

REPUBLIC OF AZERBAIJAN

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**IMPROVEMENT OF THE ECONOMIC MECHANISM OF
STIMULATING AGRARIAN EXPORT IN THE REPUBLIC
OF AZERBAIJAN**

Speciality: **5312.01 – Sectoral economics**

Scientific sphere: **Economic sciences**

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ABSTRACT

of dissertation for the degree of Doctor of Philosophy

GANJA – 2021

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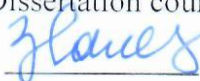
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GENERAL DESCRIPTION OF WORK

Relevance and degree of research of the topic: The activity of agricultural enterprises in foreign economic relations, which play an important role in ensuring the economic security of the country in the context of globalization, is especially relevant from a theoretical and practical point of view.

Expanding integration into the world economic system requires a special approach to this issue. In this sense, the formation of the country as an economically independent state, its recognition and acceptance as a full member of the world economic system is directly related to foreign economic activity.

Accelerating the achievement of effective results in these areas is possible only with the full support of the state in the export-import activities of various sectors of the economy, including production structures belonging to the agricultural sector. This is necessary both from the point of view of the development of relations within neighboring countries and the further development of integration processes between other countries. It should be noted that in recent years, the country has taken significant steps to establish effective relations with leading foreign integration agencies in various areas of economic cooperation, and the necessary measures are being taken to deepen this process. Thus, on February 23, 2017, the President of the Republic of Azerbaijan approved the "Decree of the President of the Republic of Azerbaijan on additional measures to strengthen the position of the Republic of Azerbaijan as a digital trade hub and expand foreign trade operations", "State program of socio-economic development of the Regions of the Republic of Azerbaijan in 2019-2023", the development concept "Azerbaijan 2020: a look into the future", "Strategic roadmap for the production and processing of agricultural products in the Republic of Azerbaijan", "Decree on the liberalization of foreign trade in the Republic of Azerbaijan", "Regulations on the regulation of import and export operations in the Republic of Azerbaijan", "The decree on additional measures to improve the rules for regulating import and export operations in the Republic of Azerbaijan" creates the basis for achieving positive results in this area. These issues are always in the

focus of President Ilham Aliyev. In a number of speeches, he set the main goal of "meeting demand and increasing export potential" by focusing on the replacement of imports with exports in the non-oil sector.

After a long time, the liberation of our occupied lands thanks to the courage of President Ilham Aliyev and the courage of our heroic army also opens up new perspectives in this area. Taking into account the production potential of the liberated territories, it can be said that the re-involvement of the lands of these territories creates new opportunities for more fully meeting the needs of the republic in agricultural products and exporting products to foreign markets.

In this regard, the optimization and acceleration of the growth of foreign trade turnover, the provision of the maximum available opportunities for more effective participation of the country in the international division of labor and, thus, the achievement of the efficiency of foreign economic activity are one of the main tasks for the future. In this regard, the main trends in the development of foreign trade relations should be accompanied by the expansion of the scale of international economic cooperation, the acceleration of integration into the world economic system, the strengthening of the country's confidence in world markets, the development of the geographical structure of exports, and ensuring the quality and competitiveness of export products.

It is known that the strengthening of globalization tends not only to the economy, but also to the social sphere, ecology, etc., and therefore this situation leads to the formation of a new stage in the development of the world economy from the social, cultural and political points of view. Thus, the positions of states in the constantly changing international economic arena are based not only on the level of national economies, but also on the correct definition of national interests and priorities, the intensity and diversity of relations with other countries, and the ability to take globalization into account.

Thus, the stimulation of export-oriented production in various sectors of the economy and the expansion of the accessibility of production structures to foreign markets, the implementation of

measures to increase the competitiveness of products in the global competitive environment have a special scientific and practical focus.

The study of the existing problems of stimulating export-oriented agricultural products and increasing their competitiveness in the context of expanding international economic relations and expanding access to foreign markets is one of the important tasks of scientists in our country and foreign scientists. Economists of our republic Z.A.Samadzade, A.K. Alasgarov, A.S. Shakaraliyev, S.H. Hajiyev, I.H. Ibragimov, E.A.Kuliyev, I.H.Aliev, I.S. Garaev, S.V. Salakhov, M.C. Huseynov, G.A.Gandzhiev, A.H.Alekberov, B.Kh. Atashov, I.A.Karimov, A.C.Verdiev, Kh.A.Khalilov, A.F.Abbasov and others conducted research on the formation of export-oriented production in the agricultural sector and the study of incentives in this area. Foreign scientists M. Porter, M.Canitez, Y.Bayraktutan, Sidorenko V., Korovkin V., Simitinenko B., Semenov K., Menshikov S.M. and others are the authors of valuable research works to stimulate the production of export products.

However, in the context of the impact of international integration and globalization on economic processes, there are no comprehensive studies on stimulating the export of agricultural products. All this led to the need for research on the problem of improving the economic mechanism for stimulating exports in the agricultural sector.

Object and subject of research. The object of the research is agricultural enterprises operating in the agricultural sector, the markets of domestic and foreign agricultural products. The subject of the research is the problems of improving the economic mechanism for stimulating exports.

Goals and objectives of the study. The main purpose of writing a dissertation is to develop scientifically based proposals and recommendations on improving the economic mechanism for stimulating exports in the agricultural sector on the basis of research. To achieve the set goals, the following tasks have been identified:

- carrying out generalizations in the theories of foreign trade based on the study of scientific and theoretical ideas about export promotion;

- to determine the compatibility of theoretical views on the formation of economic mechanisms of export in the agricultural sector with local conditions;
- analysis of the current level of production in the agricultural sector;
- analysis of the dynamics of exports in the agricultural sector and assessment of the factors affecting it;
- study of the level of satisfaction of the country's demand for agricultural products;
- to study the situation with stimulating the export of agricultural products;
- determination of the main directions of state support for stimulating the export of agricultural products;
- determination of the export effect from stimulating competitive production;
- determination of directions for improving the economic mechanism for stimulating export-oriented production.

