



“İQTİSADI İSLAHATLAR” elmi-analitik jurnal

CONSTRAINTS OF REGULATING THE USE OF THE EXPORT POTENTIAL OF AZERBAIJAN



№ 2 (3)

Ayten MEKHRALIYEVA,
Ph.D. candidate at
Azerbaijan State University of Economics
(UNEC),
Lecturer at “Odlar Yurdu” University



Constraints of regulating the use of the export potential of Azerbaijan

Ayten MEKHRALIYEVA,
Ph.D. candidate at

Azerbaijan State University of Economics (UNEC),
Lecturer at "Odlar Yurdu" University

SUMMARY

Economic potential represents the economic power of the enterprise. It characterizes the totality of material and other means available at the enterprise, hidden, not manifesting opportunities for economic growth. The economic potential can also be considered as a generalized characteristic of the level of development. The concept of economic potential includes economic resources and economic results. The purpose of the research is to study and systematize the methods and approaches used in domestic and foreign practice to assess the export potential and find ways to improve the efficiency of formation and implementation, taking into account the current economic situation in the country and in the industry. The most complete question of factors affecting the export of a country's products. The review of export studies presents a large number of factors that should be classified for ease of perception.

Keywords: *economic development, entrepreneurship, SME activity, foreign trade,*

INTRODUCTION

At the present stage of development of economic relations, there is an increase in the role of foreign economic relations, which have a significant impact on the development of the national economy. So, if in 1992 our republic carried out foreign trade turnover with two dozen countries, now their number has reached over 150. In 1995-2015, the volume of foreign trade increased from 2423.8 million dollars to 39462 million dollars, including including imports from 939.8 million dollars to 9187.7 million dollars, and exports from 1484 million dollars to 30274.4 million dollars. In 1995-2015, about 200 billion dollars were invested in the economy of Azerbaijan .US investments, of which more than 47.5% are foreign investments. The country is successfully implementing economic reforms; business is expanding. Currently, 94.5 thousand enterprises operate in Azerbaijan, including more than 860 joint and foreign firms, 6 stock exchanges, 14.4 thousand small enterprises; about 1700 joint-stock companies. The volume of oil production exceeds 42 million tons. For many years, Azerbaijan has been at the forefront in terms of average annual GDP growth and the volume of foreign investment per capital.

Highly appreciating the socio-economic transformations of Azerbaijan, it should be emphasized that if in 1995 the share of exports in the total volume of foreign trade was 61.2%, then in 2015 it reached 76.7%. As before, in the volume of exports, oil and oil products account for more than 92%, and machinery, mechanisms and electrical equipment - 0.3 percent. At the same time, in the composition of imports, the share of engineering products in 2010-2015 ranges from 30% to 338%. Of the total imports of this group of products, 95% falls on the share of the far abroad countries, and 10% - the CIS.

The development of export potential, characterized by high rates of scientific and technological progress, a high level of development of productive forces and production relations, the predominance of an intensive path of development of social production, imposes a wide range of requirements on it, as well as on the development of new technologies and the efficiency of using production. This approach gives rise to an objective need for the republic's export potential.

At the present stage, the development of foreign economic activity is of great importance for



the whole world in general and for individual countries in particular. This is especially true for countries that have recently acquired their sovereignty. Among these countries is the Republic of Azerbaijan, which for several years has occupied a worthy place in the world community and is the leader in the South Caucasus in terms of economic growth. Azerbaijan has now established political and economic relations with 150 countries of the world. At the end of 2014, the volume of external trade turnover amounted to 39462 million US dollars, including exports - 30274.4 million dollars, or compared to 2000, these figures increased by 13.5 times and 17.3 times, respectively. However, it should be emphasized that if there is a sufficient production base of the industrial sector in the republic, a significant number of machines, mechanisms, electrical and oilfield equipment are imported and used in the process of development and operation of new oil and gas fields in the Azerbaijani sector of the Caspian Sea, as well as by joint ventures. Oil companies, for various objective and subjective reasons, operate at low capacity (25-30%) and only up to 20% of a limited number of oilfield equipment is exported, mainly to the CIS countries. The warehouses of these enterprises have accumulated a huge amount of unsold finished products.

