

AZERBAIJAN REPUBLIC

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**IMPROVEMENT OF ORGANIZATIONAL-ECONOMIC
MANAGEMENT MECHANISM IN THE FOOD
INDUSTRY**

Specialty: **5312.01 - Sectoral economy**
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ABSTRACT

of the dissertation submitted for the degree of
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The dissertation work was carried out at the Department of Industrial Economics and Management of Azerbaijan University of Technology.

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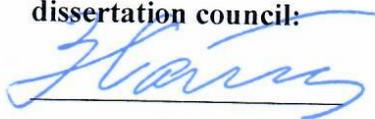
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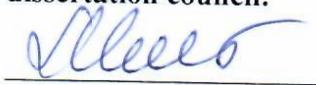
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GENERAL CHARACTERISTICS OF WORK

Relevance and development of the topic. Despite the fact that production, services and other activities have been carried out in accordance with the requirements of the market economy system in our country for a long time, some sectors have not yet been able to take their rightful place in the country's economy. There are many objective and subjective reasons for this. Therefore, it is necessary to implement state support and regulation in such areas. It should be noted that one of the important areas in ensuring food security is the food industry.

Despite a lot of work done to ensure food security in Azerbaijan, the development of the food industry and meeting the needs of the population in domestic products, increasing export potential, it has not been possible to fully achieve the set goals. The "Strategic Roadmap for the production and processing of agricultural products in the Republic of Azerbaijan" approved by the Decree of the President of the Republic of Azerbaijan dated December 6, 2016, states that along with the small number of dairy processing enterprises in Azerbaijan, natural milk raw materials for industrial needs Due to the insufficient level of production, the country imports large quantities of dairy products. There is an opportunity to increase the production of quality and marketable dairy products by expanding the scope and strengthening the activities of existing processing plants, as well as increasing the production capacity of natural dairy raw materials. According to statistics, in 2016, the level of self-sufficiency in all types of meat and meat products was 87.9%, the level of self-sufficiency in milk and dairy products was 87.7%, and 82.3% in fish and fish products. These indicators are 84.5% (decrease by 3.4% points) for meat and meat products, 83.5% for milk and dairy products (decrease by 4.2% points), and 81.7% for fish and fish products, respectively (decrease by 0.6%). As can be seen, the goals set in the Strategic Road Map have not been approached.

Improving the business environment in the food industry, innovative development of farms of various forms of ownership, meeting the needs of the population in the food industry is a vital problem not only in our country, but also for humanity. From this point of view, the development of the food industry, one of the leading industries in our country, and the provision of the population with healthy quality food products is considered a priority.

Further improvement of the provision of the population of the Republic of Azerbaijan with important food products can be

achieved through the joint development of other tangible and intangible production and services. Successful food security is a guarantee of the country's economic security. In general, the solution to this problem shows the lifestyle of the population, its economic level, the quality of life. In the current situation of acute shortage of investment funds, the main goal has been to achieve that the main part of the food industry market in Azerbaijan will fall to the share of local products.

Our observations show that in modern conditions, the volume of investments in the food industry in general is less than in other sectors, but in recent years, the increase in agricultural production has laid the foundation for the development of this sector. To meet the growing demand of the country's population for food, it is important to increase the production of food products, increase efficiency and further develop entrepreneurship in this area.

As the economic reforms carried out in our country deepen, some branches of industry face significant difficulties in solving their historical economic tasks and are unable to perform their main functions. Issues of organization and management of economic entities engaged in the production of food products, one of such areas in the country, the impact of advanced technologies applied in this field and industrialization policy in our country on the development of this area, analysis of economic indicators of existing food industry enterprises. The study of influencing factors is an important issue. From this point of view, the dissertation work on "Improvement of organizational and economic management mechanism in the food industry" is distinguished by its relevance.

