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The impact of trade policy on the export of agricultural products of Azerbaijan

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Abstract. The study presented a comprehensive analysis of the factors affecting the competitiveness of agricultural products in Azerbaijan, with an emphasis on assessing the role of trade policy and government support. The main focus was on the impact of trade agreements, tariff and non-tariff barriers, and subsidy programmes on export volumes. Using the methods of statistical and comparative analysis, the main determinants affecting the export of agricultural products were identified and their importance is assessed. The purpose of the study was to develop effective measures

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and strategies to improve the export potential and increase the competitiveness of Azerbaijan's agricultural sector in international markets through the analysis of key factors and the impact of trade policy. The results of the study showed that Azerbaijan's participation in international trade agreements has a positive impact on export performance. The conclusion of bilateral agreements with key trading partners such as the EU, Turkey, and Iran contributed to the reduction of trade barriers and the opening of new markets. This highlighted the importance of the country's continued active participation in global trade initiatives. The analysis also confirmed the substantial impact of government subsidies on the competitiveness of products. Targeted subsidies helped to reduce the cost of production and improve quality, which is especially important in the context of international competition. Measures were proposed to optimise subsidy programmes and improve efficiency. Special attention is paid to the role of tariff and non-tariff barriers, which remain a considerable obstacle to exports. The study showed that high tariffs and strict non-tariff requirements substantially limit export potential. In this regard, it is recommended to continue the unification of standards with international requirements and simplify certification procedures. The results of the study emphasised the need to modernise the agricultural sector and introduce innovations. The introduction of modern technologies and the improvement of logistics infrastructure contributed to an increase in export volumes and strengthen positions in international markets. Thus, the study identified the main factors affecting the export of agricultural products of Azerbaijan and proposes specific measures to improve trade policy and increase the competitiveness of products in international markets

Keywords: industry development; non-tariff restrictions; economic development; government regulation; international cooperation

INTRODUCTION

The competitiveness of agricultural products is a critical factor in the sustainable development of the agricultural sector and the expansion of export opportunities. In the context of globalisation and increased international competition, countries seeking to increase agricultural exports face a number of challenges. These challenges include the need to improve product quality, comply with international standards, reduce production costs, and adapt to the requirements of different markets. In this context, the examination of factors affecting the competitiveness of agricultural products and measures aimed at improving it becomes particularly relevant. The analysis of the competitiveness of agricultural products and the impact of trade policy on exports is widely discussed in the scientific literature. The studies highlight the importance of government support, technological modernisation, unification of standards, and structural reforms to ensure successful exports.

For example, I. Niftiyev (2020a) points to the key determinants of Azerbaijan's agricultural exports, such as the introduction of government support programmes and trade liberalisation. The author emphasises that measures aimed at improving product quality and infrastructure have a substantial impact on competitiveness and export growth. M. Mammadli (2020) explores the prospects for the export of agricultural goods from Azerbaijan and argues that the successful integration into international trade agreements and unification of quality standards open up new opportunities for producers.

The issues of Azerbaijan's participation in the World Trade Organisation are also crucial for export competitiveness. Z.F. Mamedov and K. Bayramova (2021) highlight that joining the World Trade Organisation can

contribute to improving trade conditions and reducing tariff barriers, which is especially important for agricultural products. I. Niftiyev (2020b), in another study, notes the importance of the agricultural sector for the economy of Azerbaijan and emphasises the need to diversify production and modernise agriculture. The analysis of economic relationships shows that Azerbaijan's agricultural exports are influenced by changes in other sectors of the economy. S.I. Humbatova *et al.* (2022) point to the substantial role of oil revenues in the import of food and agricultural products, which emphasises the importance of diversifying income sources and reducing dependence on oil. In turn, G. Das *et al.* (2022) emphasise the need to create conditions for economic diversification and development of the agricultural sector as an important element of sustainable economic growth in the study on structural reforms.

A comparative analysis of the competitiveness of agricultural products has shown that Azerbaijan can improve export performance through the optimisation of logistics and the introduction of innovative technologies. T. Mizik *et al.* (2020) argue that trade advantages largely depend on the ability of manufacturers to adapt to the requirements of international markets and implement modern technologies. T.-T. Sun *et al.* (2021) examine the impact of trade policy on the pricing of agricultural goods and conclude that uncertainty in trade policy can have a negative impact on prices, which is especially important for countries with export-oriented agriculture. In addition, I. Fusacchia *et al.* (2022) assess the impact of free trade on agricultural products and emphasise the importance of structural change and producer support to enhance competitiveness in international markets.