The export potential shows which area of activity you need to pay attention to in order to succeed in export activities, where the bottlenecks of the enterprise are formed, based on the prevailing conditions in the external and internal environment. A weighted objective assessment of the export potential makes it possible to outline and implement comprehensive measures to strengthen the export production base. Analysis and evaluation enable management to outline a clear program of action to adapt production to export objectives. Such a program may include, for example, the complete or partial replacement of the equipment fleet, its modernization, the restructuring of the production system, in other words, such work is envisaged and carried out to restructure the production apparatus, which allows the stable production of competitive products for export, timely transition and quickly mastering the production of new types of products, based on the changing requirements of the external market.

The practical significance of assessing the export potential lies in the fact that such an assessment makes it possible to practically resolve the issue of exporting products. From a technical point of view, the export potential planning process can be represented as a sequence of steps and procedures that goes through the same stages as marketing planning.

EXPORT POTENTIAL IN THE CONTEXT OF COMPETITIVENESS IN THE OIL SECTOR

The strategy and tactics for achieving the competitiveness of equipment largely depend on the type of market and is not something immutable, postulated. Ensuring competitiveness in the conditions of specific markets can be achieved by various methods, and it is in this dynamism and ambiguity that one of the main difficulties of this problem lies.

One of the serious problems for the country's oil processing industry is the lack of business ties between Azneftekhimash OJSC and foreign oil companies to purchase local oilfield equipment. Often, companies participating in production sharing agreements do not fully fulfill their contractual obligations for the purchase of local equipment, although the potential for orders is very high. It is quite obvious that the companies participating in the agreements are mostly vertically integrated organizations that have long-term "friendly" ties with even more numerous production and service structures. It is for this reason that operators of contract fields prefer to import everything they need from abroad, often citing a mismatch in standards and quality. Therefore, for many years, the share of machinery, mechanisms and electrical equipment in the republic in the volume of imports has been 33-35%, and most of the imported products were used in the development and operation of new oil and gas fields in the Azerbaijani sector of the Caspian Sea, as well as joint ventures. At the old oil and gas fields in the system of the State Tax Committee of the republic, equipment, spare parts, and repair devices produced at local enterprises are still used in limited quantities.

All these facts once again testify to the fact that in the coming years it is necessary to solve the

most important strategic task of modernizing the production base. This task seems to be the key one in the problem of the competitiveness of domestic oilfield equipment, the solution of which will increase the export opportunities of the industry.

