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## MAIN PRIORITIES OF DEVELOPMENT OF CANNING INDUSTRY IN AZERBAIJAN

### Introduction

The development of Azerbaijan's export potential, the creation of favourable conditions for the export of domestic goods and services to foreign markets, the implementation of targeted measures, and the implementation of numerous measures to ensure the integration of the country's economy into the world economy are among the priorities. Appropriate measures are being taken to effectively realise the country's export potential, create a healthy competitive environment in the domestic market, create favourable conditions for entrepreneurship, ensure consumer protection, increase the range of export products in the private sector to bring standardisation in line with international requirements, stimulate export, strengthen the position of national producers in external markets and strengthen the protection of their interests [8].

The growth of Azerbaijan's economic potential, the activities of canning factories that comply with modern technologies and produce competitive products have stimulated positive trends in the country's foreign trade and caused great interest in the world market for canned fruits and vegetables, fruit and vegetable juices under the brand "Made in Azerbaijan" [9].

### 1. Role and significance of foreign trade relations in the development of the canning industry

In a market economy, foreign trade relations are of particular importance in the modernization, development and management of the canning industry, which can be considered as one of the priority areas for effective use of the import-export potential. The role and special importance of foreign trade relations can also be considered as an important tool for the use of significant economic mechanisms in solving the problems affecting the system of economic relations of agriculture, such as production, distribution, exchange and consumption, which constitute the raw material base of the canning industry. The experience of developed countries shows that the achievement of effective results in the systems of food complex depends on the issues related to the optimal structure of domestic resources, import-export and production [2]. Based on this idea, we can agree that along with the concepts of sustainable development of the agrarian economy within the framework of food

complex modernization, it is possible to actively regulate the conditions related to the formation and forecasting of the economic environment. The solution of existing problems related to foreign trade can be considered as one of the strategic directions of development of the national economy, depending on the effective organization and management of import-export operations, which also ensures the long-term development of the canning industry. Hence the regulatory functions of the state in the implementation of the market economy model based on socially oriented and liberal values of the country. According to a number of proponents of economic thought, the regulatory function of the state is to protect the domestic market and the formation of market structures that promote adequate and stable use of food by the population, creating opportunities for the effective use of export-import potential mechanisms [5]. It can be concluded from the conducted research that the creation of export potential of canned products is, firstly, the functioning of a more efficient agricultural market of the country, and secondly, the creation of production areas of canned products, which are considered to be more efficient for imports and exports.

The geopolitical position of the Republic of Azerbaijan, its transit-geographical position between Europe and Asia has a positive impact on import-export operations in the country. As a result, the scale and nature of territorial integration and production-economic relations between the countries are changing, balancing ever-increasing import-export operations, and new economic, administrative mechanisms and management parameters are emerging. In accordance with the important requirements of the world market, the increase of export requires the adaptation of quality and certification of products produced by canneries [3].

Efficiency of use of import-export potential of canning industry products is also determined by the balance in studying the level of their compliance with consumer demands of the population and changes in quality in the structure of canning industry products. Analysis and forecasting of the problem has new methodological aspects, following which it is necessary to balance production and consumption volumes for

each canned product, as well as to balance the import and export potential of this product. When the cost of production of a given product in the country is higher than the cost of its import from abroad, it becomes necessary to take regulatory measures to meet the economic interests of local producers, which reduces the importance of imports [7]. However, from a practical point of view, measures taken in this direction can have a positive effect on the efficiency of domestic production in general and prevent monopolistic price trends. If the necessary measures in these areas are postponed, import-oriented production in the country will weaken and, as a consequence, the level of employment and profitability of the rural population will decrease, which may lead to the transformation of the country into an importer.

## 2. Comparative analysis of the import and export potential of canned products

The analysis shows that the growth rates of import and export operations of canned products in the country are somewhat different [11]. In the graph below it can be clearly seen that the dependence on imports is decreasing from year to year. Thus, while in 2007 the figure was 41.9 thousand tonnes, in 2010 the figure decreased by 75.5% to 10.3 thousand tonnes, in 2015 - decreased by 60% to 4.2 thousand tonnes, in 2016 - decreased by 1.3% to 4.1 thousand tonnes. In 2017 - decreased by 40.1% to 2.5 thousand tonnes, in 2018 - increased by 27.9% to 3.1 thousand tonnes, in 2019 - increased by 3.36% to 3.2 thousand tonnes, and in 2020 - decreased by 19.13% to 2.6 thousand tonnes (Fig. 1).