Environmental issues also play an important role in assessing the competitiveness of agricultural exports. J.M. Balogh and A. Jámbor (2020) stress the need to consider the environmental impacts of agricultural activities, emphasising that sustainability of production and compliance with environmental standards are becoming important criteria for international trade. The relevance of the subject is due to the need to develop strategies and measures aimed at increasing the competitiveness of agricultural products in the context of international competition. Modern requirements of world markets include not only high-quality standards but also compliance with environmental, sanitary, and hygienic requirements, as well as resistance to price fluctuations (Ismayilzada *et al.*, 2023). In these circumstances, it is extremely important to identify and analyse the key factors affecting the competitiveness of Azerbaijani agricultural products to propose reasonable measures to improve the situation on international markets.

The main issue is the need to improve product quality and meet the requirements of partner countries such as the EU, Turkey, Saudi Arabia, and Iran. On the one hand, modernisation of production facilities and the introduction of innovative technologies are required. On the other hand, it is important to ensure compliance with international standards of product quality and safety, which demands additional efforts on the part of both manufacturers and government agencies (Guliyeva, 2023). Thus, the purpose of this study was to analyse the main factors affecting the competitiveness of agricultural products in Azerbaijan and provide suggestions for improving their quality and optimising costs.

MATERIALS AND METHODS

The study used various data sources to provide a comprehensive analysis of agricultural exports in Azerbaijan. The main source of information was the official statistics of the State Statistical Committee of the Republic of Azerbaijan (n.d.), covering the volume of agricultural exports for 2014–2023. The data includes information on the categories of exported goods, the main trading partners, and the dynamics of changes in export volumes.

In addition, reports from international organisations such as the World Trade Organisation (n.d.), Food and Agriculture Organisation (2023), Reports and analytical records of the World Bank (2022) include data on the role of trade and exports in the economies of countries, reports, and data on the production and export of agricultural products of the Ministry of Agriculture Azerbaijan's economy (Decree of the President..., 2019), analytics on domestic economic policy and trade policy of Azerbaijan, publications of the Promotion Agency of the Republic of Azerbaijan (2021), International Monetary Fund (2024), and economic surveys on Azerbaijan, which include analysis of export flows, the programme

on competitiveness of the agricultural sector, which is aimed at improving the competitiveness of Azerbaijan's agricultural products on the world market, and regional trade reports from the EU (Eurostat, n.d.). These data allowed conducting a comparative analysis of Azerbaijan's trade policy with other countries and identifying key factors affecting the development of agricultural exports.

Methodologically, the study was based on a statistical analysis of the collected data. Econometric models were used to identify correlations between changes in trade policy and export dynamics. A comparative analysis method was also used to assess the impact of international trade agreements and barriers on exports. Statistical analysis was used to process and interpret a large volume of data covering export dynamics over the past 10 years. This method allowed identifying the main trends in the volume and structure of agricultural exports. As part of the statistical analysis, correlation analysis methods were used to identify the relationship between changes in trade policy (for example, the introduction of tariff and non-tariff barriers) and export volumes. The average annual export growth rates, seasonal fluctuations, and the influence of external factors such as changes in world prices for agricultural products are calculated.

Comparative analysis was used to compare Azerbaijan's trade policy with similar countries, especially with the countries of the Commonwealth of Independent States (CIS) and the EU. This allowed identifying the strengths and weaknesses of Azerbaijan's current trade policy. The comparative analysis focused on aspects such as terms of trade, export subsidies, customs barriers, and how other countries address issues of increasing the competitiveness of their agricultural products in international markets. Comparison with other countries allowed developing specific recommendations for improving Azerbaijan's export policy. The study used an integrated approach to analyse in detail the impact of various factors on the export of agricultural products of Azerbaijan. The methodology was based on econometric models, which were used to quantify the impact of key factors on exports. In particular, regression analysis was applied to examine variables such as tariff and non-tariff barriers, international trade agreements and the level of government subsidies.

Statistical and comparative analysis methods were also used to improve the accuracy of the analysis and obtain deeper conclusions. The comparative analysis allowed comparing the results of Azerbaijan with similar countries, which helped to identify the strengths and weaknesses of the current trade policy and identify key areas for improvement. The integrated use of econometric models and comparative analysis methods provided an opportunity to assess in detail the impact of trade policy on agricultural exports. This approach allowed developing sound recommendations to improve Azerbaijan's export policy, optimise subsidy

programmes, unify standards, and reduce tariff barriers. The research methodology was also aimed at the quantitative and qualitative study of key factors affecting the competitiveness of agricultural products in Azerbaijan, to form a holistic picture and develop effective strategies to increase the export potential of the country.

RESULTS

From 2014-2023, agricultural exports from Azerbaijan demonstrated substantial dynamics related to various factors such as changes in trade policy, foreign economic conditions, and government support for the agricultural sector in Figure 1.