Research methods: The research used methods of comparison, observation, systematic analysis, comparative analysis, induction and deductive methods, other methods and means of economic analysis.

Basic provisions of the defense: The basic provisions submitted to the defense are characterized by the following data:

- generalization of scientific and theoretical views on the promotion of exports in foreign trade theories and the formation of an economic mechanism for exports in the agricultural sector;
- identification of export-oriented production of innovations in the agricultural sector;
- to study the relationship between the current level of production in the agricultural sector and the growth of production and export opportunities;
- meeting the country's demand for agricultural products and assessing its dependence on imports;
- identification of factors affecting the participation of the country in the international division of labor on the basis of

calculating the share of agricultural exports in the structure of total exports and export quotas;

- to study the economic mechanism for stimulating export-oriented production - directions of improving the price, customs and credit systems;

- identification of international experience and opportunities for its use to stimulate exports.

Scientific originality of the research: Based on the study of the problems of improving the economic mechanism for stimulating exports in the agricultural sector, the following scientific innovations were obtained:

- the need to take into account the level of economic development of each country in the development of scientific foundations for stimulating exports and the formation of economic mechanisms;

- determined the level of influence of internal and external factors on export and its stimulation in the agricultural sector in a competitive environment;

- the relationship between the level of satisfaction of the country's demand for agricultural products and measures to promote exports was revealed and the need to take into account this dependence was substantiated;

- the main directions of state support for the diversification and stimulation of exports, which serve to strengthen the position of agricultural producers in foreign markets - export credits, export subsidies, export insurance, export promotion, etc. has been identified;

- the main directions of state support for diversification and export promotion have been identified, which serve to strengthen the position of agricultural producers in foreign markets;

- the influence of stimulating competitive production on exports was revealed, which provides for the substitution of imports for exports;

- the prospects for regulating the export of agricultural products and increasing exports, taking into account the requirements of foreign markets, have been determined;

- directions for improving the price, customs and credit mechanism in stimulating export-oriented production have been identified.

Theoretical and practical significance of the research: Generalized scientific and theoretical provisions related to research can be important in substantiating measures to stimulate export-oriented products and increase competitiveness in agriculture.

The application of scientifically based recommendations and proposals to stimulate the export of agricultural products and improve the economic incentive mechanism can play an important role in improving the activities of agricultural entities and the effectiveness of foreign trade relations.

Approbation and application of the results of the dissertation: The main provisions of the dissertation, including issues related to the development of insurance relations, reducing risks and improving the management system, were presented at international and republican scientific conferences, published in the form of scientific articles and abstracts. The proposals put forward as a result of the study were approved by the Shamkir State Center for Agrarian Development of the Ministry of Agriculture of the Republic of Azerbaijan (Certificate No. 5 dated June 08, 2021) and accepted for use.

Name of the organization where the dissertation work has been carried out: The dissertation study was carried out at the Azerbaijan State Agricultural University.

The dissertation's overall volume in character, representing the volume of the dissertation's structural units separately: The thesis consists of an introduction, 3 chapters, conclusion, bibliography and 226436 characters. Introduction consists of 7 pages and 11041 characters, Chapter I consists of 38 pages 70,054 characters, Chapter II consists of 48 pages 78,045 characters, Chapter III consists of 37 pages 67858 characters, the result consists of 5 pages 7739 characters, the list of 144 used references consists of 10 pages and 13887 characters. The total volume of the thesis is 145 pages of a computer format.

In this research are given 1 scheme, 3 graphs, 14 tables and 2 diagrams.

ANNOTATION OF RESEARCH WORK

The introductory part of the dissertation explains the relevance of the topic, the state of the study of the problem, the goals and objectives of the study, object, subject, scientific originality, practical significance.

Chapter 1 of the dissertation "Theoretical and methodological issues of export promotion in the agricultural sector" explains the scientific and theoretical views on export promotion in foreign trade theories, the formation of economic mechanisms to stimulate agricultural exports and the importance of innovative technologies in exports.

The deepening globalization in our time has a strong impact on the acceleration of the process of integration of national markets into world markets. This leads to an increase in economic dependence between countries and a further expansion of economic relations. They, in turn, determine the production structure of countries, the nature of production, etc.

The globalization of the national economy should be understood as the creation and use of factors of production of international productive forces in the context of the use of means of production in the international arena. Global spread is reflected in the creation of enterprises in other countries by individual companies and the development of transnational forms of production relations between different national economies. In this case, relations in the world economic system are permanent and multilateral, which leads to the expansion of foreign trade.

International trade is considered one of the oldest forms of international economic relations. The increase in the number of people, their needs, dynamic changes in production technologies, information and telecommunications have led to an increase in world trade and deepening of economic ties between countries in various fields. It should be noted that in our time, along with the flow of goods in international trade, the movement of services is also of great

importance. Although the main part of international trade is in the movement of goods, recent technological advances have also strengthened the service sector's position in foreign trade.

Ensuring sustainable economic development, raising the standard of living of the population, increasing the country's income, foreign exchange reserves, along with the availability of natural resources, depends on the efficiency of the state's foreign trade. Ensuring the efficiency of foreign trade depends on the correct regulation of imports and exports in the interests of the country.

