

AZERBAIJAN REPUBLIC

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ABSTRACT

of the submitted dissertation for the degree of Doctor of Philosophy

**IMPROVEMENT OF STIMULATING MECHANISMS OF
EXPORT POTENTIAL OF THE REPUBLIC OF
AZERBAIJAN**

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GENERAL CHARACTERISTICS OF THE WORK

Urgency and use rate of the topic. In the modern world, globalization of international economic relations reveals unique rules of cooperation between countries. As such, in the modern condition of accelerating economic globalization, the countries included in the world economic system take advantage of international labor division to achieve solutions to the problems as to be able to achieve economic development, meet the needs of the population, acquire the necessary technological knowledge and equipment, gain and exchange economic, advertising, marketing and management practices based on modern production methods. From this point of view, the development of foreign trade relations through the integration of each state, as well as the Republic of Azerbaijan into the world economy in accordance with modern global challenges is of significant importance for the formation of an independent economic system based on market relations.

Both international economic theories and long years of experience around the world countries confirm that no country can stay out of the international trade system and ensure the development of the national economy without import-export operations. The development of the national economy directly depends on the country's participation in the international division of labor, the effective organization of international integration and the effective use of the export potential of real sectors of the economy.

In modern conditions, the formation and development of the national economy is possible not only through domestic opportunities, but also through the wider and more effective use of international trade relations. The participation of the country in international trade relations allows it to develop and effectively use the existing export potential to enhance economic development, taking advantage of the economic and strategic advantages created by the international division of labor and opens new perspectives in this direction.

In the scientific literature, export potential is considered to be an integral part of the country's economic potential that can be used for

export purposes. This potential includes natural-economic, technical-economic, scientific-technical potential, foreign trade infrastructure, labor resources, etc. used and can be used in the production of goods and services for export, as well as in their export.

It should be noted that the development of export potential can be achieved through increasing the competitiveness of products, creating conditions that stimulate national exports, using advanced technology in production, increasing the volume of science-intensive products, developing the structure of exports and other factors.

From this point of view, the requirements sets forth in the Strategic Road Map for National Economy and the main sectors of economy approved in December of 201 and “Azerbaijan 2030: National Priorities on socio-economic development” approved in February of 2021 by the country president Mr. Ilham Aliyev also substantiate the importance of organizing the expansion of export opportunities in accordance with modern requirements to ensure the economic development of our country.

Acceleration of the process of integration into the world economy, expansion of foreign economic relations successfully continues the work of making our national economy an integral part of the world economy. Specialization of Azerbaijan in its priority areas, production of export products that are resistant to international competition in these sectors, creation of a foreign trade strategy that serves the development of the national economy turned to be one of the most important problems of modern period.

In his speech at the republican meeting of non-oil exporters chaired by President of Azerbaijan Ilham Aliyev in Yevlakh city, it was noted that practical steps are being taken to promote the "Made in Azerbaijan" brand in the world. This brand is already gaining worldwide reputation today. Of course, the exhibitions organized by the state and the participation of entrepreneurs in those exhibitions lead to good results. According to the information provided to me, contracts have already been signed at several exhibitions. If we had not participated in these exhibitions, contracts would have not be signed. That is, we have seen that additional assistance should be provided to entrepreneurs. *I have already mentioned that loans are*

given, farmers are exempt from all taxes except land tax. Equipment is purchased, fertilizers, fuel and subsidies are provided on preferential terms. All this has revived our non-oil sector. However, additional support should be provided to entrepreneurs so that they can already export their products to foreign markets. Because both they and the state need it. This brings currency to our country. " As can be seen from here, the speech of the President at the meeting focused on the importance of the export process and state support measures to stimulate it.

The above mentioned shows that the study of the problem of regulating the country's export potential in the context of modern economic integration is a very important step in determining the direction of effective use of export potential. All these are important issues that determine the urgency of the topic of the thesis.

Changes in the world market have made it necessary to take measures to eliminate dependence on traditional exports based on raw materials and energy resources. In this regard, a number of research works have been carried out and scientific works and theses have been written in the field of state support for exports, stimulation of export potential based on the non-oil sector, diversification of the structure of foreign trade, attraction of investments in this field.

Among the scientific works devoted to the study of the mentioned problems in Azerbaijan are the works of Z.Samadzade, A.Nadirov, A.Nuriyev, M.Meybullayev, B.Atashov, A.Shakaraliyev, I.Abbasov, A.Alasgarov, D.Valiyev, I.Karimli, G.Ganjyev, A.Maharramov, H.Rustambayov, R.Hasanov, S.Aliyev, H.Aslanov and other economist scientists. In the works of the above-mentioned scientists, the factors of development of the national economy, the problems of diversification of the structure of exports and the effective use of export potential have been studied.

Among the CIS scientists conducting research in this field are R. Khasbulatov, V.E.Ribalkin, M.Delyagin, S.V.Prikhodko, A.N.Spartak, V.N.Burmistrov, I.I.Dyumen, N.N.Yevchenko, M.N.Osmova, N.V.Kovalenko, P.N.Pekutko and others, scientists from the Republic of Turkey H.Seyidoglu, A.Polat, S.Sakarya, K.Arıch and others can be mentioned.

