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THE STATE OF LIGHT INDUSTRY IN THE REGIONS OF AZERBAIJAN AZERBAIJAN BÖLGELERİNDE HAFİF SANAYİNİN DURUMU

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Özet

Makale, Azerbaycan'ın bölgelerindeki hafif sanayinin durumunu ele almaktadır. Çalışmanın amacı Azerbaycan'ın bölgelerindeki hafif sanayinin durumunu değerlendirmektir. Makalede genel bilimsel yöntem ve ilkeler kullanılmıştır. Araştırmanın bilimsel önemi: makale, Azerbaycan bölgelerinde hafif sanayinin gelişiminin özelliklerini ve sorunlarını ele almaktadır. Bu endüstrinin sorunlarının çözümünde devletin öncü rolü vurgulanmalıdır. Azerbaycan'da hafif sanayinin gelişmesi için devlet tarafından koşulların yaratılması, bu sanayinin gelişmesi için geniş bir yelpaze açmaktadır. Devlet tarafından takip edilmesi gereken ana yönler vurgulanmıştır. Araştırmanın bilimsel yeniliği, ülkenin bölgelerindeki hafif sanayi gelişiminin sorunlarını değerlendirmenin yanı sıra, endüstrinin faaliyetini belirli göstergelere göre değerlendirmekten ibarettir.

Anahtar Kelimeler: hafif sanayi, Azerbaycan, bölgesel kalkınma, ekonomik bölgeler, istatistiksel analiz.

Abstract

The article deals to the state of light industry in the regions of Azerbaijan. The purpose of the study is to assess the state of light industry in the regions of Azerbaijan. The article uses general scientific methods and principles. The scientific relevance of the research: the article deals with the peculiarities and problems of the development of the light industry in the regions of Azerbaijan. The leading role of the state in solving the issues of this industry should be highlighted. It is that the creation of conditions on the part of the state for the development of the light industry in Azerbaijan opens a wide spectrum for the development of this industry. The main directions, which should be followed by the state, are highlighted. The scientific novelty of the research consists in evaluating the problems of light industry development in the regions of the country, as well as considering the activity of the industry according to certain indicators.

Keywords: light industry, Azerbaijan, regional development, economic zones, statistical analysis.

Introduction

In terms of increasing competitiveness and improving the structure of the economy - the development of the light industry is one of the main priorities of the country's economic policy. Industrialization is important not only in economic terms but also in terms of several social, scientific, and cultural aspects, such as employment, income levels, urbanization, and skilled labor. With the crisis that began with the collapse of the Soviet Union and continued in the first years of independence, industry, like all sectors of the economy, declined. As a result of the transition from a planned economy to a market economy, as well as the occupation by Armenia of the territories of the Republic of Azerbaijan, the volume and range of industrial production sharply decreased. In the last decade, the factor of hydrocarbon exports has been the main driving force of economic growth, but the main task facing the current stage is the intention to achieve outstripping development of the non-oil sector, increasing the efficiency and competitiveness of the economy (AZERBAIJAN 2020: A LOOK INTO THE FUTURE). The light industry should become one of the main driving forces of the non-oil sector of the Azerbaijan economy, and also be one of the locomotives of regional development. The goal is to create in Azerbaijan a steadily developing light industry, integrated into the world system of labor division and based on the natural competitive advantages of the country.

Methods

The methods of research are general scientific methods and principles. They include a systematic approach, structural analysis of the state and development of light industry, methods of synthesis, as well as graphic and abstract-logical ones.