Regardless of the level of economic development, all states implement regulatory measures in foreign policy from the point of view of the country's population, entrepreneurs and their own interests. Differences in the levels of economic development of countries force to use different approaches to the forms and methods of these regulatory measures. Given the damage that imports can cause to national economies, countries are more serious about regulating them. Regardless of how liberal trade is promoted by foreign trade theories, in practice it is impossible to imagine anything other than regulatory measures in international trade in goods and services.

State interference in foreign trade may be direct and indirect. Direct regulation is carried out through customs duties and customs tariffs. Economic regulation measures intended for other purposes, but affecting imports and exports, can be called a form of indirect interference. For example, measures taken to prevent inflation and unemployment can affect imports and exports.

Foreign trade regulation is understood mainly in the form of import regulation. Because the regulation of imports is considered more important from the point of view of regulating the internal market, protecting the economic interests of the local business community and the state. Research shows that business entities sometimes have difficulty exploring foreign markets and entering foreign markets. In such cases, there is a need for indirect export. Enterprises carrying out the export process sometimes become participants in the export process without even realizing it.

It is known that the agricultural sector is one of the leading sectors of the country's economy. The development of this sector is of great importance in terms of providing the industry with raw materials, ensuring food security and increasing employment. In other words, the development of the agricultural sector plays a special role both in ensuring the economic security of the country and in the formation of a healthy society while maintaining the health of the country's citizens. We must also take into account that most of the economically active population in our country works in the agricultural sector. However, today the level of agricultural exports is not that high. The increase in the volume of exports of agricultural products depends on the formation of an effective export structure in the country through the diversification of exports. Support for export-oriented economic entities, providing certain assistance to existing exporters is a key component of the state's foreign trade policy. In this regard, the increase in the export of agricultural products depends on the correct formation of its economic mechanism.

Research shows that, among other things, this is directly related to export opportunities and the realization of export potential. In this regard, developing countries pay particular attention on expanding innovation and enhancing the ability of companies to innovate.

In the context of expanding trade relations, growing competition between enterprises at the micro level and between countries at the macro level directs producers to activities that can be meaningful for products and production.

In our time, innovation is one of the most important factors affecting the ability of companies to compete with competitors. The deepening globalization in our time has led to increased competition. In this regard, the implementation of innovation policy can have a positive impact on the sustainable economic development of the country, as well as increase the export of non-oil products and improve competitiveness in foreign markets.

The higher the country's share in world exports of goods and services and the predominance of innovative products in the structure

of exports, the more efficient the country's economy can be considered. In general, the positive changes in the exports of each country depend on the export potential of producers who offer their products on the international market. Thus, the increase in export potential is based not only on the growth of sales of certain products in foreign markets, but also on the possibility of entering the markets of other countries in the near future. This requires an assessment of both the existing and future production and export potential of each sector in determining export-related measures.

The second chapter of the dissertation "Analysis of the current state of production and export of agricultural products" analyzes the dynamics of agricultural production, the level of demand for agricultural products in the country, the dynamics of exports in agriculture and the factors affecting it.

One of the main tasks facing the country's economy in our time is to eliminate the dependence of the economy on oil, to stimulate diversified development in terms of achieving balanced socio-economic development. In this regard, the agricultural sector, one of the largest sectors of the national economy, is of great importance.

The agricultural sector is one of the leading sectors of the country's economy. This sector plays a special role in meeting the needs of the country's population for food and industrial raw materials. The agricultural sector is also involved in providing employment and income generation. Although the share of the agricultural sector in GDP is not that large, this is considered a positive trend with increasing dynamics. If we pay attention to the structure of GDP, we will see that the share of agriculture is 5-6 percent. As a result of a sharp drop in oil prices against the backdrop of global economic processes in the world, GDP in 2015 decreased by 7.8 percent compared to 2014. However, it should be noted that during this period, agriculture grew by 7% of GDP. Compared to 2018, in 2019, the gross domestic product increased by 1.9 percent, while the gross domestic product of agriculture increased by 11.8 percent. It also justifies the fact that agriculture is the backbone of the non-oil sector, as well as the need for diversified development in this direction. Compared to 2018, the share of industry in GDP in

2019 decreased from 44.5% to 41.4%. The main reason for GDP growth is the rise in crude oil prices on the world market over the past two years.

Despite GDP growth, the share of construction, which has the largest share after industry in the comparable year, declined from 7.7% to 7.3%. However, the share of agriculture in GDP over the comparable years increased from 5.2% to 5.7%. Analysis of economic events against the background of figures and globalization shows that during periods of crises and economic fluctuations, agriculture has a more sustainable development.

Increasing production in the agricultural sector is also important from the point of view of a reliable supply of food to the population and the realization of the export potential of this sector.

The analysis of agricultural production shows that over the past 5 years, in particular, compared to 2015, the gross agricultural output in 2019 increased by 39.1 percent. In the comparable period, the gross crop production increased by 35.8%, and the gross livestock production - by 42.1%. Beginning from 2013, animal husbandry began to dominate with crop production in the structure of gross agricultural output. Thus, the share of crop production in gross agricultural output in 2015 was 49 percent, in 2016 - 45.8 percent, and in 2019 - 47.8 percent [Table 1].

Table 1. Dynamics and structure of gross agricultural output

Years	Total, million manat	Including		Share	
		Crop production, million manat	Livestock production, million manat	Crop production, %	Livestock production, %
2015	5635,3	2761,1	2874,2	49,0	51,0
2016	5632,4	2577,2	3055,2	45,8	54,2
2017	6580,0	3019,0	3561,0	45,9	54,1
2018	7010,0	3186,0	3824,0	45,4	54,6
2019	7836,7	3751,2	4085,5	47,8	52,2
Comparison in percent in 2019 to 2015	139,1	135,8	142,1	X	X

The table is compiled by the author on the basis of data provided by the SSCAR [17, p.58].