Along with the high appreciation of the services of economists in this field, it should be noted that the foreign trade relations of the countries, especially the Republic of Azerbaijan, are constantly developing. However, the Republic of Azerbaijan needs to constantly study the new trends in import and export operations, modern challenges, as well as the problems of state support for exports in the non-oil sector in our country. It should also be noted that as the fundamental novelty of the problems identified in the research and the importance of their solution, the lack of sufficient research in this area for the Republic of Azerbaijan, which aims to develop the non-oil sector, the solution of this problem has defined great scientific and practical importance, urgency of the topic and objectives.

Purpose and duties of research. The purpose of dissertation work is to develop offers and recommendations on establishment of formation and support mechanism of export potential of the country on the basis of complex research of theoretical and practical aspects of the state regulation in the development of foreign trade relations of the state, also on determination of the directions of efficiency provision.

In order to gain this purpose, the below mentioned duties have been set and fulfilled in the research work:

- investigation and comparative analysis of conceptual basis of stimulating of export potential in foreign trade relations;

- evaluation of influence of the participation in international labor division to the development of the national economy in globalization condition;

- learning of theoretical aspects of state support for export in the development of the national economy;

- systematic analysis of the development dynamics of import and export operations in foreign trade relations of the Republic of Azerbaijan;

- analysis of current condition of the legislation base of stimulating of export potential in the Republic of Azerbaijan in the modern period;

- determination of development directions of foreign economic activity of the Republic of Azerbaijan;

- Evaluation of mechanisms of state support to export;
- study of international experience in the field of stimulating export potential of the state;
- improvement of the structure of import and export operations in the Republic of Azerbaijan, investigation of opportunities for increase of special weight of ready products in export and commodities in import basing on mostly modern technologies;
- assessment of the state support system related to export stimulation and substantiation of its improvement;
- determination of the directions of increase of efficiency of export support policy in Azerbaijan and preparation of offers and recommendations substantiating scientifically on these directions.

The object of the research is mechanisms of economic measures focused on foreign trade relations of Azerbaijan Republic and support of export.

The subject of the research covers the events and processes related to the process of stimulating the export potential of the country and improvement of its legal basis and organizational-management mechanisms.

Research methods. Systematic approach, analysis and synthesis, statistical, mathematical analysis and grouping, induction and deduction and other methods were used in the implementation of research work.

Main provisions defended:

- research of reasons and results of interference of the state to economy;
- protectionist measures taken by countries on foreign trade policy and their relations with export support mechanisms applied by other countries;
- current condition of export potential of the Republic of Azerbaijan and opportunities of its increase;
- current condition of export state support in the Republic of Azerbaijan and opportunities of their improvement;
- research of opportunities of influence of the national production promotion to stimulation of export potential;

- comparative economic assessment of export potential stimulation mechanisms. One of the main provisions here is the transformation of potential opportunities to stimulate exports into an economic reality and the submission of proposals on specific mechanisms;

- determination of features of support measures taken in the world countries in the field of export stimulation;

- study of factors to be considered in the process of improvement of export support mechanisms.

The scientific innovation of research work consists of complex approach according to the realities of globalization period of state regulation mechanisms applied in stimulation of export potential in Azerbaijan and development of concrete offers and scientifically substantiation in accordance with requirements of modern calls. The main results determining the scientific innovation of research are follows:

- the conceptual principles of foreign economic relations were investigated on the basis of comparative analysis of approaches of local and foreign economists and characteristic contents of new trends formalizing at the global and national levels were observed;

- forms and methods of the mechanisms of export potential stimulation were developed;

- modern and favorable methods substantiated by considering the existing world practice were offered in order to improve the mechanisms of export state support in the Republic of Azerbaijan;

- The current state of export potential in macroeconomic development in Azerbaijan has been analyzed.

- The impact of changes in the financial system on sustainable macroeconomic development to stimulate exports in the non-oil sector in Azerbaijan has been assessed.

- The directions of state regulation and specific state support mechanisms to increase the export potential of our country have been identified.

- It was noted that it is necessary for economic entities in our country to take a more active part in expanding exports. Such opportunities can be provided if a system of general tax incentives

for these economic entities and special flexible forms of bank-credit support are applied to increase their financial capacity.

- The directions and prospects of improving the mechanisms to stimulate export opportunities to ensure the sustainability of the economy have been identified.

- Based on the research, it was found that in connection with the expansion of financial and credit opportunities of economic entities in the Republic of Azerbaijan, in particular improvement of the quality of the stimulation system can be carried out within the framework of implementation of goals and objectives set in the Strategic Roadmap for the National Economy and key sectors of the economy and Azerbaijan 2030: National Priorities for Socio-Economic Development Further.

Theoretical and practical importance of research work. The theoretical bases of research work are fundamental and applied concepts submitted in scientific works of economists of the republic and foreign country concerning the topic investigated, the Constitution of the Republic of Azerbaijan, Laws of the Republic of Azerbaijan, Decrees and Orders of the President of the Republic of Azerbaijan, Decisions of the Cabinet of Ministers of the Republic of Azerbaijan, decisions adopted by authorities of the central executive power, other normative legal acts, official documents, also scientific investigations of economists lived in different periods and periodical materials.