3. Analysis Of The State Of Light Industry In The Regions Of Azerbaijan

The research of this article will examine the state of the light industry in the regions of Azerbaijan. According to the decree of the President of the Republic of Azerbaijan, the territory of the country is divided into 14 economic zones, including Baku. (Decree of the President of the Republic of Azerbaijan on the new division of economic regions in the Republic of Azerbaijan) The purpose of the study is to analyze and systematize the current state of the light industry by region:

3.1. The East Zangezur region

The East Zangezur region is located in the western part of Azerbaijan and includes Jabrayil, Gubadli, Lachin, Zangilan, and Kalbajar districts of Azerbaijan. The territory of the region was under Armenian occupation from 1993 to 2020 and was liberated as a result of the Patriotic War.[4] During the occupation, light industry enterprises of the region were relocated to other regions of Azerbaijan. Let's analyze the indicators for 2015-2020s according to Table 1

	2015	2016	2017	2018	2019	2020
Bedding, pcs.	1514	1288	1310	550	-	-
The growth rate in percent	100	85,1	101,7	42,0	-	-
Suits for women or girls, pcs.	1203	2262	2626	835	-	-
The growth rate in percent	100	188,0	116,1	31,8	-	-
Clothing production, pcs.	-	-	-	162,2	132,0	-
The growth rate in percent	-	-	-	100,0	81,4	-
Cotton bedding, pcs.	2525	1637	1190	490	-	-
The growth rate in percent	100	64,8	72,7	41,2	-	-
Skirts and pant-skirts for women and girls, pcs.	-	1062	235	163	-	-
The growth rate in percent	-	100	22,1	69,4	-	-

Table 1 Indicators of light industry in the East Zangezur region.
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

When analyzing the data in the table, we see that until 2018, the region produced few light industry products. In 2020, the region ceased production. In the segment of bedding production, there was more than a threefold decrease in production by 2018, and in 2019-2020, it was discontinued altogether. The growth rate showed a wave-like character, both decreasing and increasing. Production of women's and girls' suits in 2016 showed an almost two-fold increase, peaking in 2017. In 2018, production declined by 70%, and in 2019-2020, production ceased completely. Before 2018, businesses in the region did not produce apparel, but in 2018, the region began producing apparel. The initial stage of development saw a good performance, but by 2020, clothing production was reduced to zero. After peaking in 2015, cotton-bedding production, declined each year, reaching a near five-fold decline by 2018, and was phased out

by 2019-2020. In 2016, the region began producing skirts and pant skirts for women and girls. Despite a good initial performance, by 2018 production had declined by almost 90% and in subsequent years ceased altogether. (SSCRA)

In summarizing the light industry of the East Zangezur region, it is necessary to take into account the factors that hinder the development of this sphere:

- In fact, for twenty-seven years the region was under occupation;
- Businesses in the region had to relocate to other regions as a result of the occupation;
- The production line (chain) in the light industry of the region is destroyed;

After the liberation of the region, there are very good opportunities for the development of the light industry in the region, taking onto consideration its favorable geographical location.

3.2. Sheki-Zagatala region

Sheki-Zagatala region is located in the northern part of Azerbaijan and includes the following districts: Balaken, Zagatala, Gakh, Sheki, Oghuz, and Gabala. The region is one of the centers of silk production in Azerbaijan. Let's analyze the light industry of the region in 2015-2020s. according to Table 2 (SSCRA)

	2015	2016	2017	2018	2019	2020
Raw silk, t.	-	9,0	25,7	13,8	38,9	37,2
The growth rate in percent	-	100,0	285,6	53,7	281,9	95,6
Silk fabric, thousand sq. m.	272,4	221,6	274,5	40,7	103,2	-
The growth rate in percent	100,0	81,4	123,9	14,8	253,6	-
Cotton fabrics, thousand sq. m.	-	57,0	200,6	-	-	-
The growth rate in percent	-	100,0	351,9	-	-	-
Carpets and carpet products, sq. m.	96,6	-	-	-	-	-
The growth rate in percent	-	-	-	-	-	-
Production of professional kits for men, pcs.	19149	23027	18584	27333	29644	30835
The growth rate in percent	100	120,3	80,7	147,1	108,5	104,0

Table 2 Indicators of light industry in the Sheki-Zagatala region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