Researches show that the basis of agricultural exports in our republic is crop production. From this point of view, an increase in the volume of crop production is important for increasing the export

potential and its realization, despite the growth of animal husbandry, the export of these products remains unsatisfactory. The vast majority of livestock products are sold on the domestic market. One of the global problems of our time is food security.

The problem of food security has both political and economic content and is a key element of national security. Food security is important in terms of protecting the interests of the country's population, ensuring social stability and reducing dependence on imports. The measures taken in this direction in recent years have resulted in significant positive trends.

Table 2. Self-sufficiency in crop production, %

Product name	2015	2016	2017	2018	2019
Total grain	64,5	63,8	66,3	74,1	67,3
Wheat	54,8	52,9	58,1	64,8	57,2
Barley	95,1	101,7	94,4	103,1	100,2
Corn	54,1	71,1	70,7	82,7	80,0
Oat	93,1	85,7	90,1	89,2	90,9
other types of cereals	6,3	32,0	20,4	82,3	88,2
Legumes	69,3	68,4	73,7	72,0	76,1
Potato	89,1	85,5	89,2	90,8	87,8
All kinds of vegetables	103,4	105,4	115,2	115	112,0
Melons and gourds	100,0	100,2	100,2	99,7	100,8
fruits and berries	113,7	116,4	122,4	123,2	123,1
Grape	93,1	89,2	93,4	92,5	94,3

The table is compiled by the author on the basis of data provided by the SSCAR [19, p.75].

The analysis shows that in 2019, compared to 2015, the level of self-sufficiency in crop products - cereals and leguminous crops increased from 64.5 percent to 67.3 percent, the level of self-sufficiency in wheat - from 54.8 percent to 57.2 percent, in barley, from 95.1% to 100.2%, corn from 54.1% to 80%, cereals from 6.3% to 88.2%, legumes from 69.3% to 76.1%, all types of vegetables from 103.4% to 112%, melons increased from 100% to 100.8%, fruits and berries from 113.7% to 123.1% and grapes from 93.1% to 94.3%. In a comparable period, the level of self-sufficiency of ruminants decreased from 93.1% to 90.9%, potatoes from 89.1% to 87.8% [Table 2].

In recent years, positive results have been achieved in the self-sufficiency of animal husbandry. Analysis of statistical data shows that, compared to 2015, the level of self-sufficiency in all

types of livestock and poultry farming in 2019 decreased from 92.7% to 82.5%. The level of self-sufficiency in beef and meat products increased from 91.8% to 86.1%, the level of self-sufficiency in lamb and meat products decreased from 99.3% to 97.6%, poultry and meat products from 98.6% to 74%.

Table 3. Self-sufficiency in animal husbandry production, %

Product name	2015	2016	2017	2018	2019
All types of animal and poultry meat	94,7	87,9	84,7	82,7	82,5
beef and meat products	91,8	93,5	86,3	85,1	86,1
lamb meat (goat meat) and meat products	99,3	98,7	98,0	98,1	97,6
poultry and products	98,6	79,1	79,7	75,9	74,6
Milk and dairy products	84,3	87,7	86,1	86,7	86,3
Egg	99,7	98,8	100,5	101,5	101,8
Fish and fish products	77,6	82,3	81,2	83,2	82,2

The table is compiled by the author on the basis of data provided by the SSCAR [19, p.76]

Despite the decline in self-sufficiency in all types of meat and meat products, the level of self-sufficiency in other livestock products has increased. Thus, the level of self-sufficiency in milk and dairy products increased from 84.3% to 86.3%, eggs from 99.7% to 101.8%, fish and fish products from 77.6% to 82.2% [Table 3].

Increasing the level of self-sufficiency is one of the main economic aspects of reducing dependence on imports, which is due to the existing opportunities to meet the demand for food and the realization of the country's agricultural potential.

Minimizing dependence on imports is also important in terms of shaping the domestic food market from local products. For this, it is important to increase the competitiveness of local producers. Improving competitiveness is important both in terms of reducing dependence on imports and in terms of realizing export potential.

In the development of the country, the implementation of its export potential and the increase in exports in regions with comparative advantages are important from the point of view of the formation of a positive image of the country, the presence and strengthening of Azerbaijani products in foreign markets. Export potential is the export of cheap and high quality products with comparative advantages to compete in foreign markets. Of course, the export potential is part of the country's economic potential, and

the realization of this potential in foreign markets is considered necessary.

The formation of export potential in the agricultural sector is possible by expanding the use of the production potential of this sector. Since agriculture is one of the main sectors of the country's economy, this sector has a wide production potential.

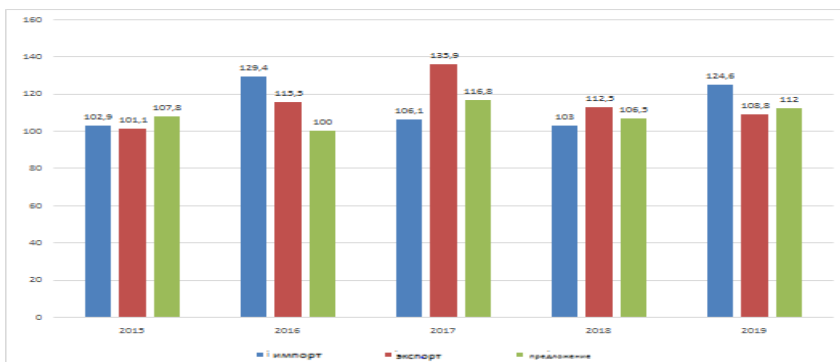


Diagram. The relationship between the supply of agricultural products with imports and exports

The geographical position of our country, the availability of land and water resources, as well as the availability of other production resources indicate that the agricultural sector has great production potential. However, today it is not produced at a satisfactory level from the potential of agriculture. This is reflected in the level of self-sufficiency in agricultural products and the volume of exported agricultural products. The increase in the export of agricultural products directly depends on the increase in the efficiency of agricultural production.