Identification of existing problems and study of their reasons in the field of improvement of export support system which is the main part of foreign trade policy of the state, as well as theoretical possibility of opportunities for application of offers put forward in regard to its quick elimination and modern world practice to the economic policy of the Republic of Azerbaijan was stated in the dissertation. The main provisions of dissertation work, the results obtained, recommendations and offers may be used preparation of law, decision and other normative acts in connection with stimulation of export potential, in scientific-research works, also in teaching process of higher educational institutions. So, the research can be used in the teaching of subjects such as "World economy",

"International economy", "International monetary and credit relations" at the Department of World Economy, Faculty of International Relations and Economics of Baku State University.

Approbation and application of research work. The main provisions of dissertation work and offers arising out of research work were reported and approved in 4 international, as well as 3 republican level conferences in Azerbaijan and in abroad. The names of those conferences were stated below. University-level scientific and practical conference "Fundamental and applied problems of international relations, national security, geoeconomics and geopolitics", Baku – 2015. VIII All-Russian scientific and practical conference "Innovative technologies for the management of socio-economic development of the regions of Russia" with international participation, Ufa – 26-27 May 2016. The Republican scientific and practical conference "Interaction problems of social, economic and political spheres", Baku – 2016. The Republican scientific and methodical conference "Islamic Solidarity-2017: realities and perspectives", Baku – 2017. The International scientific conference "Actual problems of modern natural and economic sciences", Ganja – 03-04 May 2019. "17th International Turkic World Social Sciences Conference" Istanbul – 2019. "18th International Turkic World Social Sciences Conference" Istanbul – 2020.

The recommendations indicating the main essence of dissertation work and substantiated scientifically were reflected in 9 scientific articles published in the capacity of 3 print sheets. 1 of them was published in abroad.

The organization where the dissertation work is performed. Dissertation was performed in Baku State University.

The structure and volume of the thesis. The thesis consists of an introduction, 3 chapters, 9 sub-chapters, conclusion and a list of references. Here are 8 tables and 5 figures. 186 titles of literature were used in the thesis. In the structure of the thesis the title part and the table of contents are 2 pages, 2472 characters, the introductory part is 9 pages, 16577 characters, the first chapter is 44 pages, 83731 characters, the second chapter is 31 pages, 55488 characters, the third chapter is 48 pages, 88731 characters, the conclusions are 6 pages,

10079 characters, the list of used literature is 15 pages and consists of 30852 characters. The number of characters in the thesis is 257112 characters, excluding tables, figures and a list of references. The thesis is 155 pages.

THE MAIN CONTENT OF THE WORK

The urgency of the topic, study condition of problem, purposes and duties of research, its object and subject, theoretical and methodological bases, information sources, scientific innovation, practical importance, testing and use of results and others was mentioned in the introduction of dissertation work.

In the chapter I of the dissertation entitled **“Theoretical methodological bases and modern concepts of stimulation of export potential of the country”**, theoretical bases of international trade, as well as export policy of the state, functional essence of export state support, factors and their forms making necessary its emergence were investigated. In this chapter, the conceptual bases of the topic were learned and submitted in comparative form on the basis of ideas of the economists of the most modern period since economic school of mercantilism.

We must note that, historically, the realization of the export process has been beneficial for both entrepreneurs and the state. In this regard, all theories about foreign trade serve to the development of export and stimulation of export potential. First of all, the essence of the concept of export potential shall be explained. The concept of export potential means the necessary quantity of commodities intended for export as a result of use of the opportunities of the country's economy, meeting the existing requirements in the world market in terms of quality and competitiveness. Two factors shall be taken into consideration in the concept of export potential: potential and necessary product concepts, the term of “Potential” is taken from French language and means that, something “can be”. The necessary products are considering the products which export doesn't cause to limitation of demand in the domestic market and increase of prices.

All national companies entering to foreign markets face to significant difficulties and weakening the competitive position of companies for the reason of necessary additional costs, unfavorable tendencies in the development of global economy, negative factors of global competition and also decrease of dynamism of the economy in the last times. Therefore, state support to export is considered a necessary step for national economy.

In our opinion, the state must take part in economic processes, it must act as a guarantee of economic activity of the companies and must create legal base for conduction of business, must provide fair competition and the same economic condition for all organizations, it must promote to resource saving, innovative development, increasing the competitiveness and efficiency of the national economy.

All forms of state influence on economic processes are classified on two groups: 1) direct influence (it is implementing by help of administrative, economic regulation measures and instruments, especially is realizing with development of standards, different financial mechanisms); 2) indirect influence (it considers the adoption of decisions in regard to economic measures and instruments in order to create a favorable condition of economic entities corresponding to strategic targets of the development of the national economy).

The policy conducted by the state on regulation of foreign economic activity in the Republic of Azerbaijan in the modern stage was oriented to the process of export support. It must be noted that, the legal base of foreign economic policy applied in our country since 2015 was prepared taking advantage of practice of advanced countries corresponding to the modern requirements. The decrees and orders signed by the head of country, also measure of export state support taken by government in order to implement them was calculated for diversification of the export potential of our country and elimination of sectorial and geographical dependence in the export.

The regulation of foreign economic activity by the state oriented to the strategic purposes of the national economy and strengthening

of foreign economic complex of the country is closely related to foreign economic policy of the state. The state regulation of foreign economic activity is performing in accordance with the Constitution of the Republic of Azerbaijan, Laws adopted by Milli Majlis, Decrees and Orders of the President, normative documents, international law, international treaties supported by Azerbaijan. The main principles of state regulation of foreign economic activity in our country are follows:

- protection of rights and interests of participants in foreign trade activity, also rights and interests of domestic commodity and service producers, as well as consumers in the country;
- equal approach to participants in foreign trade and not allowing to discrimination;
- establishment of trade cooperation with foreign countries;
- selection of state regulation measures of foreign trade;
- transparency and clarity in preparation, acceptance and application of state regulation measures of foreign trade;
- correctness and objectivity of application of state regulation measures of foreign trade.

