relations should be ensured: conceptual approaches to actively attracting foreign investors, creating competitive and export-oriented enterprises should be formed.

10. In the context of modern global challenges, we propose the preparation and implementation of the "State Program on Improving the Efficiency of Foreign Trade Relations of the Republic of Azerbaijan" in order to increase the efficiency of Azerbaijan's trade relations, primarily diversifying foreign trade relations, improving the structure of foreign trade turnover, updating mechanisms for stimulating non-oil and gas exports, etc.

The main provisions of the dissertation are reflected in the following published scientific works of the author:

1. Guluzade, Y.A. Fundamentals of the organization of foreign trade and features of its development. // – Baku: "Cooperation" scientific and practical journal, No. 4 (59)-2020. – pp. 183-203.

2. Guluzade, Y.A. The essence and content of economic efficiency. // – Baku, "Labor and social relations", 2021. No. 02 (16), – pp. 150-157.

3. Guluzade, Y.A. Analysis of the modern state of foreign trade relations and identification of existing problems. // – Baku: Materials of the international scientific and practical conference on "Problems of the impact of the pandemic on the socio-economic development of countries of the world" dedicated to the 98th anniversary of the birth

of the great leader Heydar Aliyev. ASOIU, – 2021, pp. 145-150.

4. Guluzade, Y.A. Features of the development of foreign trade of Azerbaijan. // - Gomel: “Economic and legal prospects for the development of society, state and consumer cooperation. Collection of scientific articles of the international scientific and practical Internet conference”, - 2021, - pp. 248-251.

5. Guluzade, Y.A. Analysis of the current state of foreign trade relations of the Republic of Azerbaijan. // – Moscow: Scientific electronic journal Bulletin of international scientists IR SCIENTISTS’ HERALD, - 2022 (19), - pp. 280-298.

6. Guluzade, Y.A. Directions for the effective development of foreign economic relations of the Republic of Azerbaijan. // – Baku: Materials of the international scientific-practical conference on “Heydar Aliyev and the modern Turkic world”, AKU, – 2023, – pp. 143-147.

7. Guluzade, Y.A. Issues of assessing the efficiency of exports in the modern period. // – Baku: Journal of Western Caspian News, 2023. No. 04, – pp. 101-108.

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9. Guluzade, Ya.A. Actual problems and prospects for expanding foreign trade relations of Azerbaijan. // - Moscow: “Economics and Management: problems, solutions”, Publishing House “Scientific Library”, 2024. No. 3, Vol. 7. - s. 108-115.

10. Guluzade, Ya.A. Ways to expand foreign trade relations of Azerbaijan in modern conditions. // - Moscow: Proceedings of the VI International scientific and practical conference “Transformation of Russian science in the era of information society”, May 24, 2024 - s. 31-41.



The defense of the dissertation will be held on 14 May 2025 at 14⁰⁰ at the meeting of the Joint Dissertation Council of Azerbaijan Cooperation University and Baku Business University, ED 2.46 of the Higher Attestation Commission under the President of the Republic of Azerbaijan, operating under Azerbaijan Cooperation University.

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