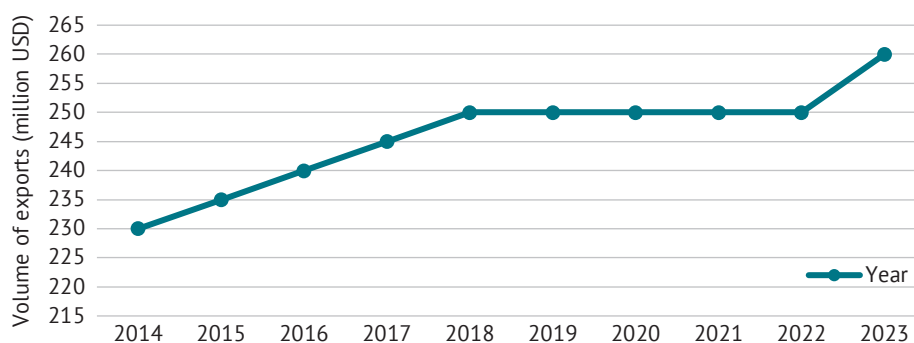


Figure 1. Changes in the volume of exports of agricultural products of Azerbaijan (2014-2023)

Source: created by the authors based on Eurostat (n.d.), International Monetary Fund (2024)

In the first years of the analysed period for 2014-2023, the volume of agricultural exports was relatively stable but remained dependent on domestic and international economic factors. However, since 2014, there has been a sharp increase in exports, which coincided with the intensification of government programmes to support the agricultural sector and diversify the economy. Since then, Azerbaijan has been actively increasing exports of products such as vegetables, fruits, cereals, cotton, and tobacco. One of the critical factors of export growth was the signing of trade agreements with the CIS and EU countries, which opened up new markets for Azerbaijani products. The modernisation of agriculture and the introduction of innovative technologies into production also played an important role, which increased the competitiveness of agricultural products in international markets.

Despite the successes, in 2016-2017 there was a slight decrease in exports due to fluctuations in world prices for agricultural products and economic sanctions in a number of countries. However, since

2018, exports have again begun to show stable growth due to increased government support and increased subsidies for agricultural exports (Promotion Agency of the Republic of Azerbaijan, 2021). By 2024, Azerbaijan's agricultural exports continue to grow. The main exported products include fruits, vegetables, and processed agricultural products. Azerbaijan has strengthened its position in the markets of Russia, Turkey, Iran, and Europe, which became possible due to the adaptation of trade policy and diversification of export directions.

Trade agreements play an important role in developing the export potential of any country, and Azerbaijan is no exception. For the agricultural sector of Azerbaijan, the signing of international agreements has opened up new prospects for export growth, simplified access to foreign markets, and increased the competitiveness of products. These agreements have had a substantial impact on the development of agricultural exports, contributing both to the expansion of export destinations and increased trade efficiency (Table 1).

Table 1. Azerbaijan's export statistics for 2014-2023

Year	Fruits (tonnes)	Vegetables (tonnes)	Cereals (tonnes)	Processed products (canned food, juices/tonnes)	Oilseeds (soybeans, rapeseed/tonnes)
2014	200	150	300	100	80
2015	210	160	310	105	85
2016	220	170	320	110	90
2017	230	180	330	115	95
2018	240	190	340	120	100
2019	260	200	350	125	105
2020	280	220	370	130	110
2021	300	240	390	135	115
2022	320	260	410	140	120
2023	350	280	420	150	130

Source: created by the authors based on Food and Agriculture Organisation (2023)

An analysis of Azerbaijan's export statistics for 2014-2023 shows a steady increase in exports in all major categories of agricultural products. Fruit exports increased from 200,000 to 350,000 tonnes, an increase of 75%. This can be explained by improvements in agricultural infrastructure, expansion of production capacities, and beneficial trade agreements with partners such as Turkey and the EU. Vegetable exports also showed steady growth, from 150,000 tonnes in 2014 to 280,000 tonnes in 2023, an increase of 87%. This is likely the result of government support for the agricultural sector and improved product quality. Grain exports, although growing less sharply, increased from 300,000 to 420,000 tonnes from 2014-2023, which underscores the importance of grain crops in Azerbaijan's export strategy. Processed products showed an increase from 100,000 to 150,000 tonnes, which indicates the development of processing capacities and an increase in value added before exports. The volume of exports of oilseeds increased from 80,000 to 130,000 tonnes, which is equivalent to an increase of 62.5%. This may indicate an increase in demand for products in partner countries and an improvement in cultivation and processing technologies. Overall, the data indicate that Azerbaijan has been able to modernise the agricultural sector, diversify exports, and strengthen its position in international markets (Fiankor *et al.*, 2021). The main factors influencing this positive trend are government subsidies, the expansion of sales markets, the conclusion of international trade agreements, and the introduction of modern technologies in agriculture. The growth dynamics are particularly noticeable in the export of fruits and vegetables, which is associated with the focus on high-demand and expensive products in key trade partnerships. The growth in exports of grain and processed products underlines the strategic importance of these crops and their resistance to changes in foreign markets.