When analyzing silk production in this region, it is necessary to take into account that by 2015 this sphere had fallen into decline. In 2017, the decree of the President of the Republic of Azerbaijan adopted the "State program for the development of cocoon farming and silk production in the Republic of Azerbaijan for 2018-2025" (Development of Cocoon and Silk Production in the Republic of Azerbaijan for 2018-2025). The support measures taken under this program led to an increase in raw silk production by 4.1 times compared to 2016. Production shows a wave-like figure, indicating a non-systematic approach to the development and production of raw silk in the region. Silk fabric production peaked in 2017, but was

followed by a 7-fold decline in 2018. Showing a negative production trend by 2020, it was discontinued, causing the region to lose ground. The region began producing cotton fabric in 2016, but by 2018 it had ceased.

Looking at the indicators of the production of carpets and rugs, one can see that there was production in 2015. But since 2016, production has been discontinued. The most stable production in the region is the production of professional clothing sets. Until 2017, production showed a negative development trend, but since 2018 show a positive development trend. In recent years, the average rate of production has increased by 5-10%.

Despite the region's rich potential and resources, the state of the light industry is poor.

3.3 Shirvan-Salyan region

Shirvan-Salyan region is located in the Kura-Araz lowland and includes the following districts Bilasuvar, Hajigabul, Neftchala, Salyan, and Shirvan City. The region is one of the largest producers of cotton fiber in Azerbaijan. Let's analyze the light industry of the region in 2015-2020s. according to Table 3 (SSCRA)

	2015	2016	2017	2018	2019	2020
Cotton fiber, t..	585,6	5596,2	11117,9	15640,4	16143,3	17504,1
The growth rate in percent	100,0	955,6	198,7	140,7	103,2	108,4

Table 3 Indicators of light industry in the Shirvan-Salyan region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

Analyzing the indicators of cotton fiber production in the region, we conclude that by 2015 production was low, taking into account the rich potential of the region. Measures taken as a result of state programs led to a 10-fold increase in production by 2016. In 2018, production increased 3 times compared to 2016. But in recent years, the growth rate has not shown the dynamics of previous years, being in the corridor of 3-8%. The light industry in the region is in its infancy, but given the potential of the region, we need to make it a flagship area of development in the region.

3.4. The Central Aran region

The Central Aran region is located in the Kura-Araz lowland and includes the following districts: Agdash, Goychay, Kurdamir, Ujar, Yevlakh, Zardab, and Mingachevir City. Let's analyze the light industry of the region in 2015-2020s. according to Table 4. (SSCRA)

	2015	2016	2017	2018	2019	2020
Cotton fiber, t.	-	-	-	679,9	-	-
The growth rate in percent	-	-	-	100,0	-	-
Leather, thousand sq.m.	771,7	198,1	11,7	36,5	15,2	-
The growth rate in percent	100,0	25,7	5,9	312,0	41,6	-

Table 4 Indicators of light industry in the Central Aran region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

Analyzing the state of the light industry in the region, we conclude that it is in stagnation. All indicators of production are low and almost equal to zero. For the last 5 years in the region, only 2018 cotton fiber was produced. Leather production is down 51.5 times by 2019 and in 2020, it stopped altogether. The region's potential is not used at all, which is very irrational, taking into account that a driver of regional development is the light industry.

3.5. Gazakh-Tovuz region

Gazakh-Tovuz region is located in the western part of Azerbaijan and includes: Agstafa, Gadabay, Gazakh, Shamkir, and Tovuz districts. Let's analyze the light industry of the region in 2015-2020s. according to Table 5. (SSCRA)

	2015	2016	2017	2018	2019	2020
Carpets and carpet products, sq. m.	0,1	0,1	0,1	0,1	0,1	0,2
The growth rate in percent	100,0	100,0	100,0	100,0	100,0	200,0

Table 5 Indicators of light industry in the Gazakh-Tovuz region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

The region is engaged in the production of carpets and rugs. Production was stable from year to year only in 2020, doubling in 2019. The light industry is virtually non-existent in the region.