The foreign economic policy of the Republic of Azerbaijan covers the areas of activity such as investment, foreign economic, insurance, consultation and other legal types of activity, also development of infrastructure, innovations, special economic zones, environmental protection, export support of the brand of “Made in Azerbaijan” (product of Azerbaijan), also support of small and medium business for increase of competitiveness of the economy, its diversification, implementation of projects in the country and in abroad by providing the stimulation of investment activity.

As noted, export support measures take a special place in foreign economic policy of the state, because the main purpose of them is to promote the structure and development of economy. Moreover, it shall be noted that, the emergence of the concept of state support for the national economy dates back to earlier times. In this regard, support measures to exporters and establishment of corresponding national system in this field shall be a means of strengthening the competitive advantages of economic development

and business, creating conditions for fair competition both in the developed and developing countries.

In our opinion, determination of only results of application of export support measures and comprehensive observation of their impacts is really difficult, because the active influence of both internal and external factors on the formation of these results is visible. On the other hand, this case makes it necessary to isolate, analyze and maximally consideration of internal and external factors at the time of improvement of the national support system to exporters as integral part of foreign economic policy, preparation of proper measures and mechanisms. It can be seen in table 1.

According to international practice, the state support for export is carried out in two main ways: first, in the way of creating a favorable macroeconomic environment; second, in the way of implementing direct stimulus measures necessary for national producers and exporters.

The first way is, of course, more preferred. Because this method is more in line with the experience of countries with many market economies and the rules of trade regulation developed and used by international economic organizations that regulate the international trade in goods and services on a multilateral basis. However, in the context of countries living the transition period, macroeconomic reforms cannot be carried out quickly in order to create a favorable environment for producers, investors and exporters. In this regard, the use of direct special stimulus measures for the development of exports, which is the second way, can be an effective tool for solving the problems of its expansion. It should be noted that direct support measures to stimulate exports are applied to develop the activities of both potential exporters and companies preparing to enter foreign markets, as well as companies that already export their products.

As a result, we can note that the analysis of the role of the state in terms of opportunities for international exchange, foreign economic activity and the implementation of state support measures for exports has allowed to systematize a number of measures. Along with all this, each country pursues its own domestic and foreign trade policy. On the other hand, the study of trade theories in the

establishment and operation of export support systems, the analysis, evaluation and subsequent application of the experience of countries in this field allows to avoid mistakes in improving the national export support system.

Table 1. Dynamics of export of main goods in Azerbaijan Republic (thousands USD)

Name of goods	Amount by years				
	2016	2017	2018	2019	2020
Total exports	13 457 592,1	15 319 977,1	19 489 068,2	19 635 202,8	13 740 567,6
Crude oil	10 692 835,5	12 171 339,3	15 710 529,3	14 814 132,7	9 363 570,7
Natural gas	1 096 683,2	1 237 569,4	1 512 290,9	2 366 833,7	2 190 522,1
Fresh fruit	243 434,9	291 965,9	324 780,7	361 368,3	349 886,2
Fresh vegetables	113 186,6	184 207,6	202 811,9	214 130,2	219 968,5
Gasoil	316 275,2	241 871,5	329 670,8	341 605,4	213 391,1
Cotton fiber	6 039,6	32 555,7	79 529,9	122 365,6	131 930,2
Ethylene polymer.	81 283,3	75 448,5	74 365,9	69 694,0	77 721,4
Aluminum	49 819,2	51 229,3	71 438,8	84 644,5	63 710,3
Kerosene	78 200,5	82 186,8	174 556,3	111 708,9	53 644,4
Sugar	62 030,0	39 515,1	24 974,7	26 880,1	26 904,3

Source: The table has been developed by the author based on the materials of State Statistics Committee of Azerbaijan Republic.

Chapter II of the dissertation entitled “**Analysis and assessment of the current state of the export potential of the Republic of Azerbaijan**” analyzes the current state of the export potential of the Republic of Azerbaijan, the dynamics of export potential development on the fields and the mechanisms of stimulating export potential applied by the state in Azerbaijan.

It is clear from Table 1 that crude oil and natural gas exports have a leading position in the country's total exports over the past five years. As a result of measures of support to non-oil export implemented in Azerbaijan since 2016, the export of a number of agricultural and some light industry products has increased. Here we can give an example of exports of fresh fruits and fresh vegetables, which in 2020 increased by 43% and 94%, respectively, compared to 2016. Also, the export of cotton fiber in 2020 increased 21 times compared to 2016 and amounted to 131.9 million US dollars. Sugar exports, on the other hand, have declined in recent years, with exports of this product reaching 26.9 million USD in 2020,

accounting for 42% of total exports in 2016. At the same time, as a result of recent reconstruction of oil and gas refineries in the country in compliance with the modern standards, dependence on imports in the demand for gasoline and diesel, as well as natural gas was ended and also the export of gas oil, kerosene, gasoline, ethylene polymers and other products obtained from oil were also exported.