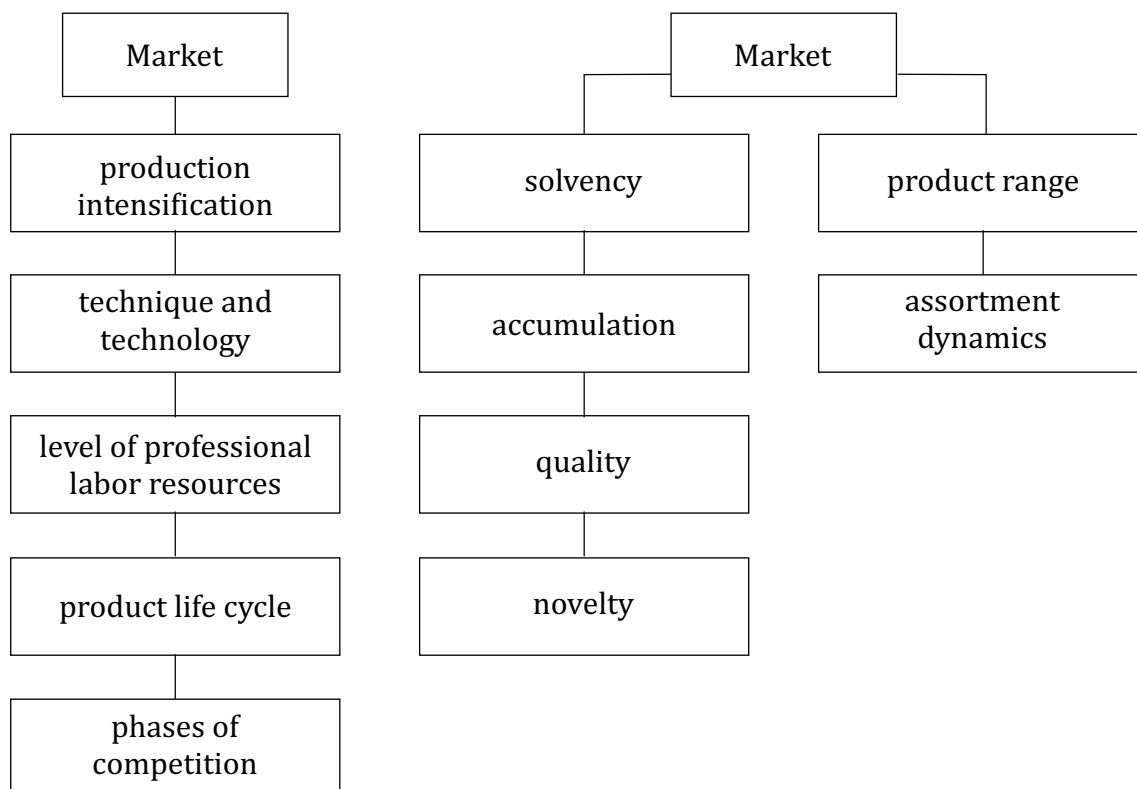
It should be noted that in order to increase the export potential, it is necessary to “develop export relations and ensure a faster growth rate of exports over imports” and “improving the quality of products should become the daily work of managerial workers, especially marketing services.”

It should immediately be noted that competitiveness and export potential, depending on the scale of the economic system, can be industries, enterprises of the national economy. We will talk about the competitiveness and export potential of the enterprise as equivalent values that can be compared. It is important to highlight the following aspect, that the main environment is the most accessible, and therefore has a huge impact on the enterprise, this is the industry in which the enterprise is located. Therefore, consideration of these categories must begin, first of all, with a study of the structure of the industry in which the company operates. Here it is necessary to stipulate that the main unit will be the industry, which is a group of competitors that produce goods and services and directly compete with each other. For a deeper understanding of the nature of competition, we can consider the five forces model that determines the essence of competition in a particular industry.

According to research, the state of competition in a particular market can be characterized by five competitive forces:

1. Rivalry among competing sellers.
2. Competition from goods that are substitutes and competitive in terms of price.
3. The threat of new competitors.
4. Economic opportunities and trading ability of suppliers.
5. Economic opportunities and trading ability of buyers.

Fig. 1. The content of the category "Competitiveness of the goods"



In order for us to compare the categories under study, it is necessary to understand what competitiveness and export potential are. Various concepts and models are based on the concept of "competition", all of which use the concept of competitiveness, which, in turn, is defined as the ability to provide a better offer compared to a competing company. In general, work on assessing the competitiveness of products includes the following steps:

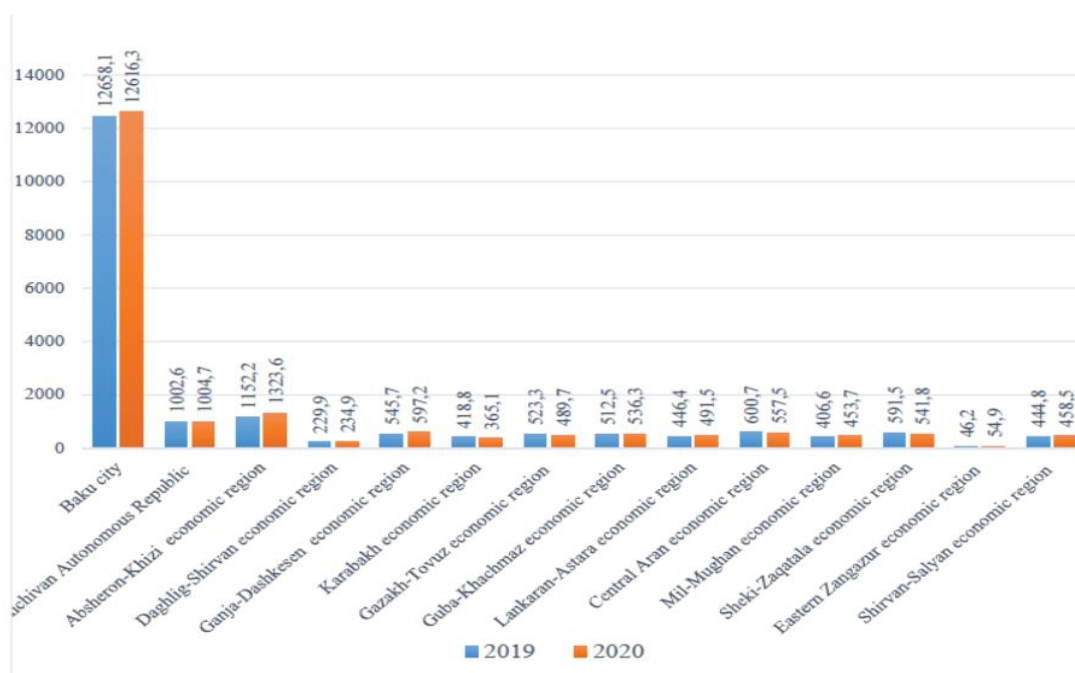
1. Setting goals;
2. Selection of the object of competitiveness assessment;
3. Analysis and forecast of demand, prices, costs, production, requirements of the external market;
4. Selection of technical and economic indicators to assess the level of competitiveness of the object;
5. Selection of the base for comparison with the object;
6. Assessment of the level of competitiveness of the facility in terms of technical and economic indicators;
7. General assessment of the object's competitiveness and development of recommendations.

The complexity of assessing competitiveness lies in the fact that it has two opposite aspects. On the one hand, the assessment by the buyer of the goods, and on the other hand, by its manufacturer.

It is obvious that the buyer is mainly interested in the effect of the consumption of goods, and the manufacturer is interested in ensuring proper profitability from the production and marketing of products. In addition, the manufacturer and seller must take into account the requirements of the buyer, which makes competitiveness a relative concept, tied to a given market, the level of needs achieved, the system of preferences, time and place of sale and purchase. It should be noted that each buyer has, in general, his own criterion for assessing the satisfaction of his needs, competition also acquires an individual shade.

Export potential is the prospects for the development of an enterprise in the foreign market, depending on the availability of resources and the possibilities of their mobilization, and competitiveness is the current position of the enterprise in the market, the state of the enterprise at the moment, the opportunities already realized.

Fig. 2. Output of micro, small and medium enterprises by economic regions, mln. manats





According to the results of 2020, the value added created by micro, small and medium enterprises decreased by 1.2 percent in nominal terms compared to the previous year and amounted to 10.9 billion manat. This is 16.7 percent of the value added created in the country's economy. In the non-oil and gas sector, this figure was 10.7 billion manat and amounted to 23.7 percent of the value added in the non-oil and gas sector of the country. 29.4% of value added fell to trade, 14.5% to construction, 13.5% to industry, 3.7% to agriculture, and the rest to service entrepreneurs. Strengthening the role of small and medium enterprises (SMEs) in the country's economy, increasing their competitiveness, expanding access to financial resources, improving support mechanisms for them, creating favorable conditions for entrepreneurship in the regions, attracting local and foreign investment, diversifying and sustaining the country's economy. The work carried out to ensure the development of the country is one of the leading strategic goals of public policy.

Entrepreneurs are interested in reforms in this area, including the introduction of effective export and investment promotion mechanisms, reducing the tax burden by expanding the tax base, taking a number of measures to support domestic production, obtaining soft loans and simplifying procedures for using other financial support mechanisms. are issues.