The signed trade agreements provided Azerbaijani agricultural producers with simplified access to international markets. This was made possible by reducing tariff and non-tariff barriers, which previously substantially increased the costs of exporters. Thus, agreements with Turkey, the EU, and Iran have allowed Azerbaijani agricultural enterprises to reduce export costs, making their products more competitive. In particular, the

reduction of tariffs on fruits, vegetables, and grains has opened up new opportunities for the export of these goods to Turkey and European countries.

These agreements also contributed to improving the quality of Azerbaijani agricultural products. Azerbaijani manufacturers were forced to adapt their processes to international standards to enter international markets, which included the modernisation of production and the introduction of advanced technologies. This allowed not only to improve the quality of products but also to substantially increase their competitiveness in relation to products from other countries. For example, agreements with the EU have led to substantial improvements in production standards and certification, which has facilitated the entry of Azerbaijani products into European markets. Trade agreements with countries such as Iran and Saudi Arabia have also helped expand the geography of exports. If earlier the main export flows of Azerbaijan were concentrated on a limited number of countries, then after the signing of these agreements, access to new promising markets in the Middle East was gained. These regions demonstrate stable growth in demand for agricultural products, which creates additional opportunities for Azerbaijani producers.

In addition to reducing barriers and simplifying procedures, trade agreements have contributed to the development of international cooperation in the agricultural sector. Azerbaijan not only increased its exports but also actively participated in the exchange of experience and technology with other countries. Participation in international trade organisations and initiatives such as the World Trade Organisation has provided Azerbaijani agribusiness with access to best practices in agriculture. This allowed introducing innovations and improve production efficiency, which ultimately had a positive impact on the quality of exported products. The reduction of trade barriers due to the signed agreements has also had a positive impact on the economy of Azerbaijan in general. The growth in exports, especially in the agricultural sector, has led to an increase in government revenues and the creation of new jobs in agriculture. It also contributed to the development of infrastructure and improved conditions for agricultural business (Table 2).

Table 2. Comparative analysis of trade policy

Country	Key factors of export development	Main exported products
Azerbaijan	Reduction of tariff barriers, export subsidies	Fruits, vegetables, grains
Turkey	Preferential terms of trade, modernisation of the agricultural sector	Vegetables, fruits, nuts
Iran	Reduction of tariffs on agricultural products, trade agreements	Cereals, fruits, vegetables
Saudi Arabia	The growth of demand for agricultural products, the opening of new markets	Cereals, fruits, oilseeds
The EU	Unification of standards, trade preferences	Fruits, vegetables, meat products

Source: created by the authors based on Food and Agriculture Organisation (2023)

The analysis of the presented data shows that the trade policy of Azerbaijan, like other countries, substantially affects the development of agricultural exports. In Azerbaijan, the main export support measures are the reduction of tariff barriers and the provision of export subsidies. These steps make the products of the state more competitive in international markets. The main export products are fruits, vegetables and grains, which emphasises the orientation of the agricultural sector towards traditional products in high demand. Turkey is demonstrating a more comprehensive approach to export support. Preferential trade conditions and modernisation of the agricultural sector contribute to an increase in exports of vegetables, fruits, and nuts. Modernisation and introduction of technologies lead to products of higher quality that meet international standards, which strengthens Turkey's position in world markets. Iran also uses tariff reductions and enters into trade agreements, which contributes to the growth of exports of grain, fruits, and vegetables. This highlights the importance of developing trade links to improve export performance. Saudi Arabia aims to increase demand and open new markets. The growth of domestic demand and the expansion of exports of cereals and oilseeds confirm the strategic importance of diversifying export directions.