The volume of exports in the non-oil sector in Azerbaijan in 2020 was as follows. Exports of fruits and vegetables amounted to 607.7 million USD, cotton fiber - 33.2 million USD, aluminum and products thereof - 113.4 million USD, chemical products - 85.2 million USD, electricity - 59.8 million USD. The volume of exports of ferrous metals and metal products amounted to 52.4 million USD, sugar - 26.9 million USD, cotton yarn - 19 million USD, alcoholic and non-alcoholic beverages - 12 million USD.

If we pay attention to the statistics of foreign trade relations of the Republic of Azerbaijan, we can see that in 2019, the volume of exports of products belonging to the non-oil sector amounted to 1,954 million USD. In the same year, the volume of exports increased by 265 million USD or 15.7% compared to 2018. In 2020, the volume of non-oil exports of Azerbaijan decreased by 2.7% compared to 2019 and amounted to 1.9 billion US dollars. The Russian Federation ranked first among non-oil exporters in 2020 with 691 million USD. Then there were Turkey (377.8 million USD), Switzerland (224.8 million USD), Georgia (127.6 million USD) and China (44.5 million USD). If we look at the percentages, we can see that in 2020, compared to 2019, exports of non-oil sector products to the Russian Federation increased by 0.1%, Switzerland by 25.5%, China by 19.3% and Turkey by 5.9% and exports of non-oil sector products to Georgia decreased by 19.7%.

In general, several organizations were established in order to support the national production and export in Azerbaijan. These organizations include: Azerbaijan Export and Investment Promotion Foundation (AZPROMO), “One Window” Export Support Center, Entrepreneurship Development Fund, Small and Medium-sized Enterprises Development Agency, Azerbaijan Investment Company,

Agrarian Credit and Development Agency, “Agroleasing” OJSC, Innovation Agency, Azexport.az portal.

Through these institutions, the forms of state support for export in our country can be classified into two groups: financial and non-financial measures. The financial mechanisms of the state support for export applied in the Republic of Azerbaijan include: export promotions, assistance in research development programs, buying missions, export missions, support for market research, state support for the export of the national brand, state support for obtaining international certificates, establishment of free economic zones, application of preferential credit system.

We can also mention among the non-financial mechanisms of state support for export in our country: appointment of trade representatives, establishment of trade houses, creation of a single database of national products, application of “One Window” system in order to support exports, devaluation of the national currency value, provision of the support for the establishment of logistics centers.

As a result, in the second chapter, the analysis of the current state of the export potential of the Republic of Azerbaijan and the dynamics of development are studied, the mechanisms of state support for export are noted. It should be noted that the study of the country's export potential on fields is of particular importance in improving export support mechanisms. In this regard, when analyzing the export opportunities of our country, it was concluded that special export support measures are applied in some areas with export potential in Azerbaijan.

Chapter III of the dissertation entitled “**Directions for improving the stimulation of the export potential of the Republic of Azerbaijan**” studies the international practice in the field of improving the stimulation of the country’s export potential analyzes the directions of formation of the state incentive system for national production and export and its development prospects, also ways to increase the effectiveness of mechanisms for the stimulation of export potential in the Republic of Azerbaijan.

In the dissertation, export stimulation models were studied on the basis of official data of the organizations providing state support for export in a number of countries, and parallels were made between the organizations operating in the relevant fields in our country. Thus, during the study, the experience of state support for export from the USA, Germany, Japan, France, United Kingdom, Italy and Canada were learned. In general, various information on more than 20 organizations providing state support for export from more than 10 countries were provided in the dissertation.

As is clear from Table 2, despite the fact that developed countries are world leaders in terms of financial support for exports, the People's Republic of China has confidently taken the first place in this area in recent years. South Korea, India and Brazil provide financial support to their national exporters in the level comparable to highly developed countries.

Table 2. The volume of medium and long-term public financial support to exporters around the world (in billion U.S. dollars)

№	Countries	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	China	35,0	45,0	40,6	58,0	51	34,3	36,3	39,1	33,5	18
2	France	15,9	13,0	9,5	8,3	7,6	9,4	6,8	8,9	6,2	12,1
3	Germany	16,7	15,3	22,6	14,2	15,9	9,7	7,0	12,0	10,5	8,6
4	Italy	8,0	5,2	5,4	5,9	5,4	10,3	8,9	12,4	11,1	8,4
5	S.Korea	9,8	22,6	14,8	14,4	9,5	7,4	7,9	10,6	5,8	5,0
6	United Kingdom	4,2	2,9	3,9	3,0	1,3	3,9	2,1	2,4	6,6	3,4
7	India	13,0	10,6	5,1	4,5	4,4	6,2	9,7	7,6	7,0	2,3
8	Canada	1,9	1,7	1,9	1,8	2,2	2,1	1,9	1,6	2,0	2,2
9	USA	21,4	31,3	14,5	12,1	5,8	0,2	0,2	0,3	5,3	1,8
10	Japan	5,9	4,4	2,1	5,6	4,4	1,6	2,0	1,3	3,6	0,9
11	Brazil	4,8	2,7	4,1	1,3	4,2	3,0	1,6	2,9	0,3	0,01

Source: The table has been developed by the author based on the Reports of USA Export-Import Bank for 2010-2020 submitted to the Congress.

It should be noted that the study of the experience of advanced countries and the volume of state support measures in the field of credit and insurance services provided to exporters in these countries gives grounds to say that the countries, which are leaders in world export, are the countries that provide the most support to exporters.