It should be noted that the development of the topic has been widely covered in the research of Azerbaijani and foreign economists, and attention was drawn to the need for the development of the food industry in terms of food security and agricultural development. Azerbaijani economists Z.A.Samadzade, I.H.Ibrahimov, E.M.Hajizade, E.A.Guliyev, B.H.Atashov, I.H.Aliyev, H.A.Khalilov, R.A.Balayev, A.B.Abbasov, M.C.Huseynov, A.F.Abbasov, M.A.Ibrahimov and others have made scientifically sound suggestions and recommendations in various areas in their scientific work to ensure food security and the development of the food industry.

The importance of the development of the food industry for the country's economy was noted by foreign economists V.D.Goncharov, V.P.Gruzinov, V.V.Deniskin, V.A.Dobrynin, V.I.Komarova, E.I.Lebedeva, A.A.Nikonova, S.N.Seregin, E.I.Serova, P.M.Silina, A.M.Sukhorukova, V.I.Tujilkina, I.G.Khramova and other authors

also reflected the development problems of the food industry in their research.

The research conducted by Binner X., Drucker P.F., McKean D., Mann D., Swame R., Stevenson W.J., Thompson A.A., Webster F. and other foreign scientists in the field of studying the economic problems of the food industry is commendable.

Although the development of the food industry, which plays an important role in the country's food security and food security, is also important in the employment of the country's population, the food industry has not yet implemented business rules, established flexible business structures and fully met the growing needs of the population. From this point of view, the restoration of the production rhythm of the food industry in the republic in previous years is one of the important issues, along with meeting the domestic market with these products, as well as ensuring their export to foreign markets.

Object and subject of research. Irrespective of the form of ownership in the Republic of Azerbaijan, public and private enterprises operating in the food industry and agrarian farms providing them with raw materials have been identified as the object of research.

The subject of the research is the organization and economic management of various forms of ownership in the food industry, the formation of a management system in accordance with the requirements of new production relations, the study of theoretical, methodological and practical problems of field development.

Goals and objectives of the study. The purpose of the research is to scientifically substantiate the improvement of organizational and economic management mechanisms in the food industry in modern conditions.

The following tasks have been identified to achieve the goal:

1. Analysis of factors influencing the development of the food industry in modern times and economic indicators of this field;
2. Identify areas for sustainable development of the food industry and food security;
3. Investigation of the initial conditions and features of the location of the food industry by region;
4. Determining the direction of creation and management of infrastructure regulating the development of the food industry;
5. Scientific substantiation of the need to provide financial support and credit to the food industry;
6. Identify the role of the price mechanism in improving the financial situation of food producers;
7. To study the problems of organization and economic

management of the food industry, to develop substantiated proposals for its implementation by summarizing the world experience.

The main task of the food industry, which is one of the main components of the country's economy in modern times, is to build production in accordance with modern requirements and ensure the sustainable development of the industry.

The direct dependence of the food industry on the agricultural sector, the weak material and technical base in many areas, price disparities, low competitiveness compared to other sectors and the loss of traditional markets make it necessary to pay more attention to its development in terms of new requirements.

The use of the proposals and recommendations of the practical significance of the research is aimed at improving the organization and management of the food industry in the country, using international experience in the development of this sector, ensuring the development of the sector and food security, removing artificial barriers to industrial development. and will increase the effectiveness of economic reforms in this area.

The proposals can be used in the process of state regulation of business in the food industry, in determining the priorities of economic policy, in improving the socio-economic problems of the population and the mechanism of state support for producers of food products.

Research methods: In the implementation of the dissertation methods such as economic analysis, comparison, dynamics, statistical grouping, observation and others were used. The study is based on existing normative documents on economic reforms.

The solution of the problem was carried out with the application of theoretical and economic analysis methods. Theoretical and methodological basis of the research is based on the works of leading economists of the world and the country, the Constitution of the Republic of Azerbaijan, the Law of the Republic of Azerbaijan "On Food Products", relevant decisions of the Milli Majlis of the Republic of Azerbaijan on food and food industry development. reforms and relevant decrees and orders of the President of the Republic.