Research shows that as the production potential of agriculture expands, the level of self-sufficiency in agricultural products improves, agricultural products imported to our country are replaced by local products, and the export potential of this sector is better realized. There is a direct correlation between the increase in supply to agriculture and the volume of exports, and the inverse relationship with the volume of imports [diagram 2.3.1]. However, as a result of changes in world market prices for imported products, there may be an increase in imports. As can be seen from the diagram, in 2019, the

supply of agricultural products increased by 12 percent, imports increased by 24.6 percent and exports by 8.8 percent. [diagram]. In general, it is necessary to properly define the policy of increasing the volume of exports, to achieve more efficient results in the value chain of exports, to move from the export of raw materials and semi-finished products to the export of finished products. Expanding the value chain is important in terms of more efficient use of resources. It is also necessary to study the experience of different countries in terms of increasing exports and ensuring diversified exports. Reducing the share of this product by eliminating dependence on oil and increasing the share of other sectors in exports is possible only through the selection of an effective and efficient export strategy, the implementation of effective promotion activities.

As a result of the attention and care paid to agriculture in recent years, as well as measures taken to increase exports of the non-oil sector, exports of agricultural products have increased significantly. Thus, compared to 2015, in 2019, in natural terms, the export of tomatoes (tomatoes) from the republic 2.6 times, onions 2.9 times, lettuce 3.4 times, apples about 2.5 times, grapes 2.1 times, cherries and cherries 2.2 times, peaches and nectarines 7.2 times, perfumes and pharmaceuticals 8.2 times, tobacco 3.3 times, potatoes 683 percent, cucumbers and coriander increased by 3.2 percent, dates by 52.7 percent, and peeled hazelnuts by 79.8 percent. In the comparable period, tea exports decreased by 64.9 percent [Table 4].

The expansion of export activities is ultimately an important tool in ensuring broad economic security in the country. Thus, the increase in the volume of products exported abroad also leads to a positive balance of payments. The formation of a positive balance of payments, of course, plays an important role in increasing foreign exchange inflows into the country. However, in countries whose exports depend on a single product, the negative trends in the world market are more pronounced.

It is important to increase foreign exchange inflows into the country and ensure stability in the domestic foreign exchange market, as well as support the export of agricultural products. For a number of reasons, the prices of agricultural products on the world

market are rising, which creates conditions for increasing foreign exchange earnings from the export of agricultural products. The main issues are the development of agricultural sectors that bring currency to the country, increasing and realizing the export potential of these sectors, as well as the diversification of the commodity structure of exports.

Just as it is necessary to diversify the commodity structure of exports in our country, there is a serious need to ensure diversity in the geographical structure of exports. It is clear from the statistics that the geographical structure of imports is wider than the geographical structure of exports. One reason for this is the commodity structure of foreign trade. According to international statistics, countries trade in more than 10,000 commodities in 97 commodity groups. Measuring the level of commodity diversification is important in terms of studying the commodity structure of both imports and exports. Researchers use the Herfidahl index to determine this level. The level of diversification of the geographical structure of exports in the country is affected by the extent of exports and their relatively equal distribution.

Table 4. Export of agricultural products (tons)

Name of products	2015	2016	2017	2018	2019	As a percentage in 2019 compared to 2015
Potato	36712	38229,4	57597,2	66563,4	61785,1	168,3
Tomato	65015	191017,2	153577,6	171921,1	174548,2	2,6 dafā
Onion	8881,5	3069	56612,1	40686,8	26155,5	2,9 dafā
Cucumbers and gherkins	6753,3	15094,6	11924,1	9810,8	6966,6	103,2
Salad vegetables	1371	2565,9	3540,2	4025,1	4675,3	3,4 dafā
Alma	37946,3	66320,5	77489,5	89866,7	96892,0	2,5 dafā
Dates	95631,3	94202	118304,5	150912,5	146092,3	152,7
Peeled hazelnuts	12245,5	14812,9	20766,4	18223,2	22023,0	179,8
Grapes	2027,1	4120,9	2449,8	3210,2	4168,4	2,1 dafā
Cherries and cherries	11989,3	14993,7	14439	23320,2	26516,0	2,2 dafā
Peaches, nectarines	1107,4	3561,3	7259,2	9518,5	8032,8	7,2 dafā
Plants used in perfumery and pharmacy	2420,3	5315,4	14260,3	21520,6	19903,9	8,2 dafā
Tea	4287,5	1137,7	1735,0	1 367,0	1505,9	35,1
Tobacco	1944,4	2217,9	4586,3	4 169,02	6398,1	3,3 dafā

The table is compiled by the author on the basis of data provided by the SSCAR [18, p.80-82]

The analysis of the geographical structures of exports of agricultural products gives grounds to say that about 90 percent of agricultural products exported from our country are sold in the Russian market. Russia occupies a special place in the foreign trade relations of the Republic of Azerbaijan, and the volume of trade turnover with this country is constantly growing.

