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DIRECTIONS FOR IMPROVING STATE POLICY TO FORM AND STRENGTHEN THE EXPORT POTENTIAL OF AGRICULTURAL PRODUCTS

Introduction

The current level of agricultural development in the country in a market economy requires the formation of a complex technical-technological-economic system. This suggests a change in the ratio between agricultural and processing enterprises. It should be noted that the current poor development of the processing industry does not allow for the complete processing of agricultural raw materials into finished products and their export. This, on the one hand, leads to the loss of many agricultural products in the form of raw materials, on the other hand, as a result of the untimely processing of perishable products, many products become unusable. This situation harms the quality of these products and meets the demand of the population for these products. For these and other reasons, agricultural producers deal with huge losses. Elimination of this shortcoming and the establishment of proper relations between enterprises processing agricultural raw materials will lay the foundation for the development of the agricultural sector in the country. At the same time, it creates an economic basis for strengthening economic relations in the processing industry. The development of processing enterprises creates conditions for the application of selection and agro-technical methods, improvement of production and processing based on new principles, increase of technological level, deepening of territorial and field specialization, renewal and improvement of production structure. Research shows that the delay in solving this problem, which is very important in the development of the country's economy, harms the development of the agricultural sector and improves the welfare of the population.

Formation and strengthening of export potential of agricultural products

One of the important issues in the integration of the national economy into the world economy and in the conditions of market relations is the country's foreign economic relations and its export potential in increasing the competitiveness of industrial products. The foreign economic strategy of the Republic of Azerbaijan, which is at the current stage of formation of relations with the world market, aims to increase export opportunities, not only to improve the structure of export and import operations but also to enter the world market with competitive products. For this reason, an important element in the implementation of foreign economic strategy in Azerbaijan is state support and state assistance to enterprises and industries operating in the framework of the system of

measures taken to expand exports. In turn, this policy, which supports the export sector, was implemented to ensure the inflow of foreign currency into the country in the newly industrialized countries. This experience is very important in modern times. Thus, there is no other alternative way to provide foreign exchange inflows into the country.

Export potential, being a part of the economic potential of the country, is the ability to produce and export various types of goods and services in quantities and quality appropriate to the needs of foreign market consumers as a result of the full use of the means of production of the national economy and its private sectors.

It should be noted that to export, they must first be in demand. Given that the amount of products a country can produce is quite small compared to the number of products on the world market, the country's demand for oil products may always be there. Other factors to consider when analyzing export potential are quality, compliance with world-class standards and prices. In our opinion, if the price of a product in the domestic market is lower than the price of this product in the international market, then there is an export potential. In other words, when assessing the export potential of their products, prices should be compared and it should be determined whether the product in question can be sold at a profit at international prices.

One of the main factors determining the formation and development of export potential is the availability and level of use of natural resources in the country. The availability of natural resources and the level of their development determine the development of the country's productive forces, in particular, the means of material production and, on this basis, the export potential. Therefore, the export potential of a country directly depends on the number of natural resources owned and discovered and mastered by that country and the natural conditions. Thus, it can be said that the existing export potential for a certain period is based on both used and untapped aggregate natural resources.

One of the components of export potential is labour resources, which is conditioned by a system of quantitative and qualitative indicators. This includes scientific personnel, employees working in various industries, persons engaged in organizational and managerial work related to the export and sale of products in foreign markets. Recently, trade and economic relations of the Republic of Azerbaijan with the number of countries around the world have expanded. This has led to an increase in import-export relations. It should be noted that

currently, the main area in the structure of the country's export potential is oil production and oil products. The production of agricultural products is also of special importance in Azerbaijan's export potential.

At present, many processing plants are physically and morally obsolete, and the production technology does not allow the production of competitive and high-quality products. These enterprises are highly material and labour intensive and require large additional costs. In this regard, the "State Program of socio-economic development of the regions of the Republic of Azerbaijan in 2019-2023" provides for the restructuring of agricultural processing enterprises, the construction or rehabilitation of new processing plants in the regions [4].