Also, if we pay attention to Table 2, we can see that the countries that distinguish for the volume of medium and long-term public financial support to exporters around the world are highly developed countries. In this regard, all these supporting measures applied in the developed countries (DCs) can be considered a necessary example for countries that want to develop their national economies, reduce their dependence on imports and stimulate exports, as well as for the Republic of Azerbaijan.

Table 3. Volume of insurance payments on short-term export credits for exporters in different countries of the world (billion USD)

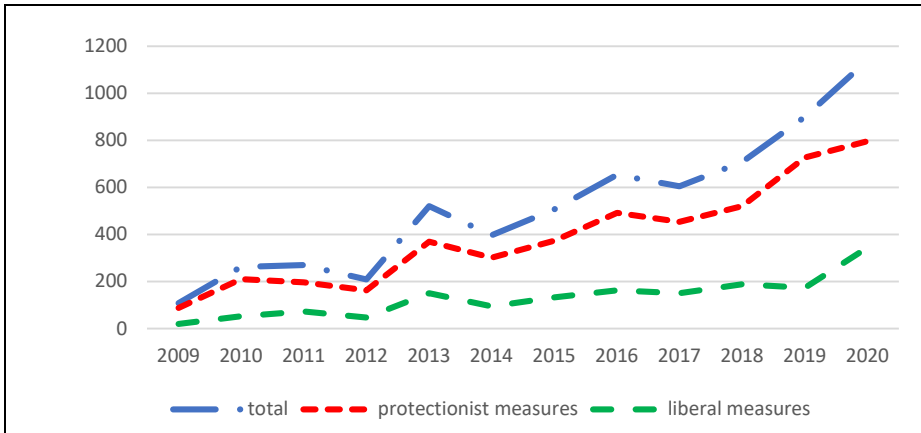
№	Countries	Export Credit Agency	2015	2016	2017	2018	2019
1	China	Sinosure	363,9	375,2	412,8	481,40	481,40
2	S.Korea	K-sure	136,5	124,7	114,63	121,99	120,25
3	Japan	NEXI	52,9	52,9	49,08	49,84	49,84
4	Canada	EDC	58,1	60,5	43,96	43,64	44,27
5	India	ECGC	47,6	39,8	39,80	30,90	30,90
6	Russia	EXIAR	4,3	8,2	11,39	15,43	16,63
7	Germany	EULER HERMES	12,2	12,0	10,96	11,06	11,10
8	USA	U.S. EXIM	4,8	3,7	2,81	2,39	2,02
9	Italy	SACE	1,9	2,2	0,61	1,05	1,14
10	U.Kingdom	UKEF	0,1	0,6	0,16	0,05	0,02
11	Brazil	ABGF	0,0	0,2	0,01	0,00	0,00
12	France	BPIFrance	0,0	0,0	0,00	0,00	0,00

Source: The table has been developed by the author based on the Reports of USA Export-Import Bank for 2015-2019 submitted to the Congress.

As can be seen from the Table 3, the People's Republic of China is a leader in providing medium and long-term financial support to exporters, as well as in providing insurance payments for short-term export loans. Thus, the volume of insurance payments on short-term export loans in China in 2019 amounted to 481.4 billion US dollars. The Republic of Korea is in second place with 120.25 billion USD, ahead of the United States and developed countries of Western Europe. India is also ahead of highly developed countries such as the United States, Italy and the United Kingdom with 30.9 billion USD in insurance payments on short-term export loans. Another noteworthy factor is that although France allocated 6.2 billion USD in medium and long-term financial support to exporters in 2019, it

did not provide insurance payments for short-term export credits for exporters that year.

According to Figure 1, the data of “Global Trade Alert” confirm that since the beginning of the global financial and economic crisis, there has been a sharp increase in the number of protectionist measures, especially non-tariff measures - quotas, licensing, technical compliance, product safety requirements and others.



Source: The figure was made by the author based on the tatistic data of the Global Trade Alerts organization.

Figure 1. The number of protectionist and liberal measures taken by countries around the world in foreign trade since the beginning of the global financial crisis.

Similar results were also given by UNCTAD specialists. According to UNCTAD, there has been a nearly thirty-fold increase in the use of non-tariff barriers since 1995, including the application of technical regulatory measures, administrative and customs procedures.

Against the background of all these protectionist measures applied in the world countries, the model of the national export support system existing in Azerbaijan is not able to fully ensure the effective protection of exporters and their competitiveness in foreign markets. In this regard, one of the most difficult issues facing the

Azerbaijani state today is to improve the export support system of local companies in the short term, taking into account the country's development strategy and the requirements of international organizations.

Based on our research, taking into account the evaluation of the performance of national export support systems in foreign countries, as well as in Azerbaijan, we can say that the following conceptual elements can be taken into account during the improvement to be conducted in future in this field:

- to take into account the features of micro and macro levels of the system;
- to ensure equal access of exporting companies to existing export support mechanisms;
- to apply methods for stimulation of the production of local competitive products;
- to improve the non-financial support measures for export;
- to take into account the recommendations of international economic organizations when expanding the scale of financial support measures to exporters.