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3.6. Guba-Khachmaz region

Guba-Khachmaz region is located in the north-east part of Azerbaijan and includes: Shabran, Khachmaz, Guba, Gusar, and Siazan districts. It is one of the centers of carpet and carpet goods production in Azerbaijan. Let's analyze the light industry of the region in 2015-2020s. according to Table 6. (SSCRA)

	2015	2016	2017	2018	2019	2020
Carpets and carpet products, sq. m.	42,09	32,05	34,05	50,04	40,05	-
The growth rate in percent	100,0	76,1	106,2	147,0	80,0	-

Table 6 Indicators of light industry in the Guba-Khachmaz region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

Analyzing production in the region, we conclude that it has a wave-like nature. There are very strong fluctuations in production and there is no stability. The region reached its maximum production rate in 2018. By 2020, the production figure is reduced to zero. (SSCRA)

3.7. Mountain Shirvan region

Mountain Shirvan region includes: Agsu, Ismaili, Gobustan, and Shamakhi districts. In the region, despite its rich potential, the light industry is practically not developed. The production of carpets is reduced to zero. (SSCRA)

3.8. Nakhchivan region

Nakhchivan region is an enclave of Azerbaijan and includes the territory of Nakhchivan Autonomous Republic. We will analyze the light industry of the region in 2015-2020s. according to Table 7. (SSCRA)

	2015	2016	2017	2018	2019	2020
Coats for men and boys, jackets, pcs.	110900	112600	114900	116500	117700	118909
The growth rate in percent	100	101,5	102,0	101,4	101,0	101,0
Shirts, thousands pcs.	81	83,6	86,4	87,8	89,1	90,0
The growth rate in percent	100	103,2	103,3	101,6	101,5	101,0

Table 7 Indicators of light industry in the Nakhchivan region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

As can be seen from the table, production is constant and progressive in its development. Although it is increasing at a small rate, on average 1-2% per year. Taking into account the geographical location of the region, as well as the isolation from Azerbaijan for the development of the region, the light industry is one of the leitmotifs of the growth of the industry in the region. After the end of the Patriotic War, as well as Azerbaijan's victory in it, new opportunities for development in the region opened up. The opening of the Zangezur corridor will further increase the potential of the region.

3.9. Mil-Mugan region

Mil-Mugan region includes: Beylagan, Imishli, Saatli, and Sabirabad districts. Let's analyze the light industry of the region in 2015-2020s. according to Table 8. (SSCRA)

	2015	2016	2017	2018	2019	2020
Cotton fiber, tons	2846,1	6093,1	16734,3	22815,6	35986,6	34743,0
The growth rate in percent	100,0	214,1	274,6	136,3	157,7	96,5
Cotton lint and cotton dew, tons	2822,0	4818,6	13764,3	21400,1	25714,6	31119,2
The growth rate in percent	100,0	170,8	285,6	155,5	120,2	121,0

Table 8 Indicators of light industry in the Mil-Mugan region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

Analyzing the indicators of cotton fiber production in the region, we can see that in 2015 they were very low. As a result of the measures taken, production more than doubled by 2016. In 2019, production peaked at a 13-fold increase over 2015. But by 2020 it showed a decrease of 3.5 points. Cotton fiber production relative to other regions shows good results. Cotton lint and cotton dew production increased 11 times in 2020 relative to 2015. As we can see, the production shows a stable progressive performance.