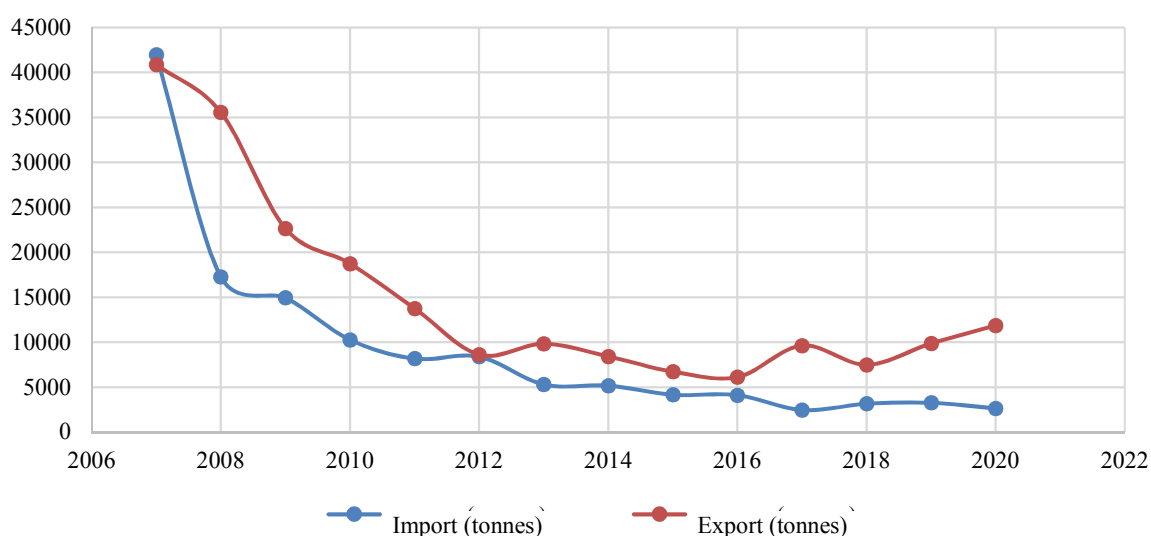


Fig. 1. Import-export indicators of fruit and vegetable juices

Source: State Statistical Committee of Azerbaijan.

From 2007 to 2020 there were relatively different changes in the dynamics of imports and exports of canned fruit and vegetable in the country. If we pay attention to the indicators of imports, we may notice that compared to 2007, import of canned fruit and vegetable products increased by 66.7% in 2010, but in some periods there were both increases and decreases. In the comparable period, the highest growth rate of canned fruit and vegetable imports was recorded in 2011, which is almost twice as much as in 2007. In the following years, however, there have been steady increases to 6.61% in 2008, to 9.4 % in 2010 and to 30.3% in 2015 [10]. However, in 2016 the figure decreased by 25.1% to 16.6 thousand tonnes, in 2017 it increased by 14.3% to 19 thousand tonnes, in 2018 by 12% to 21.3 thousand tonnes, and in 2019 by 2.3% to 24 thousand tonnes. In 2020, imports of canned fruit and vegetables fell by 1.44% to 23.6 thousand tonnes, which can be attributed to the beginning of the pandemic (Fig. 2).

The table 1 below shows the consumption of fruit and vegetable juices used as production and food

products from 2010-2020. If we look at the table 1, we see that there has been a significant increase in production from 2010 to 2020. While in 2010 the figure was 29,500 tonnes, in 2020 the production increased by 33.9% to 39,500 tonnes. While the indicators of fruit and vegetable juices consumed for food in 2010 were 23.4 thousand tonnes, in 2020 this figure increased by 13.7% to 26.6 thousand tonnes.

Significant positive changes were also observed in the consumption of canned fruit and vegetable as a production and food product in 2010-2020. According to the statistics presented in the table 1, the production volume increased from 107.6 thousand tonnes in 2010 by 49.6% and reached 161 thousand tonnes in 2020. The indicators of canned fruits and vegetables consumed as food also increased from 120.5 thousand tonnes in 2010 by 41, 5% to 170.5 thousand tonnes in 2020.

The canning industry plays an important role in maximising the food needs of the population. According to 2020 statistics, an average of 17.1 kg of canned fruit and vegetable per capita and up to 2.7 kg of fruit and



**Fig. 2. Import-export indicators of canned fruits and vegetables**

Source: State Statistics Committee of Azerbaijan.