Table 5. The main agricultural exports to the Russian Federation volume of products

Product name	2015		2017		2018		2019		As a percentage in 2019 compared to 2015
	Amount, thousand US dollars	Export weight, in percentage Amount	Amount, thousand US dollars	Export weight, in percentage Amount	Amount, thousand US dollars	Export weight, in percentage Amount	Amount, thousand US dollars	Export weight, in percentage Amount	
Potato	20889,3	99,7	25669,3	99,4	28864,4	97,4	25100,5	93,5	120,2
Fresh vegetables	112686,9	99,6	177833,9	96,5	195272,7	96,3	208873,6	97,5	185,4
Fresh fruit	163129,8	67,0	196919,5	67,4	262024,1	80,5	277831,0	76,9	170,3
Tea	2754,3	44,6	5398,0	52,8	3592,1	38,3	2779,2	29,2	100,9
Tobacco	1445,3	18,1	4073,3	28,6	3300,8	25,9	5408,0	39,7	3,7 times

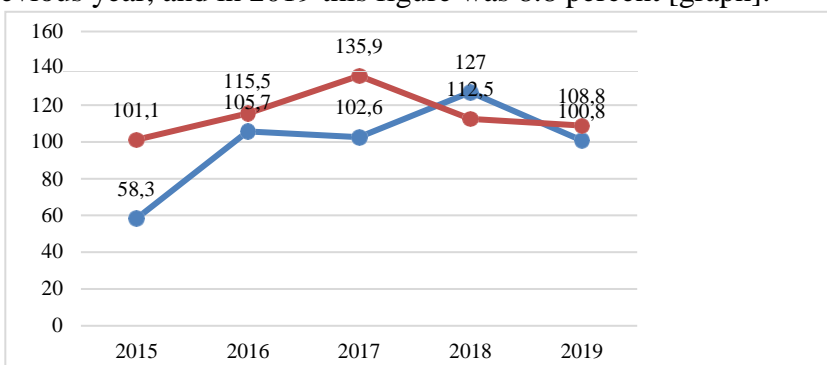
The table is compiled by the author on the basis of data provided by the SSCAR [18, p.105-158-183-208].

Thus, in 2015, the country accounted for about 100 percent of revenues from the export of potatoes and fresh vegetables, 67 percent of fresh fruit, 44.6 percent of tea and 18.1 percent of tobacco. In 2019, potatoes exported to Russia accounted for 93.5% of total potato exports, fresh vegetables 97.5%, fresh fruits 76.9%, tea 29.2%, and tobacco 39.7% of total tobacco exports. Compared to 2015, in 2019, the export of potatoes from the republic to the Russian Federation in terms of value increased by 20.2 percent, fresh vegetables by 85.4 percent, fresh fruit by 70.3 percent, tea by 0.9 percent, and tobacco by 3.7 percent. times [Table 5].

Analyzing the geography of exports of agricultural products, it is clear that the process of diversification of agricultural exports of our republic is underway. However, this process is not so fast. We

can note that our country is already exporting agricultural products to Germany, Turkey, Ukraine, as well as a number of European and Asian countries. In the world market, our country acts as both an importer and exporter of certain types of agricultural products.

It is important to pay special attention to the increase in the share of agricultural products in exports in foreign trade. The analysis shows that the total exports of our republic have been volatile over the years. Thus, in 2015, compared to the previous year in 2014, the total exports of the country decreased by 41.7 percent, but exports of agricultural products increased by 1.1 percent. Total exports In 2017, compared to the previous year, total exports increased by 2.6 percent, in 2018 by 27 percent, and in 2019 by 0.8 percent. Compared to 2016, 35.9 percent more agricultural products were exported from our country in 2017. In 2018, exports of agricultural products amounted to 12.5 percent compared to the previous year, and in 2019 this figure was 8.8 percent [graph].



**Graphic. Total and export index of agricultural products in the Republic of Azerbaijan (as a percentage of the previous year)
“1. total exports 2. export of agricultural products”**

Assessing the state of foreign trade is one of the most important issues in determining the degree of the country's participation in international relations. The country's participation in foreign trade is carried out through various indicators, one of which is the export quota. Export quota is a quantitative indicator that characterizes the importance of exports of goods and services for individual sectors of the economy or enterprises. Export quota is

calculated as the ratio of the country's annual exports to GDP or gross national product. The increase in export quotas means an increase in the country's participation in the international division of labor and competitiveness.

It is clear from the analysis of statistical data that compared to 2015, the total GDP in the country in 2019 will be 50.2 percent, including 30.3 percent of GDP of the non-oil sector, and 39 percent of the GDP of agriculture, forestry and fisheries. , Increased by 0 percent. In the comparable period, total exports increased by 2.6 times, non-oil sector exports by 97.2 percent, and agricultural products by 3.3 times. After calculating the export quota, we can note that this figure for the country in 2015 was 24 percent, and in 2019 increased by 16.9 points and amounted to 40.9 percent. During the compared period, the export quota in the non-oil sector increased from 4.5% to 7%, and the export quota in agriculture increased from 9.7% to 23.6% [Table 6].

Table 6. Dynamics of gross domestic product, exports and export quotas

Indicators	2015	2016	2017	2018	2019	In 2019, as a percentage of 2015
1.Total GDP, mln. man.	54380,0	60425,2	70337,8	80092,0	81681,0	150,2
Including						
In the non-oil sector	34138,8	35951,1	40328,0	41.662,0	44481,8	130,3
In agriculture, forestry and fisheries	3359,4	3386,8	3944,1	4174,8	4669,6	139,0
2. Exports, total, mln. man.	13061,3	21477,0	26367,3	33131,5	33379,8	2,6 times
In the non-oil sector	1582,3	1895,0	2500,4	2739,2	3119,5	197,2
in agriculture	325,5	606,0	913,7	1014,6	1103,5	3,4 times
3. Export quota for the country, as a percentage	24,0	35,5	37,5	41,4	40,9	X
4. Export quota in the non-oil sector, as a percentage	4,5	5,3	6,2	6,6	7,0	X
5.Export quota in agriculture, as a percentage	9,7	17,9	23,2	24,3	23,6	X

The table is compiled by the author on the basis of data provided by the SSCAR [17, p.55; 18, p 12].