The main provisions of the defense are as follows:

- economic report developed to justify the organization of the food industry and the improvement of the mechanism of economic management, depending on the elements of the economic management system and the factors affecting it;
- to study the characteristics of ensuring sustainable development in the food industry and to reveal its role in food security;

- methodology of organization and management of the food industry, which is one of the components of the processing industry, and issues of application of corporate governance in this field;
- model of creation of a modern food industry enterprise and its application scheme;
- substantiation of the current state of the food industry and the location of the regions in accordance with the raw material potential;
- scheme of directions for improving the provision of the food industry with investment resources;
- improving the pricing mechanism to improve the financial situation of food producers;
- improving the export potential of food products and the methodology and application of its implementation.

The scientific novelty of the research is as follows:

1. The factors influencing the development of the food industry in modern times and the economic indicators of this field are fully disclosed;
2. The directions of sustainable development of the food industry and ensuring food security have been identified;
3. Preliminary conditions and features of the location of the food industry by regions have been clarified;
4. The directions of state support for the development of entrepreneurship in the industrial sector in modern economic conditions have been studied;
5. A scientifically sound proposal was made for the creation and management of infrastructure to regulate the development of the food industry;
6. Scientifically substantiated the need for the state to provide financial support and credit to the food industry;
7. The role of the price mechanism in improving the financial situation of food producers has been identified;
8. The problems of organization and economic management of the food industry were studied and the world experience was summarized and substantiated proposals for its implementation were given.

Theoretical and practical significance of the research is the relevant laws of the Republic of Azerbaijan, works of prominent world and national economists, the Law of the Republic of Azerbaijan "On Entrepreneurship", public and private organizations engaged in business, food industry enterprises and infrastructure for the management of this sector, normative and legal documents related to the regulation of business, presidential decrees, decisions and orders of the Cabinet of Ministers. Economic-statistical,

statistical grouping, comparative economic analysis and observation methods were used in the research process. Given the practical significance of the research and the urgency of the development of the food industry, the dissertation is devoted to this topic.

Approbation and application of the results of the dissertation: The results of the work were reported at the International Scientific-Practical Conference "Protection of Cultural Heritage and Biodiversity in the Context of Urbanized Industrialization" of Azerbaijan University of Technology (Ganja 2018), Ganja State University International Scientific Conference "Actual Problems of Modern Natural and Economic Sciences" (Ganja 2018), at the IV Republican Scientific-Practical Conference "Prospects for the development of food and light industry in our country and the tasks ahead" of Azerbaijan State University of Economics (UNEC) (Baku 2020).

Name of the organization where the dissertation work was carried out: The research work was carried out at the "Economics and Management of Industry" department of Azerbaijan University of Technology.

Volume and structure of the dissertation. The dissertation consists of an introduction, three chapters, conclusions and suggestions, and a list of 102 references. The content of the dissertation is 127 pages of computer writing, including the introduction of 9 pages - 15252 characters, Chapter I 40 pages - 69567 characters, Chapter II 28 pages - 49362 characters, Chapter III 33 pages - 56589 characters, results and suggestions 8 pages - 13705 characters. There are 3 pictures and 13 tables in the dissertation. The volume of the dissertation consists of 128 pages of computer writing, the total volume is 216293 characters (204475 characters excluding the list of used literature and appendices).

MAIN CONTENT OF THE RESEARCH

In the introductory part of the dissertation, the relevance of the topic, the state of the problem study, the goals and objectives of the research, the object, subject, scientific novelty, practical significance and approbation are explained.

Chapter 1 of the dissertation entitled "Theoretical foundations of the organization and management of the food industry" examines the development of the industrial sector, the role of the food industry in sustainable development and food security, the main problems of organizing enterprises in this field and the use of world experience.