The efficient operation of the processing industry will be possible only if the infrastructure units are reorganized following the requirements of a market economy. Currently, the poor development of infrastructure in this area harms the long-term storage, processing and sale of products, and ultimately has a negative impact on the deterioration of large quantities of products, the decline in product quality and delivery to consumers. In our opinion, in a market economy, radical changes must be made in the structure of infrastructure units and these intersectoral relations must be re-formed. One of the main challenges is to prevent losses associated with processing, production, sales and storage of products.

Taking into account the financial capacity of the state, the country's economic policy to stimulate exports should include:

- Barriers to production investment should be removed by creating favourable conditions for raising capital and allocating resources efficiently;
- Establishment of an optimal competitive regime with the help of customs policy tools for individual industries.

In this regard, there is a need to develop regional and sectoral programs for the rational use of the export potential of the national economy. It is important to develop not only government agencies but also local entrepreneurs, foreign investors, experts in the field of technical assistance, international organizations. The existence of precise programs and projects is one of the main conditions for the Azerbaijani market to be attractive for foreign investors.

Therefore, state assistance should be provided to areas that can enter foreign markets with competitive products. This assistance is provided directly through subsidies, soft loans, etc. through the issuance or indirectly, i.e., tax breaks, export insurance, export premiums, etc. can be implemented through the application. For example, the state can undertake the training of personnel for export-oriented enterprises and can determine the necessary political and economic conditions for the operation of these enterprises abroad. But there is another problem. Thus, there is still no law in the country that can protect the interests of national producers, both abroad and within the country. This is explained by the lack of a fully formed policy in the field of foreign economic activity in the country, the lack of definition of the country's interests in foreign markets and, accordingly, the formation of a foreign economic strategy.

In this regard, investment should be distributed among the sectors in such a way as to achieve comprehensive and equal development of the required areas. First of all, the demand for technological machines and equipment, material and technical means must be adjusted to the general demand following the needs of each sector separately. The economic relations between the unit producing the means of production and the production of agricultural products must be organized in such a way as to create a base following the requirements of agriculture (tractors, agricultural machinery, vehicles) and to link the dynamic development of production. Studies show that material costs account for 80-85% of total costs in the fruit and vegetable canning industry. Therefore, changes should be made in the structure of industries producing means of production for the processing industry and agriculture, small and medium-sized processing enterprises should be established and meeting the needs of these enterprises in material and technical means and equipment should be given priority. In other words, there is a need to create new enterprises that are small and agile, processing enterprises that produce quality and export-oriented products with innovative technology that meet the level of scientific and technological progress. On the other hand, the change in the structure of agricultural production requires a change in the structure of the processing industry. It is known that 70% of fermented tobacco and 65% of cotton fibre produced in the Republic of Azerbaijan are exported to other countries as raw materials. In our opinion, the income from the sale of agricultural products as a finished product after processing or export can increase by 4-5 times. Although the production of agricultural products is increased, the export of these products to consumers or foreign markets without processing leads to a decrease in income and employment.

Research shows that if the produced cotton fibre is processed in the country and delivered to the finished product, it can play an important role in increasing the economic power of the republic and attracting the ever-increasing labour force to production, creating a large amount of additional income.

It should be noted that due to the small processing capacity of processing enterprises in the Republic of Azerbaijan, most of the raw materials are sent to other countries and regions for processing. Cotton, tobacco, wool, fruits, vegetables, wine and cognac have a special place in the formation of agricultural exports. Cotton fibre is the main agricultural product exported in raw form. Russia currently accounts for 72% of cotton exports and Turkey for 15%. The reason for this is the lack of processing capacity. The processing of exported raw materials within the country and their delivery to the finished product and then exported to foreign countries can provide additional income to the country's economy [3].

This export trend is also reflected in fruit production and silkworm breeding.