The EU actively uses the unification of standards and trade preferences to support the export of agricultural products. High product quality standards and access to global markets allow the EU to successfully export fruits, vegetables and meat products. Figure 2 shows that international trade agreements have the greatest impact on agricultural exports, accounting for 35% of the total impact of factors. This underlines the importance of concluding and implementing such agreements, as they open up new markets, reduce barriers, and simplify product certification procedures. Such agreements contribute to improving the terms of trade, reducing tariffs, and creating a favourable regime for exporters. Following international agreements are tariff barriers, which have a substantial impact on exports, amounting to 25%. High tariffs can restrict access to international markets and increase the cost of products, so reductions under agreements or at the initiative of governments lead to increased exports. Government subsidies also have an important impact, amounting to 20%. In addition, they help to offset costs, improve product quality, and increase production volumes, which is especially important for maintaining competitiveness in international markets. Non-tariff barriers account for 15% of the total impact and include product quality requirements, certification, quotas, and sanitary standards (Wood *et al.*, 2020). In general, international trade agreements are a key factor in export growth, which substantially reduces barriers and opens access to new markets. However, tariff and non-tariff barriers continue to have an impact, and work needs to continue to

reduce them. Government subsidies play an important role in supporting exporters and increasing the competitiveness of products. For the further development of exports, it is important to optimise tariff policy, conclude new trade agreements and increase the effectiveness of subsidy programmes.

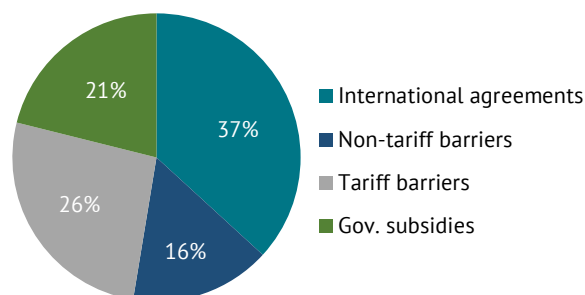


Figure 2. The impact of various factors on exports (estimated in %)

Source: created by the authors based on World Trade Organisation (n.d.), Food and Agriculture Organisation (2023), World Bank (2022)

Several types of econometric models were used to determine the correspondence between changes in trade policy and the dynamics of agricultural exports in Azerbaijan. Empirical evidence shows that government subsidies and support programmes play a key role in the development of Azerbaijan's agricultural exports. Based on the analysis of statistical data and the results of the subsidy policy, it can be argued that targeted financial support measures contribute to increasing the competitiveness of products in international markets. Studies have shown that the bulk of subsidies in Azerbaijan are directed to key export categories such as fruits, vegetables, cereals, and oilseeds. Statistical analysis of changes in the volume of exports of these products shows that subsidies aimed at improving infrastructure and modernising technologies have a positive impact on productivity and product quality. In particular, irrigation subsidy programmes and the purchase of modern equipment correlate with increased yields and improved quality standards, which in turn leads to an increase in exports.

The effectiveness of government subsidies is also confirmed by data on reducing the cost of production. Comparative analysis has shown that manufacturers receiving government support have the opportunity to offer their products on international markets at more competitive prices. This is especially important for agricultural products, where price competition plays a substantial role (Karabulut, 2020). As a result, the volume of exports of categories such as fruits and vegetables show steady growth against the background of increased subsidies (Arisoy, 2020). In addition, government support programmes include the provision of preferential loans and tax incentives for agricultural

producers. Empirical evidence confirms that access to preferential loans is positively correlated with the level of investment in modernisation and expansion of production. Manufacturers with access to such loans are actively investing in innovation and upgrading production facilities, which has a positive effect on product quality and export volumes. This is confirmed by data on the growth of exports of highly processed products, which is associated with access to financial resources and incentives for modernisation.

Support for export-oriented programmes also demonstrates its effectiveness. In particular, the results of programmes to promote Azerbaijani products on international markets indicate a substantial increase in product recognition and expansion of export directions. Participation in international exhibitions and advertising campaigns helps to enter new markets and strengthen the trust of foreign consumers. Increasing the competitiveness of agricultural products is associated with the implementation of a set of measures aimed at improving production processes and quality and optimising costs. Based on the analysis of export dynamics and product quality indicators, it can be argued that the modernisation of production facilities and the introduction of modern technologies have had a positive impact on the competitiveness of agricultural products in Azerbaijan.

Export data show that key categories such as fruits, vegetables, and grains are showing steady growth in international markets. One of the factors contributing to this growth is the improvement of production processes through the introduction of technologies and increased resource efficiency. For example, the introduction of drip irrigation systems and modern farming methods correlates with increased yields and stable supplies, which allows farmers and exporters to compete in markets with stringent standards and requirements. In addition, data on government support for manufacturers indicate a substantial impact of subsidy programmes on the competitiveness of products. Subsidies aimed at modernising agricultural machinery and technologies reduce costs and improve the quality of final products. In particular, statistics show that exporters who have received support in upgrading their production facilities demonstrate higher product quality indicators, which increases their competitive advantages in foreign markets.