*Table 1*

**Production and consumption of fruit and vegetable juices and canned products in Azerbaijan, thousand tonnes**

Product type		2010	2015	2016	2017	2018	2019	2020
Fruit and vegetable juices	Production	29.5	20.8	22.2	21.7	28.6	31.4	39.5
	Consumption	23.4	21.1	18.5	18.3	18.8	21.8	26.6
Canned fruit and vegetables.	Production	107.6	134.8	140.5	160.8	136.3	157.8	161.0
	Consumption	120.5	150.7	131.9	156.7	168.2	168.5	170.5

Source: State Statistics Committee of Azerbaijan.

vegetable juices were consumed during the year. Comparing with the 2015 figures, there is an increase of 8% with 15.8 kg for canned fruit and vegetable and 23% with 2.2 kg for fruit and vegetable juices [1].

The table 2 below shows the annual quantity and value of canned fruits and vegetables and juices exported by Azerbaijan in 2010-2020 [4].

### Results and discussions

Currently, there are potential opportunities to increase exports of canned fruit and juice, which requires the creation of competitive canning facilities in the country on the basis of innovative development. For this purpose, it is necessary to implement measures, the result of which will be the achievement of the following objectives through the mobilization of labor, financial, land and other material resources for agricultural production:

- improvement of the production structure and technological base of the canning industry;
- development of the production activities of the canning industry, aimed at using the latest technologies and equipment of the new generation;
- creation of an improved production and service infrastructure for the canning industry infrastructure for the canned food industry;
- achievement of production of competitive products through encouragement of investment in the

canning industry, efficient use of local raw materials and resources;

- improvement of sectoral structure and production efficiency based on increased productivity and competitiveness;
- improvement of economic relations of the canning industry with agriculture, procurement, transport, warehousing, trade, etc.;
- Achievement of export-oriented and competitive production in the canning industry;
- application of international standards in the production of canned products;
- expanding the technological base and efficient use of secondary raw materials on the basis of international experience in industrial processing.

### Conclusions

In conclusion it may be noted that positive development trends of non-oil industry of the Republic of Azerbaijan stipulate the necessity to specify prospective scenarios of canned food industry development. Ensuring sustainable and high growth rates of industrial production, improvement of its structure and increase of efficiency are the basis for defining the ways for development of canned food industry in the future.