One of the main conditions for ensuring the economic development of each country is to properly address the issues of processing the natural resources available in its territory before the

production of the final product and determine the profitable export of the finished product, and to take targeted measures in this area. Processing of natural resources in the territory of the republic to the final product, export to the world market as a finished product, rather than in the form of raw materials and semi-finished products, can significantly increase the national income of the republic.

Today, special attention is paid to the development of the non-oil sector in terms of ensuring food security in the country, meeting the needs of the population for food products in the required quantity and quality. Sustainable Development is understood as ensuring long-term continuous development and is the most modern, progressive way of development that meets the needs of future generations, unlimited, with human potential and capital, the acquisition of new knowledge as a prerequisite and other issues.

Ensuring the sustainable development of the food industry in our country is distinguished by its urgency today. Because the country's food security depends on the development of this sector. The effective solution of food security, which is an important component of economic security, has a special scientific and practical significance in the conditions of modern independence and market economy.

Table 1. Number of operating industrial enterprises, unit

Indicators	Years					
	2015	2016	2017	2018	2019	2020
The whole industry	2583	2561	2582	2837	3169	3389
Processing industry	1778	1775	1826	2024	2330	2515
Food production	382	394	361	393	443	487
Beverage production	120	119	110	120	126	131
Manufacture of tobacco products	7	7	9	10	11	13

Source: Data of the ConEC of Azerbaijan Industry, Baku 2020, 165 p.

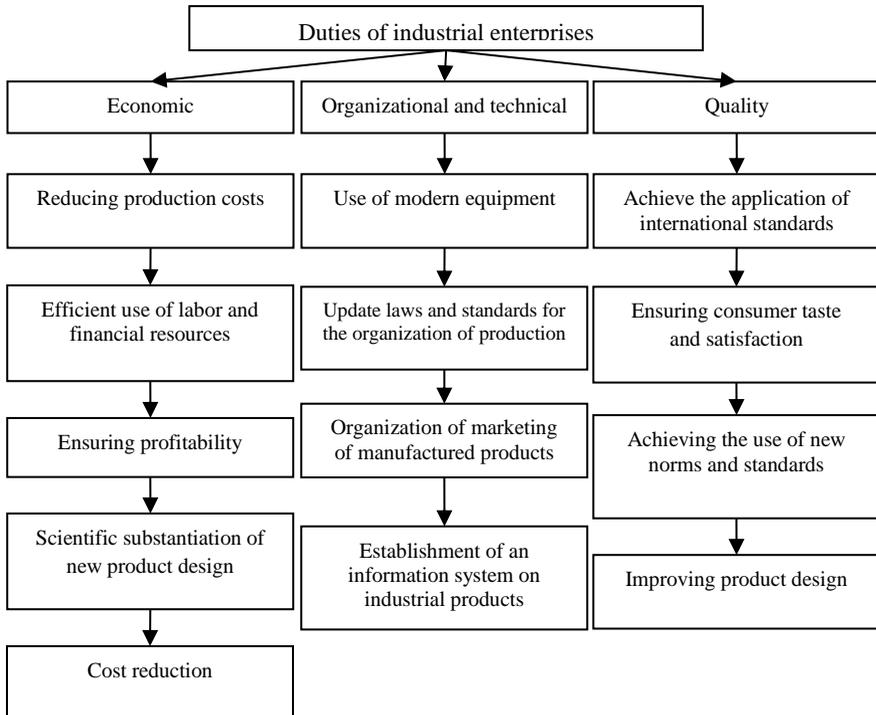
According to the statistics given in Table 1, the number of industrial enterprises operating in the country increased by 806 compared to 2015. In 2020, they include 74.2% of enterprises engaged in the production of products of the processing industry, 14.4% of enterprises engaged in the production of food products and 3.9% of enterprises engaged in the production of beverages.

In accordance with the main objectives of the state's economic policy, further improving the structure of the country's economy in the near future, ensuring the rapid development of private property relations and entrepreneurship, expanding entrepreneurial activity, making non-oil industries, including food, a key factor in the economy and the importance of this area in ensuring food security. The author proposes to look at the management of the food industry

as an economic component in the context of food security.