The high dependence of the country's economy on a single product also affects the export quota. In countries that have diversified their economies, this indicator is more stable and there is almost no sharp decline. In the world economy in 2019, this figure was 23.1 percent, while in Germany it was 46.9 percent, in France 21 percent, in Japan 15.1 percent, and in the United States 8.1 percent. One of the directions of the work carried out for the development of the non-oil sector is to increase the volume of exports. However, despite the growth of the gross domestic product of the non-oil sector, the export quota did not achieve the appropriate growth rate. This suggests that the non-oil sector is more focused on the local market.

Chapter 3 of the dissertation entitled "Directions for stimulating exports in the agricultural sector and improving its economic mechanism" measures of state support to stimulate the export of agricultural products, directions of improving the price, customs, tax, credit and insurance mechanisms to stimulate export-oriented production, international experience in export stimulation and issues of determining the possibilities of its use are reflected.

Regardless of the level of economic development, all countries take certain measures to support agriculture. In modern times, there are a number of factors that make the agricultural sector the focus of the state. Among these factors, it should be noted that the agricultural sector is one of the largest sectors of the economy, has a large share in employment, is important in terms of diversification of the economy, plays an important role in the diversification of exports.

It should be noted that the development of the agricultural sector depends on its competitiveness, and there is a direct correlation between increasing competitiveness and the realization of export potential. An increase in competitiveness leads to an expansion of opportunities for the realization of export potential, and a decrease limits the realization of this potential. State support for export-oriented production in the agricultural sector can be grouped into two main areas. The first is state support for production, and the second is state support for the realization of the export potential of agricultural products. At the same time, it should be noted that the

driving force of economic processes is its economic mechanism. This process also applies to foreign trade. That is, the realization of export potential directly depends on the formation of its economic mechanism. The study of the economic mechanism of exports and its improvement in accordance with the requirements of modern times is considered to be a very important issue. The basis of this mechanism is the state support for export activities in various forms through various institutions.

The Azerbaijan Export and Investment Promotion Foundation (AZPROMO) works extensively to promote export opportunities. In order to further expand business relations of local companies and encourage investment to the country's economy, 282 events and bilateral meetings were held in January-December 2018, of which 228 were in Azerbaijan and 54 abroad. Business forums are the largest of these events. In January-December 2018, a total of 14 business forums were held, including 10 in Azerbaijan and 4 abroad. In 2018, AZPROMO held 10 training seminars. The seminars cover different topics such as access to international markets, certification of exported food products, promotion of the "Made in Azerbaijan" brand, expansion of the geography and volume of exports, etc. In order to promote the "Made in Azerbaijan" brand, a single country stand was set up at 11 international exhibitions in January-December 2018.

Table 7. Financial support for individual participation in exhibitions

Date (year)	number of applications	Number of support amounts paid	Number of companies used	Number of exhibitions attended	Amount of paid support (in manats)
2018	20	20	16	18	93824,44
2019	33	33	27	28	224392,37
2020	14	13	13	9	111629,13

The information was obtained from the Ministry of Economy on the basis of the request.

According to the information we received from the Ministry of Economy, support for entrepreneurs has been provided in various directions. Thus, 93824.44 manat financial support was provided for individual participation in exhibitions in 2018, 224392.37 manat in

2019, and 111629.13 manat in 2020. [Table 7]. Also, a contract worth \$ 2 million was signed and exported within the exhibition. The total value of contracts concluded as a result of participation in international exhibitions in January-December 2018 was 6540880 US dollars, and in 2019 - 11171068 US dollars.

In the economic mechanism of world trade exports, special attention is paid to the price system. World prices are prices formed in the world market. International production costs are the basis of world prices. International production costs tend to quantify the world average for the factors of production - capital, labor, various types of natural and material resources, etc. - that are spent on the creation of a particular specific commodity. They are formed under the influence of the country, which is the main shipper of goods on the world market. The level of world prices is significantly affected by the supply and demand for these goods in the world market. A state that regulates imports and exports through subsidies, quotas, and licensing has the potential to have a major impact on world prices. Liberalization of foreign trade activity emphasizes the need to quickly create a new legal framework for its regulation and harmonize the existing legal framework with international law. Customs law has a special place in the legal and regulatory mechanism of foreign economic relations. Because the relations arising in connection with the crossing of the customs border of goods and means of transport are regulated by customs and legal norms. One of the most difficult issues facing customs legislation is the elimination of subjectivity in legal regulation and the strengthening of the objective core. The principles of customs law should be the basis of customs legislation and they should be the core of all normative acts regulating customs relations. In order to ensure that the customs legislation does not differ from the principles of customs law, first of all, it is necessary to organize the legislative procedure in such a way that it takes into account the interests of both the state and various private businesses. In modern conditions, one of the most important elements of the economic mechanism of exports is lending. As economic relations between different countries expand, international bank credit relations further develop. Under the

influence of fierce competition, firms are forced to limit their fixed capital to a minimum and to maximize the turnover of the funds they mobilize to carry out their activities. In order to increase the efficiency of invested capital, enterprises engaged in production and foreign trade make extensive use of lending for their activities. This allows them to build their working capital through loans secured by the goods they sell. Export credit insurance is one of the most effective export promotion tools used in the world today. Benefiting from export credit insurance gives entrepreneurs certain advantages in foreign markets: providing access to new markets; gaining a competitive advantage; increasing market share with longer-term and flexible forms of payment; expansion of financial opportunities through commercial banks, etc. Ensuring economic development depends on increasing the country's export potential. Exports are important in terms of solving the economic problems facing countries, improving the welfare of peoples and the representation of countries in the world. At the same time, exports are an important stabilizing factor in the recovery of the economy and market transformation. Exports are one of the key factors in ensuring the financial stability of the country's economy. The increase in the country's export potential serves to increase the economic efficiency of production. Participating in the ongoing process of globalization and integration into the world economy necessitates the expansion of trade relations. Integration, as a process, encourages individual companies and the state as a whole to operate in a more competitive environment. These make it necessary to identify development measures using international experience.