One of the main reasons for the existing shortcomings in agriculture is the poor application of the latest achievements of scientific and technological progress, poor use of modern technologies, lack of staff in the organization and management of these problems do not allow a positive solution.

It should be noted that the relationship between agricultural production and the processing industry is still not established at the required level. Thus, at present, economic instruments (finance, credit, prices, supplies, etc.) are not used at any level. At present, there are sharp differences between the retail and wholesale prices for cotton, tobacco, grapes, wine, tea and other products in agricultural enterprises. In many cases, these differences lead to the weakening of production and economic relations between enterprises and entrepreneurs and a decrease in the level of efficient production, which does not create incentives for production.

The role of many medium and small farms in providing the population with food products, food and light industry raw materials is high in the Republic of Azerbaijan. This requires the application of the achievements of scientific and technological progress in production, the intensification of production, the improvement of economic relations, the development of various sectors of the economy and their stimulation.

Comprehensive and efficient use of machinery and technology in agricultural enterprises requires deepening and stimulating economic ties between large and small producers. This creates conditions for the efficient use of natural losses and wastes during the processing of raw materials. It should also be taken into account that economic and technological relations between large and small economic entities provide an incentive for the regulation of intersectoral price equality through economic mechanisms.

It should be noted that one of the most important issues in the formation of various forms of agriculture is the expansion of agricultural processing enterprises, the establishment of warehouses and refrigeration facilities, the construction or repair of inter-farm road structures, the development of industrial production of construction materials. It is very important to establish new cooperative relations for the establishment of related infrastructure activities.

Directions for improving public policy to form and strengthen export potential

Although a large part of Azerbaijan's exports is oil, oil products and gas, the share of the non-oil sector in foreign trade is growing. To further accelerate the development of this field, the Republic of Azerbaijan successfully continues the process of production of quality and international standards products that can compete in world markets, the establishment of enterprises based on modern technology and measures to stimulate exports. One of the most important steps taken in this direction was the approval of the "Action Plan to stimulate the export of non-oil products for 2011-2013" by the decision of the Cabinet of Ministers dated February 8, 2011. The plan includes important issues such as improving the legal framework, strengthening coordination in export policy, stimulating the production of export goods, improving the infrastructure of exports, strengthening the quality control system, export promotion and awareness. In addition, the establishment of an Industrial Park in Sumgayit and the ongoing work in Ganja are aimed at ensuring competitive

and scientific production, in other words, the development of the non-oil sector, as well as increasing non-oil exports.

Since agricultural products are of vital importance to people, the formed price levels of these products should satisfy the producer and play a stimulating role in the production of export-oriented products by increasing large-scale reproduction. In our opinion, for this, it is necessary to intervene in the formation of prices based on market relations in the agricultural sector within the necessary limits. Market prices for agricultural products should be regulated by state subsidies and different incentive prices should be set for each economic region.

Research shows that in developed countries there is a different level of government intervention in prices, and the necessary amount of funding is allocated to improve this price mechanism at a certain level. Most of the funding is formed from the budget. The target price policy should be applied to the products produced and processed by economic entities located in unfavourable socio-economic regions to allow the establishment of guaranteed prices for the sustainability of large-scale reproduction.

One of the important issues in the development of the agricultural sector is the determination of supply prices for products purchased for state reserves. These prices are determined based on target prices. The improvement of prices should be considered, including the final stage of processing of agricultural and food products, starting from the acquisition of material and technical resources.

By the way, the production of competitive products in the Republic of Azerbaijan has increased significantly in recent years. Interest in these products is growing in world markets. It is no coincidence that President Ilham Aliyev touched upon this important point and said at a meeting of the Cabinet of Ministers on the results of socio-economic development in 2013 and the tasks ahead in 2014: "Ensuring food security" program is being implemented. In recent years, great strides have been made in this direction, and our dependence on imports has been greatly reduced. Today, Azerbaijan produces all major food products, the production of some products fully meets our needs, and in some areas, we still depend on imports. But, as you know, I have repeatedly expressed my views on this issue. Today, I want to say that all basic food products in Azerbaijan must fully meet our needs. That is, the food products produced in our country must fully meet our needs. We are approaching this and we must work to ensure that all issues related to food security are resolved within the next 5 years, and perhaps even sooner when the implementation of the 3rd Regional Development Program is completed.