Another important factor is the unification of standards and the improvement of certification procedures. An analysis of data on exports to the EU and the Middle East shows that the harmonisation of national standards with international requirements has led to an expansion of export opportunities for Azerbaijani producers. This is confirmed by the growing supply of fruits and vegetables that meet strict quality and food safety standards in the EU. The analysis shows that optimisation of logistics and improvement of infrastructure also have a positive impact on competitiveness.

The improvement of transport and warehouse infrastructure has reduced the cost of product delivery and increased the speed of contract fulfilment, which is especially important in competitive markets. An integrated approach, including government subsidies, technology modernisation, standardisation of unification and active product promotion, has allowed Azerbaijani manufacturers to improve the quality of their products and reduce costs. This, in turn, led to a strengthening of positions in international markets and an increase in exports. Thus, the increase in competitiveness was the result of targeted measures aimed at improving production efficiency and product quality and strengthening positions in foreign markets

DISCUSSION

The results of the analysis of Azerbaijan's agricultural exports for 2014-2023 demonstrate substantial positive dynamics due to a combination of factors such as changes in trade policy, increased government support, and adaptation to foreign economic conditions. In the first stages of the analysed period, export volumes remained stable, but since 2014, there has been a substantial increase in export activity. The main catalyst for export growth was the implementation of government programmes aimed at supporting the agricultural sector and economic diversification. These measures have allowed Azerbaijan to focus on key products such as fruits, vegetables, cereals, cotton, and tobacco. In this study, special attention was paid to the impact of trade policy on the export of agricultural products of Azerbaijan, including aspects such as participation in international trade agreements, government subsidies, as well as tariff and non-tariff barriers.

These results show that active participation in international agreements and the reduction of trade barriers had a positive impact on export volumes, which is consistent with the conclusions of M. Cipollina and L. Salvatici (2020). However, this study also detailed the impact of non-tariff barriers, such as certification requirements and quality standards, which did not receive such a detailed analysis in the paper of these authors. S. Işık and F.C. *Özbuğday* (2021) focused on the impact of costs on agricultural resources and the relationship with prices for final products. This study expands on this subject, emphasising that subsidies not only reduce production costs but also improve product quality, which increases the competitiveness of Azerbaijani goods in international markets. Unlike S. Işık and F.C. *Özbuğday*, who focus on internal economic factors, this study also analysed the impact of external factors such as trade agreements and international standards.

The signing of trade agreements with the CIS and EU countries played a crucial role in improving export performance (Leshchenko, 2023). The opening of new markets for Azerbaijani products and the reduction of trade barriers have become important factors

contributing to the growth of exports. Tariff reductions and simplified certification procedures have contributed to the expansion of export destinations and improved terms of trade, which is especially important in the context of growing international competition. For example, agreements with the EU and Turkey have substantially simplified access to new markets and strengthened trade ties. Despite the success, in 2016-2017, there was a slight decrease in exports, which was due to fluctuations in world prices and the introduction of economic sanctions in some countries. However, since 2018, exports have again shown stable growth due to increased subsidies and increased government support. In this context, it can be noted that the key success factors were cost reduction and product quality improvement achieved through modernisation and the introduction of advanced technologies.

In the study by Y. Erduman *et al.* (2020), the focus was placed on optimising the import content in Turkish export products. In the same paper, the analysis showed that diversification of supplies and optimisation of supply chains are also of critical importance for the agricultural sector of Azerbaijan. This highlights the need to reduce dependence on imported raw materials and increase the added value of national products, which also corresponds to the conclusions of Y. Erduman *et al.* but is considered in more detail in the context of the agricultural sector. Comparing this study with the paper of P. Mamardashvili *et al.* (2020), it can be noted that the emphasis on international diversification of export destinations is consistent with these conclusions on the need to expand trade agreements and strengthen Azerbaijan's position in new markets. However, this study deepens this subject by analysing the impact of specific trade barriers and subsidies on product competitiveness, which was not the main focus of the publication.

The signed trade agreements had a substantial impact on the competitiveness of products, allowing Azerbaijani manufacturers to adapt to international standards and improve production processes. This was especially important for entering the EU markets, where the requirements for product quality and certification are quite strict. For example, the reduction of tariffs on fruits, vegetables, and grains has become an incentive to increase supplies to Turkey and European countries, which has led to an increase in the volume of exports of these goods. The development of international cooperation has also played an important role in strengthening export potential. Azerbaijan actively participated in the exchange of technologies and experience with other countries, which contributed to the introduction of innovations in the agricultural sector (Maharramova & Maharramov, 2023). This improved the quality of the products and made them more competitive compared to the products of other countries. An example is the increase in production standards and certification within the framework of agreements with the EU, which

facilitated access to European markets and opened up new opportunities for manufacturers. In addition to reducing tariff and non-tariff barriers, the signed agreements contributed to the development of the agricultural sector in general. The growth in exports led to an increase in government revenues and the creation of new jobs in the agricultural sector, which had a positive impact on the country's economy (Chorny, 2013). The development of infrastructure and the improvement of the business environment have also been the result of government support and the active introduction of advanced technologies (Abdullayev *et al.*, 2024).