The result

1. Use of experience in insuring the production of export-oriented products against foreign and political (Creation of a healthy competitive environment among producers of export-oriented products, taking into account the level of economic development of the country, as well as the impact of internal and external factors in the formation of the mechanism of export stimulation.) risks.
2. Application and expansion of financial support measures,

including subsidies, soft loans, investment guarantees, which are the main economic mechanisms to stimulate exports.

3. Achieving the production of competitive export-oriented products by accelerating the application of innovations in the agricultural sector (Achieving the production of competitive products by accelerating the application of innovations that serve to strengthen the position of agricultural producers in foreign markets.).

4. Establishment of a specialized export bank - eximbank, used in world practice for export lending and insurance of export revenues (Ensuring the diversification of exports and expanding the geography of exports, taking into account the level of meeting the country's demand for agricultural products at the expense of domestic production, which serves to replace imports with exports.).

5. Expansion of state support for the establishment of large export-oriented forms of economy in the agricultural sector - obtaining international certificates, ensuring participation in export missions and international exhibitions, facilitating access to foreign markets.

6. Issuance of guarantee obligations for the sources of credit offered to banks to provide the necessary working capital of export-oriented industries.

7. Defining measures to insure operations and support export infrastructure for the development of foreign markets.

8. Implementation of the following measures to promote exports (Implementation of regulatory policy using price and customs mechanisms, including regulation of the volume of import and export products, insurance of foreign market acquisition operations and support of export infrastructure, taking into account the requirements of domestic and foreign markets. Implementation of the following measures to promote exports:

- development of a mechanism of state guarantees and obligations in order to ensure the protection of producers, which is one of the key issues in promoting the production of export-oriented products.

- carrying out of awareness-raising activities by the state bodies carrying out the promotion in a continuous and more extensive form (submission of commissioned projects in this direction);
- expanding the list of promoted agricultural products;
- simplification of documentation, etc.
- carrying out market research not only on the basis of future orders from owners, but also on the basis of AZPROMO acting as a customer.

The main provisions of the dissertation are reflected in the following scientific articles:

1. Issues of realization of export potential of agrarian sphere / Materials of the republican scientific-practical conference on "Agrarian economy and innovative development". Ganja 2012. P.107-109
2. Some issues of export of agricultural products // Journal of Qafqaz University - International Journal of Economics and Administration. Number 34. 2012. №34- S.97-100
3. Directions for stimulating the export of agricultural products / I International Scientific Conference of Young Researchers Qafqaz University. Baku 2013 P.40-41
4. Issues of export of agricultural products in the theory of foreign trade // Scientific-theoretical journal of cooperation. Baku 2013 №1 (28) P. 115-118
5. Impact of export on increasing competitiveness // Institute of Economics of ANAS. Scientific Works. Baku 2014 №2S.170-174
6. Evaluation of the effectiveness of the use of agricultural export potential // Scientific Works of the Azerbaijan Scientific-Research Institute of Agricultural Economics and Organization. Baku S. 92-96 2015
7. Turkish experience of export promotion in agriculture // News of ANAS Economic series Baku 2015 №1-P.102-106
8. The impact of the devaluation process on the use and export of resources in the agricultural sector // Agrarian Science and Information Consulting Center of the Ministry of Agriculture of the

Republic of Azerbaijan. Scientific works of the Scientific Research Institute of Agricultural Economics Baku 2017 №1 P. 112-117

9. Place of the Russian Federation in foreign trade relations of the Republic of Azerbaijan // Scientific Research Institute of Agricultural Economics, Center for Agrarian Science and Information Consulting Scientific works of Baku 2018 №2 P. 169-173

10. Formation of economic mechanism of export in the agrarian sphere // Scientific Works of ADAU. Ganja 2018 №2 S. 124-128

11. Use of international experience in stimulating and promoting exports // Agrarian Science and Information Consulting Center Agricultural Economics Research Scientific works of the Institute Baku 2018 №2 P. 169-173

12. Directions for the improvement of the economic mechanism of export / Current scientific research in the modern world Journal of Pereyaslav-Khmel'nitsky 2019 Issue 10 (54) Part 4 S. 172-175

13. Analysis of the current level of production in the agricultural sector / Ganja State University International Scientific Conference. Actual problems of modern natural and economic sciences Ganja 2019 5 part P. 167-169

14. Import substitution strategy in the development of foreign trade relations // Scientific Works of ADAU Ganja 2019 №4 P. 129-131

15. The role of innovation in stimulating export-oriented production // Questions of innovative economy of Russia, Moscow 2020 Vol.10 №1 P. 111-112

The defense will be held on december 29 2021 at 14:00 at dissertation council of Supreme Attestation Commission under the President of the Republic of Azerbaijan operating at Azerbaijan.

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The dissertation is available in the library of the Azerbaijan State Agrarian University.

Electronic versions of the dissertation and abstract are posted on the official website (www.adau.edu.az) of the Azerbaijan State Agrarian University.

Electron versions of dissertation and its abstract are available on the official website of the Azerbaijan .

The abstract was sent to the necessary addresses on November 29, 2021.

Signed for print: 22/11/2021
Paper format: 60x84 1/16.
Volume: 42013 characters
Circulation: 30