To ensure sustainable development and develop the country's export potential, to ensure the development of import-substituting industries, it is expedient to focus on the implementation of the following priorities at the current stage of economic development:

- elimination of inequality in regional development;
- formation of an effective sectoral structure of the country's economy;
- acceleration of technological development;
- effective realization of the country's export potential;
- development of the non-oil sector;
- ensuring the optimal level of employment;

– accelerate the process of formation of the middle layer.

Based on the principles set out in these priorities, it would be expedient to implement the following policy measures:

– to improve the normative-legal base of entrepreneurship development based on regular analysis, this policy will be aimed at limiting the economic functions of the state and increasing the efficiency of regulation;

– to strengthen the financial provision of entrepreneurship, especially regional entrepreneurship, to create the necessary environment for further activation of alternative sources of finance, along with targeted public funding in this direction, this activity will be stimulated, to expand opportunities for start-up capital formation;

– to expand the scope of organizational measures aimed at the development of entrepreneurship in priority areas, to create institutions that provide sustainable and systematic services in various areas.

– to ensure the effective operation of the Export and Investment Promotion Fund, which will support the production of products in export-oriented areas, their delivery to world markets and measures to increase competitiveness to effectively realize the country's export potential;

– to create organizational models (industrial camps, business incubators, etc.) successfully applied in the world practice to support production entrepreneurship;

– to strengthen the measures taken to create a competitive environment that will allow businesses to benefit equally from the created business environment, to implement effective antitrust regulation;

– to implement a balanced tax, customs, tariff policy in the field of application of economic regulation methods, ensuring that the interests of the state (formation of budget revenues, economic security, etc.), entrepreneurs (an increase of profits) are brought to a single level in terms of public interests;

– to expand the state-entrepreneur dialogue, to complete the establishment of effective relations in this direction, to support the establishment of public unions of entrepreneurs;

– to strengthen guarantees of inviolability of property, including private property, to improve mechanisms for the protection of the rights of entrepreneurs;

– to carry out systematic measures for the realization of innovation potential, the scientific and personnel potential of the country will be involved in the realization of this direction;

– to support the realization of existing opportunities for the expansion of mutually beneficial cooperation between small, medium and large enterprises;

– to take measures aimed at attracting the wider social strata of the population, including youth, women and the disabled to entrepreneurial activities, etc.

Today, Azerbaijan imports goods from more than 100 countries. Most of these goods are similar to or close to the goods produced in Azerbaijan in terms of consumer demand and quality. It is even possible to produce these goods in Azerbaijan. In many cases, imported goods compete with domestically produced goods. Import duties

on such goods should be determined taking into account the ratio of the world and national costs, prices. This allows you to differentiate duty rates by product groups and types. Customs and tariff policy cannot be imagined outside the ongoing socio-political processes and economic policy in the country. This policy is an integral part of economic policy, and the customs authorities are directly involved in its development and implement it. Proper customs tariff policy creates new production potential in the country. Experience shows that such a policy bears fruit in Azerbaijan as well. Thus, in recent years, a significant part of the demand for food is already met by domestic production. So, the main production assets in domestic production have been renewed, new equipment and new technology have been brought to the country. It can be considered that this successful policy, which began with the measures of state regulation of foreign economic activity, should be continued, and important areas of the economy should be at the centre of attention.

Some necessary measures taken at the state level in Azerbaijan, work done to ensure equal rights and prevent monopolies in the import and export of strategic products, proper marketing of the domestic market, simplification of customs relations, liberalization of foreign trade, as well as a favourable investment climate creation and so on. These issues will undoubtedly lead to a significant expansion of the scope and geography of foreign economic relations.