The advantages of establishing a joint-stock company in this field have been identified as one of the important directions in the development of the food industry.

Given the importance of the food industry and the fact that this sector belongs mainly to the private sector, the author has studied the issues of stimulating development and the theoretical issues of the importance of state support. In this chapter, the author conducts research on the development of the food industry, carefully researches and generalizes with reference to the works of well-known scientists in this field. The dynamics of products produced by industrial enterprises operating in Azerbaijan were analyzed and their importance in the country's economic growth was commented. Table 2 of the abstract shows the dynamics of the level of self-sufficiency in products produced by industrial enterprises.



Scheme 1. The tasks facing industrial enterprises in modern times.

In order to successfully carry out the above tasks, the industrial enterprise must ensure the following:

- development and increase of production efficiency, its

comprehensive intensification, acceleration of scientific and technical progress, increase of labor productivity, saving of funds and increase of profit;

- social development of the labor collective, formation of modern material and technical base, creation of favorable conditions for highly productive labor, consistent implementation of the principles of division of labor and social justice, protection and improvement of the human environment;

- strengthening the economic methods of management, expanding the democratic foundations and ensuring the self-management of the labor collective;

- expansion of production and increase of its technical level, renewal and increase of purchasing power of the released product, application of the latest scientific and technical achievements.

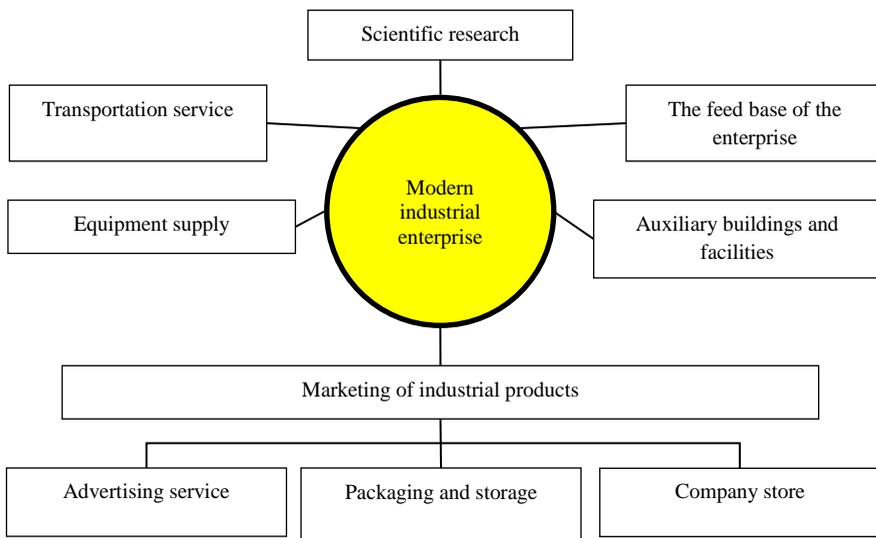
Today, favorable conditions have been created for the development of industry in our republic. For the development of this field, it is necessary for our scientists to develop their own joint concepts and conduct research in the direction of creating modern industrial enterprises.

Chapter 2 of the dissertation entitled "Analysis and assessment of the current state of the food industry" examines the initial conditions for the location of the food industry in the regions, state support for the development of entrepreneurship in this area in modern economic conditions, creation and improvement of infrastructure.

One of the important problems awaiting solution is to further improve the provision of the population in the economic regions of the Republic of Azerbaijan with basic food products. Therefore, the President of the Republic of Azerbaijan Ilham Aliyev has entrusted a number of important strategic decisions and tasks to the relevant government agencies to address this important issue at a high level and stated that these problems are always in the center of attention.

As can be seen from Scheme 2, when creating a modern industrial enterprise, it is necessary for joint activities of specialists in various fields and the availability of infrastructure to serve the enterprise.

