

THE CHARACTERISTICS OF INDUSTRIAL DEVELOPMENT IN THE NAKHCHIVAN AUTONOMOUS REPUBLIC

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ABSTRACT

The article analyzes the main features of the development of industry in the Nakhchivan Autonomous Republic. The selection of the right development strategy based on the sustainable development of industry in the region, the comprehensive conditions created for entrepreneurship development, and free access to financial resources have created conditions for achieving positive results in the industrial sector. Measures aimed at the establishment of modern industrial enterprises and diversification of the economy within the framework of the industrialization policy have not only increased the share of local products in meeting domestic demand, but also expanded export opportunities. The declaration of 2022 as the "Year of Industry" has further accelerated this process. As a result, the favorable economic environment created for the development of industry in the Nakhchivan Autonomous Republic, the industrialization policy implemented with the support of the state, and the application of modern technologies have increased the industrial potential of the region. In the coming years, it is planned to continue measures aimed at developing the non-oil sector and increasing the share of industry in GDP.

Keywords: Nakhchivan, industrial development, economic diversification, investment, industrialization.

NAHÇIVAN ÖZERK CUMHURİYETİ'NDE SANAYİ GELİŞİMİNİN ÖZELLİKLERİ

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ÖZET

Makalede Nahçıvan Özerk Cumhuriyeti'nde sanayinin gelişiminin temel özellikleri analiz edilmektedir. Bölgede sanayinin sürdürülebilir gelişimine dayalı doğru kalkınma stratejisinin seçilmesi, girişimciliğin gelişimi için yaratılan kapsamlı koşullar ve finansal kaynaklara serbest erişim, sanayi sektöründe olumlu sonuçlar elde etmek için koşullar yaratmıştır. Sanayileşme politikası çerçevesinde modern sanayi işletmelerinin kurulması ve ekonominin çeşitlendirilmesini amaçlayan tedbirler, sadece iç talebi karşılamada yerel ürünlerin payını artırmakla kalmamış, aynı zamanda ihracat olanaklarını da genişletmiştir. 2022'nin "Sanayi Yılı" olarak ilan edilmesi bu süreci daha da hızlandırmıştır. Sonuç olarak Nahçıvan Özerk Cumhuriyeti'nde sanayinin gelişimi için yaratılan elverişli ekonomik ortam, devletin desteğiyle uygulanan sanayileşme politikası ve modern teknolojilerin uygulanması bölgenin sanayi potansiyelini artırmıştır. Önümüzdeki yıllarda petrol dışı sektörün geliştirilmesi ve sanayinin GSYİH içindeki payının artırılmasını amaçlayan tedbirlere devam edilmesi planlanmaktadır.

Anahtar Kelimeler: Nahçıvan, endüstriyel kalkınma, ekonomik çeşitlendirme, yatırım, sanayileşme.

INTRODUCTION

The correct choice of a development strategy based on the sustainable development of industry in the region, comprehensive conditions created for entrepreneurship development, and free access to financial resources have opened up wide opportunities for achieving positive results. At the same time, the construction and commissioning of social infrastructure facilities, the creation of industrial zones, and ensuring diversification in the economy have not only given additional incentives to the development of entrepreneurship, but also led to an increase in the region's investment attractiveness (Qeyrət Nəşriyyatı, 1998). The number of enterprises producing competitive products is increasing every year, and the geography of export markets is expanding. It is no coincidence that currently more than 100 specialized enterprises in Nakhchivan city alone produce industrial products of various profiles (Əhmədov, 2008). Among them, there are hundreds of types and varieties of industrial products, from fruit juices to furniture, from stone products to cars, from poultry to plastic products. Over the past year, 142 industrial enterprises have been opened in the autonomous republic. By the industrialization policy, the creation of modern industrial enterprises that significantly increase the share of local products in meeting domestic demand and expand export opportunities continues today. The declaration of 2022 as the "Year of Industry" in the autonomous republic has created additional ground for the further acceleration of the industrialization process in the autonomous republic (Hüseynov, 2022). The adoption of the industrial sector as a priority direction in the economy of the autonomous republic has also significantly increased the volume of industrial products in the gross domestic product. According to the State Statistical Committee of the Autonomous Republic, in January-September of this year, industrial output increased by 2.4 percent, and the share of industry in the gross domestic product was 27.3 percent. We are talking about the production of about 2 billion 227 million manats of gross domestic product, of which industrial products account for approximately one third. The volume of production in industry increased by 2.4 percent compared to the corresponding period of last year, which is higher than in all other sectors, except for agriculture. 94.5 percent of production fell on goods, and 5.5 percent on services. As a result of the measures taken, in the first 9 months of this year, 89 production and service facilities were created in various areas of economic activity in the autonomous republic with state support, and the creation of production and service facilities is continuing under 60 projects. In general, as a result of the