3.10. Karabakh region

X. Karabakh region includes: Aghjabedi, Agdam, Barda, Fizuli, Khojaly, Khojavand, Shusha, and Terter districts and the city of Khankendi. Let us analyze the light industry of the region in 2015-2020s. according to Table 9. (SSCRA)

	2015	2016	2017	2018	2019	2020
Cotton bedding, pcs.	1662	1492	1068	480	-	-
The growth rate in percent	100	90	72	45	-	-
Pants breeches, etc. for men and boys in cotton fabric, pcs.	751	-	782	592	-	-
The growth rate in percent	100	-	100	76	-	-
Dresses for women and girls, pcs.	89	1192	287	163	-	-
The growth rate in percent	100	1339	24	57	-	-
Cotton fiber, tons	3207	5391,1	9074,6	17749,6	17030	16897,5
The growth rate in percent	100	168,1	168,3	195,6	95,9	99,2

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Table 9 Indicators of light industry in the Karabakh region
Source: data from SSCRA <https://www.stat.gov.az/source/industry>

Before we beginning to analyze the indicators of light industry in the region, we would like to emphasize the fact that most of the region was under Armenian occupation. As a result of the Patriotic War, the territory was liberated, and at the moment a small part of the region is under Armenian occupation. Due to these circumstances, production in this region was in a dismal state. Cotton bedding production has been discontinued by 2019, although there were some successes in 2015. Production of pants, as well as dresses, has been discontinued in recent years. A positive trend is shown by the production of cotton fiber, which increased by 5 times compared to 2015. The negative trend is the decrease in cotton fiber production for the last two years.

3.11. Ganja-Dashkesan region

Ganja-Dashkesan region is located in the western part of Azerbaijan and includes the cities of Ganja and Naftalan as well as the Dashkesan, Goranboy, Goygol, and Samukh districts. Let's analyze the light industry of the region in 2015-2020s. According to Table 10. (SSCRA)

	2015	2016	2017	2018	2019	2020
Ready-made cotton fabrics, thousand sq. m.	545,9	259,0	1285,0	1484,1	1829,1	4036,0
The growth rate in percent	100,0	47,4	496,1	115,5	123,2	220,7
Cotton bedding, pcs.	2068,0	1757,0	1721,0	330,0	-	-
The growth rate in percent	100,0	85,0	98,0	19,2	-	-
Yarn for carpets, tons	1729,7	3774,0	3692,9	3590,4	2109,0	-
The growth rate in percent	100,0	218,2	97,9	97,2	58,7	-

Table 10 Indicators of light industry in the Ganja-Dashkesan region

Source: data from SSCRA <https://www.stat.gov.az/source/industry>

Analyzing the situation in the light industry of the region, one can see that it is in a poor state, although it has a rich potential and history, it is degrading every year. The region has ceased production of cotton bedding, as well as yarn for carpets. The yarn production figures until 2017 showed a positive trend, but since 2018 the production has been negative and was discontinued in 2020. Production of finished cotton fabric showed almost a 7.5-fold increase over five years.

Having analyzed the indicators of light industry in the region, we came to the following conclusions

- The light industry in the region is in decline or nonexistent;
- Lack of targeted and consistent policy for light industrial development in the regions;
- The adopted state programs for the development of this industry in the regions did not give the expected effect.

Conclusion

The main condition for the development of the industry is the preservation of macroeconomic stability and the creation of a favorable business and investment environment. Observations show that, regardless of the size of the domestic market, industrial development requires a transition from an import-substituting approach to an export-oriented production model. One reason for this is that in small economies, the volume of production calculated for the domestic market does not allow to reduce the cost of production, and another reason is that it is impossible to ensure a high growth rate of domestic needs over a long period. The needs of the domestic market and the growing export opportunities of the country will play a special role in the improvement of the structure of industrial production in the coming years. The light industry is the most active and fastest tool of economic development in the region.

- First of all, it is necessary to stimulate the development of production using local raw materials and the creation of competitive light industry products.
- Secondly, the creation of joint ventures with foreign companies, inviting them on favorable terms to the regions of Azerbaijan.

- Thirdly, stimulation, as well as subsidization of light industry in the regions by the state.

The study and application of the experience of foreign countries will help to develop the light industry and will lead to the fact that the light industry will become a fundamental component of economic growth.

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