Since the Development Concept "Azerbaijan 2020: Vision for the Future" and the "Strategic Roadmap for Agricultural Production and Processing in the Republic of Azerbaijan" approved by the relevant Decree of the President of the Republic of Azerbaijan are based on an export-oriented economic model, to further simplify, the priorities of the country's foreign trade policy in the medium term will be as follows:

– further liberalization of foreign trade and ensuring the maximum use of the country's export potential and continuing the process of accession to the World Trade Organization while ensuring the national economic interests of the country;

– to take appropriate measures to study and increase the access of agricultural and processed products to the target markets, which play an important role in the development of the regions;

– continuation of work to improve the relevant legislation for the unimpeded export of products of Azerbaijani origin to foreign markets;

– take appropriate measures to ensure the maximum use of benefits obtained under the Generalized System of Preferences;

– trade facilitation, as well as the continuation of work to reduce the time of paperwork and reduce costs;

– taking appropriate measures to further improve and enhance the provision of infrastructure for the development of foreign trade;

– optimization of tariff rates, reduction of non-tariff restrictions, application of import policy that will support the growth of domestic production and ensure the economic security of the country;

– stimulation of participation of exporting enterprises in international exhibitions and fairs to increase the access

of Azerbaijani products with comparative advantage to world markets;

- continuation of relevant work to join bilateral and multilateral agreements in the field of trade following the national interests of Azerbaijan;

- carrying out relevant work to study and develop opportunities for widespread use of e-commerce services in exports;

- to study the mechanisms of state support for exporters to expand exports, to carry out relevant work by banks to develop export credits to provide financial support to exporters, etc.

The limited domestic market for each country, lack of a single economic complex, specialization of industrial production and exports of raw materials, imperfect transport and communication infrastructure, as well as monopolization of industrial production at the initial stage of national development. is necessary. One of the main conditions for increasing the long-term efficiency of exports is the liberalization of foreign trade policy. This is primarily aimed at eliminating non-tariff barriers and quantitative restrictions on international exchange. At present, the government of the republic has chosen an export expansion strategy that combines certain elements of import substitution policy. In this regard, the ultimate goal of the foreign trade strategy of the Republic of Azerbaijan should be to reduce the dependence of the domestic market on imports, eliminate the export orientation of raw materials, and give impetus to the scientific and technological development of the country. Stimulation of exports and harmonization of import substitution policies are associated with some objective needs.

In general, the problem of forming an effective foreign economic policy is very important. Thus, it is not only one area of the problem of foreign trade development, but also closely related to domestic production, economic revival, its social orientation and, consequently, the political stability of the country. At the same time, it should be noted that the development of not only export-oriented sectors of the economy but also those aimed at the domestic

consumer market depends on the choice of the right direction of foreign economic policy and its effectiveness.

Conclusion

In general, it is important to implement the following measures to expand and strengthen exports in the country, as well as to increase export potential:

- stimulation of participation of exporters in international exhibitions and fairs to increase the access of Azerbaijani products to world markets;

- reduction of non-tariff restrictions, optimization of tariff rates, application of import policy that will support the growth of domestic production and ensure the economic security of the country;

- continuation of work to reduce the time of registration during trade and reduce related costs;

- raising the quality standards of exported and export potential products and stimulating enterprises producing products following international standards in this direction and supporting the creation of national brands;

- application of modern trade policy methods based on scientific and practical methods following the national interests of the Republic of Azerbaijan to study international experience in the field of foreign trade and further improve foreign trade policy;

- investigation of discriminatory measures applied to agricultural products of Azerbaijani origin in foreign markets and implementation of appropriate measures if necessary, etc.

Thus, the development of competitive export potential in the Republic of Azerbaijan and the diversification of the structure of imports and the improvement of state policy in this area, on the one hand, create favourable conditions for local products to enter the world market, on the other hand, provide conscious protection of local producers from foreign competition. It allows to achieve exports with maximum efficiency and optimal structure, expand the range of products exported from the country and gradually increase the share of high-tech products in the export structure.