support provided to industrial entrepreneurship, 9 million 792 thousand 700 manats of loans were issued to economic entities by banks and credit organizations during this period, which is 13.6 percent more than the indicator a year ago. Today, the expansion of diversification of production in industry, the launch of competitive enterprises based on modern technologies already indicate a transition to a new stage of industrialization policy, which is reflected in real results.

The current situation

The declaration of 2022 as the “Year of Industry” in the autonomous republic has created conditions for the promotion of competitive and export-oriented production in the industrial sector, the establishment of new enterprises based on innovations, and the production of new types of products (Hüseynov, 2022).

In January-September 2022, production and service facilities were created in various areas of economic activity in the autonomous republic with state support under 89 projects, and the creation of production and service facilities under 60 projects continued.

For the purpose of industrial development, banks and credit organizations provided 9 million 792 thousand 700 manats of loans to economic entities in January-September 2022, which is 13.6 percent more than the previous year.

Within the framework of the implementation of the State Program for Socio-Economic Development of the Nakhchivan Autonomous Republic in 2019-2023, measures were continued to ensure the sustainable development of the economy of the autonomous republic, create industries that work with local resources and raw materials and produce export-capable products, and the creation of 62 industries was completed during the reporting period. Currently, the creation of 33 areas for industrial estates, salt production enterprises, alcoholic beverage production, oxygen production, car repair, vegetable oil production, yarn production, milk processing enterprises, bakery and confectionery production, cold storage, mushroom processing area, livestock breeding, poultry farming, horticulture and various services is ongoing (NMR Statistika Komitəsi, 2024).

Table 1**Industrial output produced**

Years	Industrial output produced, thousand manats	Compared to the previous year, in percentage (in comparable prices)
2016	891486,4	102,5
2017	916817,9	102,0
2018	942944,7	101,7
2019	967060,0	101,4
2020	990067,0	101,3
2021	1014971,5	101,4
2022	1040475,9	101,4
2023	1069655,7	101,7
2024	1048584,9	101,5

Source: <https://www.stat.gov.az/>

In recent years, the launch of new state programs and the preparation of strategic roadmaps in our country have created broad prospects for industrial sectors. The development of industry is also of great importance for the autonomous republic, which has been in a state of blockade for many years. The large-scale reforms carried out in the region, known as an agrarian region, provide the basis for the fact that there are not so many difficulties in creating a strong industrial potential here. In the processing industry, which constitutes the main part of the industry in the autonomous republic, the following production areas have been created: baking, sugar, mineral water, alcoholic beverages, cigarettes, plastic doors and windows, plastic water pipes, bricks for masonry and flooring, facing stone, cement, gypsum, gypsum boards, lime, aerated concrete, carbon dioxide, metal smelting and dozens of other production areas. Over time, increasing the number of industrial enterprises in Nakhchivan and expanding their infrastructure is a focus of special attention. In addition to producing products for the domestic market, these established industrial enterprises are also intended to produce export-oriented products. Most importantly, the enterprises belonging to the Gamigaya, Nakhchivan Automobile Plant, Furniture Factory, Design LLC, Lazzet LLC, Cahan Holding, Badamli and Sirab Mineral Water Plant, etc., which belong to the important industrial enterprises of recent years, are producing goods and products that meet modern standards for the domestic and foreign markets (NMR Statistika Komitəsi, 2023). The main goal of establishing these

enterprises is to ensure the proper and sustainable development of the industry. It is worth noting that these industrial enterprises are provided with high-quality equipment imported from foreign countries. This also aims to protect the cleanliness of the ecological environment and eliminate obstacles to the working mechanism (NMR Statistika Komitəsi, 2024).