In the study by S. Jafarov *et al.* (2024), the current state of Azerbaijan's foreign economic relations is examined, and the importance of eliminating trade restrictions is highlighted. This study confirms this conclusion and highlights that the removal of both tariff and non-tariff barriers contributes to improved access to new markets. However, the analysis attempted to assess the quantitative impact of each measure, which distinguishes this study in terms of methodology. I.B. Gurbuz *et al.* (2021) focus on the environmental effects of value added in agricultural products. This study also highlights the importance of complying with international environmental standards to enhance competitiveness. Thereby, attention was focused not only on environmental standards but also on product quality standards, which is an important addition to the conclusions of I.B. Gurbuz *et al.* A publication of S.V. Bayramov *et al.* (2021) considers the diversification of the agricultural sector as a strategy to improve economic growth. This study goes further and concretises that diversification and modernisation of the agricultural sector are critical not only for economic growth but also for increasing export potential. The authors also presented recommendations on optimising subsidies and supporting manufacturers, which complements the conclusions of S.V. Bayramov *et al.*

N. Humbatova *et al.* (2022) examine the role of the non-resource sector, including agriculture, in increasing Azerbaijan's export potential. The authors emphasise that export diversification and increased support for the non-resource sector are important strategic steps for the sustainable development of the country's economy. This is consistent with these conclusions about the importance of developing the agricultural sector through improving product quality and expanding export destinations. However, this study delves deeper, detailing specific measures such as reducing tariff barriers and optimising subsidy programmes, which allowed quantifying their impact on agricultural exports. Unlike S.I. Humbatova *et al.*, who focused on the general role of the non-resource sector, researchers specifically accentuate the agricultural sector and its specific barriers and drivers.

The data show that Azerbaijan's trade policy and the conclusion of trade agreements with key partner

countries have contributed to the successful diversification of exports. This highlights the importance of an integrated approach that includes government subsidies, improved terms of trade and modernisation of the agricultural sector. An analysis of the dynamics of exports of fruits and vegetables indicates an increase in demand and high-quality products on international markets, which indicates the correct orientation towards in-demand products in key trade partnerships. S.G. Topuz and Ö. Dağdemir (2020) analyse the relationship between trade openness, structural changes and income inequality using the example of Turkey. They Topuz and Ö. Dağdemir conclude that trade liberalisation and structural reforms have a positive impact on economic growth, but can also lead to an increase in income inequality. In this study, the results show that the openness of trade and integration into international trade networks contribute to the growth of agricultural exports and improve the competitiveness of Azerbaijan. However, unlike S.G. Topuz and Ö. Dağdemir, in this study, the focus was on assessing specific trade policy measures and the impact on exports, rather than on structural changes and consequences for inequality. This study highlights that effective tariff and subsidy management can minimise the negative effects of liberalisation and stimulate sustainable growth in the agricultural sector. Finally, in the paper of A.P. Siregar and N.P. Widjanarko (2022), the importance of trade openness and liberalisation is highlighted. This study confirms such a conclusion and shows that active participation in international trade initiatives and export liberalisation are critical factors for improving Azerbaijan's position in international markets. Therewith, the impact of specific trade policy measures on export volumes was examined in more detail, which gives a more complete picture of the relationship between trade policy and exports.

The study is also important for considering the environmental and social aspects of agricultural activities. In the context of increasing international attention to sustainable development and environmental protection, the analysis of the impact of agricultural production on the environment is becoming an integral part of the study. This helps to develop measures to minimise the negative impact on the environment and achieve sustainable growth in the agricultural sector. Finally, the study of the competitiveness of agricultural products can be of practical importance for producers, exporters, and government agencies. The conclusions and recommendations of the study can be used to develop more effective export strategies, improve product quality, and increase its attractiveness in international markets. For government agencies, the results of the study will help in the development of targeted support programmes and more efficient allocation of resources.

Thus, examining the competitiveness of Azerbaijan's agricultural products and the impact of trade pol-

icy on exports is of great importance for strengthening the country's position in international markets, improving product quality, and achieving sustainable economic growth. It serves as a basis for the development of strategies aimed at improving the agricultural sector and strengthening its role in the national economy

CONCLUSIONS

In this study, an analysis of Azerbaijan's agricultural exports for the period from 2014 to 2023 was conducted. This period was chosen due to substantial changes in export volumes caused by increased government support, the modernisation of the agricultural sector, and the conclusion of international trade agreements. The analysis demonstrated a steady growth in the country's export potential, especially in relation to goods such as fruits, vegetables, cereals, and cotton, which strengthened Azerbaijan's position in international markets.