Taking into account the successful experience of foreign countries in the field of export development, as well as the recommendations of international organizations, the author put forward the following offers to improve the existing system in Azerbaijan:

- supporting the small and medium businesses through the practice of public-private partnership.
- Division of exporting enterprises into several groups: enterprises being in the pre-export stage as export potential, enterprises being at the stage of access to the world markets, establishment of exporting enterprises and hereby provision of the relevant support to them depending on the degree of internationalization of enterprises.
- Taking into account of the direct needs of exporting entities when providing assistances to them.
- Improvement of the direct support measures and methods in order to support exporters, creation of new financial products

developed on the basis of all permitted means. Especially, ensuring the accessibility of crediting, payment of interests on credits, leasing and others for small and medium business entities.

Summarizing the above, it can be concluded that the Republic of Azerbaijan now has a task in the field of foreign trade in accordance with the strategic road map and national priorities of socio-economic development. This task is to improve the national export support system based on a comprehensive export infrastructure, consisting of all measures and tools to support Azerbaijani exporters and increase their competitiveness in world markets. Successful implementation of this task will ensure that in the future the Republic of Azerbaijan can be integrated into the world economic system and our country will be able to enter the world market with competitive products.

CONCLUSIONS

The thesis has conducted many important studies, analyzes, research and evaluations. The following results were obtained from the research on improving the mechanisms of stimulating the export potential of the Republic of Azerbaijan :

- An analysis of the evolution of various economic schools and their theoretical views on the role of the state in the development of international exchange in the country suggests that the state should act as a guarantor of economic activity of economic entities in a market economy, form a legal framework for their activities. As such, the application of measures and means of influencing the state's foreign economic activity should be aimed at strengthening the competitive position of national exporters in the world market, eliminating the imbalance created by political and economic instability.

- The study of the problems associated with the changing role of the state in foreign economic activity since the early years of independence has shown that despite the difficulties of transition to market principles for regulating foreign economic activity in the country, it would be impossible to increase competitiveness without forming a national export support system.

- The study of the export potential of our country leads to the conclusion that the existence of potential export opportunities for non-oil products in the country has made it necessary to provide state support to these areas. At the same time, the provision of state support for the export of high-tech products will allow in the future to produce products that are competitive for the world market.

- The analysis conducted in the progress of research enabled an in-depth understanding of the category of "state support for exports" and it was defined that the state export support system strengthens the competitiveness of national companies in international markets, better promotes the interests of national business in foreign markets and moves companies to get share in world markets. It should be noted that state support for exports contributes to the development of high-tech production, as well as the innovative development of the state.

- It was proved based on the studies conducted that in the context of global instability, it is extremely necessary to assess the risks in order to reduce the risks associated with international commercial transactions in the system of common measures supporting the export.

- Implementation of the conceptual and strategic documents adopted in Azerbaijan opens new opportunities for more active participation of economic entities in the process of export stimulation. This is an important area of activity in ensuring sustainable economic development in modern conditions, as well as the economic security of the country.

- The study and evaluation of world experience in the field of application of export support measures has allowed to identify several existing types of organization of national export support systems in developed countries, and attention has been paid to their application in our country.

- The conducted analysis showed that the general aspect for countries is that almost all countries react quickly and rapidly to changes in the world situation, as well as countries prefer the economic efficiency of the mechanisms used in this field. At the same time, it should be noted that as the instability of the world

economy increases, the export promotion agencies of countries are expanding the list of services they offer in this field.

- The analysis and assessments of economic development conducted in the country allow us to make certain provisions: although there have been growth trends in economic development over the past decade, this has been largely due to exports of oil and gas products; It is necessary to increase the role of the non-oil sector in economic development, and in this regard it is important to create more favorable conditions and environment for expanding the export of products belonging to the relevant sector. In the development of this field, it is important to ensure that the use of incentives is linked to government programs and projects, and in this regard, it is important to deepen the relevant reforms.

- In the experience of developed countries, the state creates the necessary conditions for small and medium-sized businesses to establish trade relations and production chains with large foreign companies and trade unions. In Azerbaijan, the application of this experience can have a significant impact on attracting foreign investment in export-oriented sectors of the economy in the long run.

- It is clear that at present there is a need to increase funding for the production of high-tech products in our country. To this end, it is necessary to create a more favorable climate to provide national entrepreneurs with access to inexpensive financial resources, to credit export operations, as well as to guarantee these fields of activity.

- It is necessary to create a system to detect barriers and restrictions on sales of Azerbaijani products in world markets. Involving specialists, experts and exporters specializing in this field can be an important step in identifying and removing these barriers.

- It is important to optimize and improve the work of trade missions operating in foreign embassies of Azerbaijan in order to meet the current needs of exporters abroad and to attract foreign investment to the national economy. To this end, the creation of effective tools to support exporters abroad, the search for contractors, the provision of information support, assistance in organizing transactions and other services can be important for the development

of national exports.

- Improving the mechanisms to stimulate export opportunities in ensuring the sustainability of the economy in our country will ensure more active participation of economic entities in expanding exports. This can give a higher result if the system of general tax benefits for these entities and the application of more flexible forms of bank-credit support to increase their financial capacity are provided.

- It is important to create a favorable anti-monopoly environment for small and medium businesses. To this end, simplification of administrative and customs procedures, development of favorable infrastructure, in other words, improvement of logistics, transport, telecommunications, energy, other infrastructure fields important for domestic and foreign trade, including formation of testing laboratories, certification centers and etc. is necessary.