In the state programs adopted in the autonomous republic to date, in addition to all other sectors of the economy, numerous projects have been implemented in the industry to strengthen infrastructure provision, create competitive enterprises, open new jobs, and increase employment opportunities. The main projects covering certain years related to general socio-economic development are the Regional Development Program of the Nakhchivan Autonomous Republic (2005-2008), the State Program for Socio-Economic Development of the Nakhchivan Autonomous Republic in 2009-2013, the State Program for Socio-Economic Development of the Nakhchivan Autonomous Republic in 2014-2018, and the State Program for Socio-Economic Development of the Nakhchivan Autonomous Republic in 2019-2023. The implementation of the first three listed programs has been completed and significant results have been achieved in the development of industry. In 2005, the average industrial output produced in the autonomous republic amounted to 41 million, 207 thousand manats. In 2008, the volume of industrial output was 164 million 452 thousand manat (Şərq Qapısı Qəzeti, 2024). That is, during the period of implementation of the state program, product production increased by almost 4 times. During the implementation of the next State Program on socio-economic development covering 2009-2013, a more than 4-fold increase in industrial output was recorded. In 2013, the volume of product production was 862 million 870 thousand manat. During the implementation of the State Program on socio-economic development of the Nakhchivan Autonomous Republic in 2014-2018, the volume of industrial output in the final year amounted to 990 million 67 thousand manat, which is an increase of almost 10% compared to the period when the program began. Currently, the State Program on socio-economic development covering 2019-2023 is being implemented. The scope of the program is wide and is considered to be of great importance in the comprehensive development of the autonomous republic. The program has set a number of important tasks for the further development of the industrial sector and an Action Plan has been prepared. It should also be noted that for the first time in 2019, the volume of industrial products produced in the autonomous republic exceeded 1 billion manat. The Action Plan for the implementation of the State Program for the socio-

economic development of the Nakhchivan Autonomous Republic in 2019-2023 provides for a number of development measures for the industry (Hacıyev, 2020).

The creation of industrial districts and the continuation of the establishment of new industrial enterprises in the Nakhchivan Autonomous Republic will be the main focus. The construction of the Badamli mineral water plant in the Badamli settlement of the Shahbuz region, the establishment of a carpet production enterprise, the opening of a new mine to increase salt production, and the establishment of a wool and dye plant supply point are planned as the most important works to be carried out during 2019-2023. The Badamli mineral water plant has already been put into operation, a new mine has been opened in Duzdag, a building has been built for the regional wool and dye plant supply point, and the “Nakhchivan Carpet and Yarn Production Enterprise” LLC has been established. In addition, supporting the restoration of the activities of industrial and processing enterprises that have ceased their activities in the autonomous republic has also been kept under special control within the framework of the action plan. The main executors of these works to be carried out are the Ministry of Economy of the Nakhchivan Autonomous Republic and local executive authorities. The increasing growth rate in the industry is also observed in the number of employees working in this field. Looking at the final years of state programs, it can be seen that the total number of employees working in the state and private sectors in this area was 7,701 in 2008, 15,385 in 2013, 16,557 in 2018, 17,087 in 2021, and 17,272 in 2022. However, in 2005, the number of employees in the industry was 3,830. It should be noted that the autonomous republic has been in a state of blockade for many years due to the occupation policy pursued by our hated neighbor. This has limited financial flows to the region and created obstacles to the development of all sectors, especially industry. However, despite all this, the role of Nakhchivan in the country's economy has not decreased. Even in the current conditions, a large number of industrial and production enterprises based on innovative and modern standards are being established in the region or the work carried out to improve them is already nearing completion.

CONCLUSION

The development of construction infrastructure, the improvement of the mineral water industry base, the development of food and light industry play an important role in the revival of the economy of the autonomous republic and the strengthening of its export potential. Enterprises established on the Sirab, Badamli and Daridag springs, which are distinguished by some important characteristics in our country, make comprehensive contributions to economic

development as important industrial facilities in the region. These mineral waters are quite famous not only in our country but also abroad. The main direction of macroeconomic policy in our republic in the coming years will be the revival of the non-oil sector and increasing the share of industry in GDP will be kept in the foreground. The main goal of the envisaged future economic policy is to attract investments to the economy from local and foreign sources, with the help of which it will be possible to develop non-oil sectors, improve entrepreneurial infrastructure and strengthen economic activity in the regions.

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