The study showed that Azerbaijan's participation in international trade agreements is an important factor in expanding export opportunities. Integration into global trade networks such as the World Trade Organisation and the conclusion of bilateral agreements with major trading partners have a positive impact on reducing trade barriers and opening up new markets. This is confirmed by the growth in export volumes after the conclusion of key agreements and underlines the need for the country's active participation in international trade initiatives.

Government subsidies and support programmes have a substantial impact on the competitiveness of agricultural products. Targeted subsidies for certain categories of goods help to reduce production costs and improve product quality, which is especially important in the context of increased international competition. In this regard, it is important to continue developing subsidy programmes and optimise the allocation of resources in accordance with the current needs of producers. Tariff and non-tariff barriers remain a substantial obstacle to exports. The study shows that high tariffs and strict non-tariff requirements substantially limit export potential. It is necessary to intensify efforts to harmonise standards with international requirements and promote initiatives to reduce tariff rates, simplify certification procedures, and reduce this negative impact.

The results of the study emphasise the importance of modernising the agricultural sector and introducing innovations. The data showed that the introduction of modern technologies, the improvement of logistics infrastructure, and the development of product processing contributed to an increase in export volumes and strengthened positions in international markets. This confirms the need for an integrated approach to the development of the agricultural sector, including government support, technological modernisation, and infrastructure improvement.

Based on the analysis, measures were proposed to increase the competitiveness of agricultural products in Azerbaijan. It also includes continued integration into international trade networks, optimisation of subsidy programmes, unification of standards, and development of logistics infrastructure. These measures are aimed at strengthening Azerbaijan's position in world markets and increasing the sustainability of the agricultural sector in the face of global competition. Thus, the study demonstrated the importance of an integrated approach to improving the competitiveness of agricultural products, including trade

policy, government support, modernisation, and consideration of international standards. The results of the study can serve as a basis for further improvement of strategies and measures aimed at developing the agricultural sector and expanding the export potential of Azerbaijan.

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CONFLICT OF INTEREST

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Анотація. У статті представлено комплексний аналіз факторів, що впливають на конкурентоспроможність сільськогосподарської продукції в Азербайджані, з акцентом на оцінку ролі торговельної політики та державної підтримки. Основну увагу приділено впливу торговельних угод, тарифних і нетарифних бар'єрів, а також програм субсидування на обсяги експорту. З використанням методів статистичного та порівняльного аналізу було виявлено основні детермінанти, що впливають на експорт сільськогосподарської продукції, та оцінено їхню значущість. Метою дослідження була розробка ефективних заходів і стратегій для поліпшення експортного потенціалу та підвищення конкурентоспроможності аграрного сектору Азербайджану на міжнародних ринках через аналіз ключових чинників і впливу торговельної політики. Результати дослідження показали, що участь Азербайджану в міжнародних торговельних угодах справляє позитивний вплив на показники експорту. Укладення двосторонніх угод з такими ключовими торговельними партнерами, як Європейський Союз, Туреччина та Іран, сприяє зниженню торговельних бар'єрів і відкриттю нових ринків. Це підкреслює важливість подальшої активної участі країни в глобальних торговельних ініціативах. Аналіз також підтвердив суттєвий вплив державних субсидій на конкурентоспроможність продукції. Цільові субсидії сприяють зниженню собівартості продукції та підвищенню якості, що особливо важливо в умовах міжнародної конкуренції. Було запропоновано заходи щодо оптимізації програм субсидування та підвищення ефективності. Особливу увагу приділено ролі тарифних і нетарифних бар'єрів, які залишаються суттєвою перешкодою для експорту. Дослідження показало, що високі тарифи та жорсткі нетарифні вимоги суттєво обмежують експортний потенціал. У зв'язку з цим рекомендується продовжити уніфікацію стандартів з міжнародними вимогами та спростити процедури сертифікації. Результати дослідження підкреслюють необхідність модернізації аграрного сектору та впровадження інновацій. Впровадження сучасних технологій і поліпшення логістичної інфраструктури сприяють збільшенню обсягів експорту та зміцненню позицій на міжнародних ринках. Таким чином, у дослідженні було виявлено основні чинники, що впливають на експорт сільськогосподарської продукції Азербайджану, та запропоновано конкретні заходи щодо вдосконалення торговельної політики та підвищення конкурентоспроможності продукції на міжнародних ринках

Ключові слова: розвиток галузі; нетарифні обмеження; економічний розвиток; державне регулювання; міжнародне співробітництво