- The analysis shows that the lack of specialists in some companies does not allow the company to take advantage of export benefits. For this purpose, the provision of training and consulting services within the framework of state support for exports, as well as the state's incurring the necessary costs for specialists to work in exporting companies for a certain period of time may be effective in this direction. Improving the knowledge and experience of staff and specialists is important in terms of fulfilling the tasks set for both statehood and socio-economic development.

- Thus, summarizing the above, it can be concluded that the stimulation of Azerbaijan's export potential will increase the efficiency of foreign trade, the formation of a positive foreign trade balance, balance of payments, increase the efficiency of import-export operations as a whole. This will ultimately increase the socio-economic development of the country and meet the needs of the state and society.

Based on the above-mentioned results of the research conducted in the thesis, we can make the following suggestions:

- In our opinion, the model to be used to further improve the export support system in Azerbaijan should take into account the characteristics of the micro and macro levels of the economy, as well

as their important elements. Thus, export companies should have equal access to existing support measures, improvement of financial and non-financial measures should be further developed to provide preferential conditions for support of export-oriented small and medium enterprises.

- In Azerbaijan, the state uses a number of incentive mechanisms to support national production and exports. In order to implement these measures, many agencies, including separate central executive bodies and banks, have been given the appropriate authority. But at the same time, there is a great need to establish a unified coordination between these institutions. In this regard, as the export support process covers a multifaceted system, unified governance can lead to more positive results in this area.

- There is a need to develop and form a comprehensive program of a single support system for small and medium-sized businesses with export potential in Azerbaijan.

- In order to support exporters in Azerbaijan, it is important to improve direct support measures and methods, and to create new financial opportunities developed on the basis of all means permitted (licensed).

- The conducted research shows that one of the important aspects of state support for exports is to provide export assistance through Eximbanks. In this regard, countries have the ability to encourage funding of local entrepreneurs who are potential exporters through loans and further diversification of exports, as well as enabling foreign legal entities to purchase products from their own countries. In order to provide profitable banking and credit services to exporters in our country, the establishment of financial institutions such as Eximbank by the state can be implemented as a key support measure in this context.

- One of the steps to be taken in the process of improving the system of state support for exports in Azerbaijan is the establishment of an export insurance agency. In our opinion, in order to expand the activities of exporting associations through this institution, the state can provide insurance of loans taken by them, as well as insurance of export contracts for products purchased by foreign buyers through

debts.

- In order to reduce the impact of the Covid-19 pandemic on the country's exports, additional financial and insurance support should be provided to exporters in areas with export potential.

- Stimulating measures applied to export activities should be implemented not only after period when the export process is performed, but also before the production and sales process. These stimulating measures should improve the firm's production, quality and standards indicators, accelerate the branding process, meet the requirements for improvement and modernization of goods and services, and support research and development programs as well as employment policies.

The main content of the dissertation was reflected in the following scientific works:

1. The role of tax planning in the implementation of the state's economic policy. International law and integration problems. – 2015. – № 3(43). Page 199-202.

2. The importance of economic functions performed by the state in creating an effective market environment in Azerbaijan in modern times. Fundamental and applied problems of international relations, national security, geoeconomics and geopolitics. Materials of the university-level scientific-practical conference. Baku – 2015. Page 416-420.

3. Innovative thinking as a modern necessity in economic management. Innovative technologies for managing the socio-economic development of Russian regions. VIII All-Russian scientific and practical conference with international participation. Ufa – 26 – 27 May 2016. Page 183-185.

4. Some theoretical views on the stimulation of the country's export potential. International law and integration problems. – 2016. № 1(45). Page 64-70.

5. Issues for the impact of the state's tax policy on the stimulation of the export. Interaction problems of social, economic

and political spheres. Materials of the republic-level scientific and practical conference. Baku – 2016. Page 276-280.

6. Export potential of Azerbaijan and its stimulation in the modern period. Modern science: topical problems of theory and practice. Series: Economics and Law. – 2017. - № 5, page 76-80

7. Economic cooperation of Islamic countries. Islamic Solidarity-2017: realities and perspectives. Materials of the republican scientific and methodical conference. Baku – 2017. Page 321-322.

8. The role of tax mechanism in the stimulation of the export potential. Statistical news. – 2017. № 3. Page 22-28.

9. Issues for the impact of brand image on the stimulation of the export. Tourism and hospitality researches. – 2017. № 2. Page 66-81.

10. Export opportunities of the Azerbaijan Republic and some aspects of the stimulation of the export potential. Audit journal. Cover 18, № 4, 2017. Page 88-96.

11. Directions for the formation of the state incentive system of national production and export and its development perspectives. Baku University's news. Socio-political sciences series. – 2018. №1. Page 51-59.

12. Modern directions of the state policy directed to the stimulation of export in Azerbaijan. Actual problems of modern natural and economic sciences. International scientific conference, 03-04 May 2019. Ganja - 2019. Page 184-188

13. Modern methods of state support for export. 17th International Conference of Social Sciences in the Turkic World. İstanbul – 2019. Page 47-50.

14. International practice in the formation of the state export support system. 18th International Conference of Social Sciences in the Turkic World. İstanbul – 2020. Page 301-312.

15. Features and directions of improvement of state support mechanisms for exports in the post-crisis period. Scientific reviews of Azerbaijan State University of Economics. Year 8, Volume 8, July-September 2020. p. 40-56.

16. Modern trends and actual issues in the state export support system. Silk Way. – 2020. №4. Page 61-71.

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