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Багірзаде А. Г. Напрями вдосконалення державної політики щодо формування та зміцнення експортного потенціалу сільськогосподарської продукції

Основною метою дослідження є аналіз поточного стану сільськогосподарського виробництва, вивчення можливостей переробки та визначення напрямів удосконалення державної політики для підвищення експортного потенціалу. У роботі використовувалися статистичний, системний підхід, методи аналізу та узагальнення. У статті проводиться аналіз ролі

держави у збільшенні виробництва експортоорієнтованої сільськогосподарської продукції, підвищенні конкурентоспроможності та якості, покращенні технологічних можливостей виробництва молока та молочних продуктів, бавовни, м'яса та м'ясопродуктів, тютюну, винограду.

У дослідженні проаналізовано напрями вдосконалення державної політики у галузі збільшення виробництва наукомісткої продукції за рахунок забезпечення імпортозамінною сільськогосподарською продукцією та застосування науково-технічного прогресу. У статті розглядаються можливості збільшення виробництва сільськогосподарської продукції, дається оцінка діяльності переробних підприємств, аналізується переробний потенціал у цій сфері та визначаються напрями державної підтримки у цій сфері. У дослідженні аналізується взаємодія цих напрямів, перспективи розвитку та експортні можливості, а також вносяться відповідні пропозиції щодо ефективності та розвитку заходів.

Ключові слова: державна політика, сільське господарство, аграрний сектор, переробна промисловість, виробництво, експорт, інновації, реструктуризація.

Bagirzadeh A. Directions for Improving State Policy to Form and Strengthen the Export Potential of Agricultural Products

The main purpose of the study is to analyze the current state of agricultural production, explore processing opportunities and identify areas for improving public policy to increase export potential. A statistical, systematic approach, analysis and generalization methods were used in the research work. The article provides an analysis of the role of the state in increasing the production of export-oriented agricultural products, improving competitiveness and quality, improving the technological capabilities of milk and dairy products, cotton, meat and meat products, tobacco, grapes.

The research analyzes the directions of improving the state policy in increasing the production of science-intensive products by providing import-substituting agricultural products and applying scientific and technical progress. The article examines the opportunities to increase the production of agricultural products, evaluates the activities of processing enterprises, analyzes the processing potential in this area and identifies areas of state support in this area. The study analyzes the interaction of these areas, development prospects and export opportunities, and makes relevant proposals on the effectiveness and development of measures.

Keywords: public policy, agriculture, agrarian sector, processing industry, production, export, innovation, restructuring.

Багирзаде А. Г. Направления совершенствования государственной политики по формированию и укреплению экспортного потенциала сельскохозяйственной продукции

Основной целью исследования является анализ текущего состояния сельскохозяйственного производства, изучение возможностей переработки и определение направлений совершенствования государственной политики для повышения экспортного потенциала. В работе использовались статистический, системный подход, методы анализа и обобщения. В статье проводится анализ роли государства в увеличении производства экспортоориентированной сельскохозяйственной продукции, повышении конкурентоспособности и качества, улучшении технологических возможностей производства молока и молочных продуктов, хлопка, мяса и мясопродуктов, табака, винограда.

В исследовании проанализированы направления совершенствования государственной политики в области увеличения производства наукоемкой продукции за счет обеспечения импортозамещающей сельскохозяйственной продукцией и применения научно-технического прогресса. В статье рассматриваются возможности увеличения производства сельскохозяйственной продукции, дается оценка деятельности перерабатывающих предприятий, анализируется перерабатывающий потенциал в данной сфере и определяются направления государственной поддержки в данной сфере. В исследовании анализируется взаимодействие этих направлений, перспективы развития и экспортные возможности, а также вносятся соответствующие предложения по эффективности и развитию мероприятий.

Ключевые слова: государственная политика, сельское хозяйство, аграрный сектор, перерабатывающая промышленность, производство, экспорт, инновации, реструктуризація.

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