However, the global coronavirus (COVID-19) pandemic, which began in early 2020, has affected the country's businesses. An extensive tax incentive package has been introduced to minimize the impact. This is the period from January 1, 2021 for taxpayers in the areas directly affected by the pandemic.

Issuance of a number of tax exemptions and tax holidays, full exemption from property and land taxes, 75 percent tax on profits, income, real estate lease payments from individuals 50 percent reduction in withholding tax, 50 percent of the simplified tax on public and domestic travel Significant measures, such as interest rates, are included. In addition, micro-business entities will be provided with a 50 percent tax rebate on the simplified tax until January 1, 2021, as well as tax exemptions. Instead, tax breaks are granted for the calculation and payment of current tax payments.

CONCLUSION

In the conditions of active integration of the Azerbaijani economy into the structure of the world economy and on the eve of accession to the WTO, the key direction for the development of domestic enterprises is the orientation towards foreign markets for the sale of products. The large-scale reform carried out in the country during the years of sovereignty, including in the field of foreign economic activity, provided industrial enterprises with ample opportunities in the formation and use of their export potential. It is on the efficiency of using the export potential that the commercial success of the enterprise in the foreign market largely depends. The solution of these tasks directly depends on a properly formed and implemented export potential management strategy, on the chosen management structure, high-quality accounting and control of activities at the enterprise. The process of formation and use of the export potential of a single enterprise cannot proceed efficiently without targeted and active influence from the state.

Currently, many industrial enterprises engaged in export activities, as a rule, do not have a strategy for selling products in foreign markets, and export planning is limited to estimating future sales without any reference to production. The nature of the difficulties that arise in the study of this problem is largely due to the lack of comprehensive scientifically based approaches and methods to the analysis of export potential and the relationship between production processes and export activities. Modern economic science pays even less attention to the problems of effective management of export potential, as the main factor in the development of an individual enterprise and the industry as a whole. In addition, there are various approaches, and besides, a generally recognized methodology for assessing export potential has not yet been developed, which should form the basis of any management. Export potential management is a new concept that is practically not used in modern economic literature. However, in every



enterprise engaged in export activities, such management is carried out.

In order to eliminate the existing shortcomings in the field of export potential management at enterprises, taking into account foreign practice, we have made an attempt to develop a basic mechanism for managing local export potential based on the differentiation of types of markets and export goods. In this regard, it is advisable to single out four groups of variables for the export potential of an enterprise: existing products; new products; developed market; promising market.

A comprehensive assessment of the export potential of manufacturing enterprises in the manufacturing industry should be based on the potential indicators that are used in the integral assessment. This requires an analysis not only of export activities, but also an analysis of all aspects of the enterprise, one way or another related to export. It is proposed to assess the export potential in five stages:

1. Identification of opportunities for the development of export production and export activities of the enterprise.
2. Conducting a study of the content of the export potential and determining its structure.
3. Definition of a group of indicators that would most fully characterize the level of export potential. In the economic literature, there are many indicators for this purpose. However, in our opinion, the number of indicators in each group should be at least three.
4. Unification into a single system of elements of the export potential.
5. Calculation of the integral coefficient of export potential.

In international practice, the optimal size of the export potential in conditions of high competitiveness is 0.70. However, not only is this size not available to any oil engineering enterprise of the republic, but it is also 2-3 times lower than this indicator. As noted earlier, over the past 5 years, about 75% of the products of the oil processing industry are sold at enterprises within the country, of which 2/3 are sold by the SOCAR enterprise. So, speaking about the mechanism of regulation and management of the export potential, it should be noted that their main task is to ensure the proper level of integration of the existing enterprises of the republic.