**Export of canned fruits and vegetables and juices in Azerbaijan**

Years	Export of fruit and vegetable juices			Export of canned fruits and vegetables		
	Countries	Quantity, tonnes	Cost, thousand dollars	Countries	Quantity, tonnes	Cost, thousand dollars
2010	Russia	10466,4	7410,2	Russia	3301,5	2903,3
	Kazakhstan	1850,6	1170,4	Georgia	997,8	1337,3
	Ukraine	1560,2	925,6	Kazakhstan	271,4	288,7
	Lithuania	859,4	833,1	Poland	58,0	232,0
	Turkey	768,6	2167,7	Germany	43,7	238,6
	Germany	674,1	630,6	USA	25,1	49,2
	Other countries	2560,6	3239,4	Other countries	36,7	91,3
	Total score	18739,9	16377,8	Total score	4734,2	5140,4
2015	Russia	3262,7	3377,4	Russia	1624,5	1378,3
	Poland	473,6	499,0	Georgia	575,5	831,0
	Germany	456,7	496,4	Kazakhstan	255,1	302,2
	Estonia	390,6	231,6	Germany	161,2	1081,7
	Ukraine	384,2	160,4	USA	56,5	112,2
	USA	319,7	326,2	UAE	51,2	34,2
	Other countries	1429,7	1820,0	Other countries	156,1	206,1
	Overall figure	6727,2	6911,0	Overall figure	2880,1	3945,7
2016	Russia	2914,9	3367,5	Russia	3322,4	2679,7
	Poland	467,9	361,3	Georgia	1138,9	1048,2
	Estonia	376,4	194,4	Iraq	321,8	328,9
	Germany	317,1	284,5	Kazakhstan	235,9	163,0
	Ukraine	271,1	132,2	China	233,7	130,4
	USA	249,1	219,0	USA	94,4	139,7
	Other countries	1524,7	1706,0	Other countries	421,2	660,1
	Overall figure	6121,2	6264,9	Overall figure	5768,3	5150,0
2017	Russia	5015,6	5861,9	Russia	3217,1	2494,9
	Poland	547,7	441,0	Georgia	1406,4	1241,2
	USA	427,6	379,7	Iraq	468,0	519,2
	Germany	408,8	349,6	Kazakhstan	245,2	219,1
	Estonia	313,3	149,2	UAE	94,4	98,7
	Belorussia	239,4	188,6	Turkmenistan	69,3	50,8
	Other countries	2674,8	2894,2	Other countries	462,1	583,4
	Overall figure	9627,2	10264,2	Overall figure	5962,5	5207,3
2018	Russia	3158,1	5499,2	Russia	3251,5	4130,0
	Canada	462,2	393,2	Georgia	1753,5	1609,6
	Belorussia	375,2	328,8	Iraq	922,0	1092,6
	Ukraine	337,3	304,9	Kazakhstan	197,3	117,3
	USA	326,1	297,2	USA	149,4	200,2
	Malaysia	295,3	413,1	Israel	102,1	88,7
	Other countries	2533	2436,3	Other countries	312,9	515,2
	Overall figure	7487,2	9672,8	Overall figure	6688,7	7753,6
2019	Russia	5088,0	6439,7	Russia	3507,2	4261,6
	USA	642,6	565,1	Georgia	1621,0	1491,8
	Ukraine	584,4	521,0	Iraq	909,8	1190,4
	Belorussia	551,4	452,2	USA	183,1	245,0
	Canada	487,2	389,2	Kazakhstan	150,6	125,6
	Germany	335,9	309,1	Belorussia	120,7	550,6
	Other countries	2180,7	2507,3	Other countries	435,4	1225,3
	Overall figure	9870,2	11183,6	Overall figure	6927,8	9190,3
2020	Russia	5762,9	8148,7	Russia	3844,2	4600,0
	Turkey	1291,8	2776,5	Georgia	1645,7	1616,1
	Ukraine	904,9	924,9	Iraq	785,0	975,1
	Belorussia	579,8	442,4	USA	191,4	188,3
	USA	501,8	448,3	Kazakhstan	151,3	134,4
	Canada	384,1	292,7	Ukraine	125,6	81,2
	Other countries	2431,0	2746,0	Other countries	448,0	1132,7
	Overall figure	11856,3	15779,5	Overall figure	7191,2	8727,8

One of the conditions for effective organization of export in the country's economy is to determine the optimal level of exports and imports, improve their quality and create conditions for implementation in accordance with world market standards and prices. From the above it can be concluded that the creation

of export potential of the canning industry products is, firstly, the functioning of a more efficient agricultural market of the country, and secondly, the creation of production areas of canned products, which are considered to be more efficient for imports and exports.

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### Аббасов В. Г., Шукурова Е. Е. Основні пріоритети розвитку консервної промисловості в Азербайджані

У статті розглядається роль і значення зовнішньоторговельних зв'язків у розвитку консервної промисловості в Азербайджані та основні пріоритети її розвитку, застосовано метод порівняльного аналізу виробництва, імпорту та експорту потенціалу плодоовочевих консервів та консервованих соків, розглядаються заходи щодо реалізації основних напрямків у цій сфері, а також частки окремих країн в експорті вітчизняної продукції відповідно до порядку проведення оцінки регуляторного впливу щодо питань, що вивчаються. Водночас досліджується діяльність більш ефективного аграрного ринку країни з метою формування експортного потенціалу продукції консервної промисловості, створення більш значущих площ для імпорту-експорту консервної продукції, а також проведено дослідження щодо забезпечення формування та ефективності системи імпорту-експорту.

*Ключові слова:* консервна промисловість, консервна продукція, плодоовочеві консерви, фруктові та овочеві соки, імпорт, експорт.

### Abbasov V., Shukurova E. Main Priorities of Development of Canning Industry in Azerbaijan

The article discusses the role and importance of foreign trade relations in the development of the canning industry in Azerbaijan and the main priorities for its development, applies the method of comparative analysis of the production, import and export potential of canned fruit and vegetables and canned juices, considers arrangements for the implementation of the main directions taken in this area, as well as the share of individual countries in the export of local products, in accordance with the procedure for conducting a regulatory impact assessment in relation to the studying issues. At the same time, the activity of a more efficient agrarian market for the country is studied in order to form the export potential of canning industry products, to create more significant areas for the import-export of canning production, and the studies are carried out to ensure the formation and efficiency of the import-export system.

*Keywords:* canning industry, canning products, canned fruit and vegetables, fruit and vegetable juices, import, export.

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