REFERENCES

1. Azerbaijan 2020: vision for the future "Development Concept", "Khalq" newspaper, December 30, 2012
2. Regulations on the regulation of export-import operations. Bulletin of the Businessman No.3. Baku, 1997.
3. Aliyev J. M. Methodological approaches to the calculation of indicators and criteria in a comprehensive assessment of the export potential of enterprises. Institute of Economics at NANA, Scientific Work II. Baku, 2013, p. 273-278
4. Aliyev J. M. Methodological aspects of formation and realization of export potential of machine-building enterprises. Information of the highest technical educational institutions of Azerbaijan. Section "Economics and Management" "3 (49). Baku, AGNA, 2007, p. 62-66.
5. Samokhin RV Export potential and competitiveness of the enterprise // Modern problems of economic management of the national economy / Sat. научн. Art. graduate students SPBGIEA, issue. 4 - SPb; 1999, 122 p.
6. Samokhin RV Assessment of export potential of industrial enterprises. Author's abstract. diss. candid. econ. Science: 08.00.05. SPb, 2000 - 26 p. Economic analysis (edited by Prof. MI Bakanova and Prof. AD Sheremet). M, Finance and Statistics, 2000, 656 p.
7. Economic analysis (edited by Prof. MI Bakanova and Prof. AD Sheremet). M, Finance and Statistics, 2000, 656 p.



AZƏRBAYCANIN İXRAC POTENSIALINDAN İSTİFADƏ TƏNZİMLƏNMƏSİNİN MƏHDUDİYYƏTLƏRİ

Aytən MEHRƏLİYEVƏ

XÜLASƏ

İqtisadi potensial müəssisənin iqtisadi gücünü ifadə edir. O, müəssisədə mövcud olan, gizli, iqtisadi artım imkanlarını təzahür etdirməyən maddi və digər vasitələrin məcmusunu xarakterizə edir. İqtisadi potensialı da inkişaf səviyyəsinin ümumiləşdirilmiş xarakteristikası hesab etmək olar. İqtisadi potensial anlayışına iqtisadi resurslar və iqtisadi nəticələr daxildir. Tədqiqatın məqsədi ölkədə və ölkədə mövcud iqtisadi vəziyyət nəzərə alınmaqla ixrac potensialının qiymətləndirilməsi, formalaşdırılması və həyata keçirilməsinin səmərəliliyinin artırılması yollarını tapmaq üçün yerli və xarici təcrübədə istifadə olunan metod və yanaşmaları öyrənmək və sistemləşdirməkdir. sənaye. Bir ölkənin məhsullarının ixracına təsir edən amillərin ən dolğun sualı. İxrac tədqiqatlarının icmalı qavranılması asanlıqı üçün təsnif edilməli olan çoxlu sayda amilləri təqdim edir.

Açar sözlər: *iqtisadi inkişaf, sahibkarlıq, KOS fəaliyyəti, xarici ticarət.*

ПРОБЛЕМЫ РЕГУЛИРОВАНИЯ ИСПОЛЬЗОВАНИЯ ЭКСПОРТНОГО ПОТЕНЦИАЛА АЗЕРБАЙДЖАНА

Айтен МЕХРАЛИЕВА

РЕЗЮМЕ

Экономический потенциал представляет собой экономическую мощь предприятия. Он характеризует совокупность имеющихся на предприятии материальных и иных средств, скрытых, не проявляющих возможности экономического роста. Экономический потенциал также можно рассматривать как обобщенную характеристику уровня развития. Понятие экономического потенциала включает в себя экономические ресурсы и экономические результаты. Целью исследования является изучение и систематизация используемых в отечественной и зарубежной практике методов и подходов для оценки экспортного потенциала и поиска путей повышения эффективности формирования и реализации с учетом текущей экономической ситуации в стране и в промышленность. Наиболее полный вопрос о факторах, влияющих на экспорт продукции страны. В обзоре исследований экспорта представлено большое количество факторов, которые следует классифицировать для простоты восприятия.

Ключевые слова: *экономическое развитие, предпринимательство, деятельность МСП, внешняя торговля.*

Məqalə redaksiyaya daxil olub: 14.05.2022

Çapa qəbul olunub: 22.06.2022