The location of the industrial enterprise affects the development of transport, communications and other areas in the region, the supply of energy and raw materials for production, the complexity of inter-regional and inter-sectoral relations, the growing importance of environmental protection and so on. As a result, effective location plays a positive role in the development of both society and the country.



Scheme 2. Modern industrial enterprise.

However, research shows that the organization of an efficient division in the location of industrial enterprises in the country in accordance with the potential of the regions has not yet been realized at the desired level.

Studies show that in 2018, most of the industrial enterprises operating in the country are located only in the capital and the surrounding city of Sumagayit and the Absheron Peninsula. That is, 57.6% of industrial enterprises operating in the country are located in the Absheron economic region. As a result, 89.5% of industrial output falls to this region. In such circumstances, in our opinion, one of the most important conditions for the effective use of local resources and the effective solution of a number of social and economic problems in the country is to improve the territorial structure of industrial production. All this makes it necessary to conduct scientific research in this area.

Numerous small and medium-sized industrial enterprises specializing in winemaking, poultry, grain processing, dairy processing, production of various food products and processing of agricultural products have been put into operation in the country.

The analysis shows that the number of industrial enterprises operating in 2013 (by type of ownership) was 564 state-owned, 1963 non-state-owned, and in 2017, 560 state-owned and 1974 non-state-owned. This trend has been observed in almost all areas of the non-oil industry with the growth of the private sector in industry.

Table 2. Number of operating industrial enterprises (by type of ownership), unit

Indicators \ Years	2013	2014	2015	2016	2017
For all types of property	2527	2534	2583	2561	2582
State property	564	560	577	573	529
Non-state property	1963	1974	2006	1988	2053
Private property	1730	1717	1752	1734	1780
Joint (mixed) property	82	80	75	73	78
Foreign property	151	177	179	181	195
Processing industry	1764	1762	1778	1775	1826
Food production	439	389	382	391	361
Beverage production	110	118	120	119	110
Manufacture of tobacco products	8	6	7	7	9

Source: Data of the ConEC of Azerbaijan Industry, Baku-2018, 339 p.

If we look at the statistics, we can see that during the years of independence, the share of the food industry in the structure of industrial production in terms of ownership and the volume of products (services) produced in the processing industry has increased year by year. This is clearly reflected in the statistics in the tables below.

The processing industry includes many areas. The main characteristics of this industry are that the efficient use of raw materials and resources in our country is of particular importance in the transformation of our country from an exporter of raw materials to an exporter of finished industrial products and employment of the population.

If we look at the statistics, we can see that the number of enterprises operating in the processing industry in 2013 was 1764. 154 of them belonged to the state and 1610 to the non-state sector. In 2017, the number of enterprises in this area was 1826, of which 117 fell to the state and 1709 to the private sector. The figures show that the number of private enterprises in the processing industry is growing.

If we look at the form of ownership in the food industry, which plays a role in providing the country's population with basic food and other industrial products, which are the main components of the processing industry, we see that production is carried out mainly by the private sector. If we look at the statistics for the years, we can see that in the processing industry as a whole, in 2013, the public sector accounted for 41.4% of total industrial production, and in 2017 - 33.6%, in 2013 - 58.6% of total industrial production, and in 2017 - 66.4% fell to the private sector.

Due to the creation of a universal infrastructure system at the

regional level and the failure of the state to provide the necessary incentives, it was not possible to ensure sustainable development at any level. Increasing the level of meeting the needs of the population in food and raw materials through local production depends on ensuring the effective use of rational production potential, increasing soil fertility and, in general, forming an effective agro-industrial complex.

For the strong development of the food industry, first of all, only raw material resources are taken into account. Agricultural products are a source of raw materials, which is a source of development of the industry and sub-sectors, which include the food industry.

Guided by Article 109, paragraph 32 of the Constitution of the Republic of Azerbaijan, the President signed an order on the establishment of the Food Security Agency, which will start operating on January 1, 2018, in order to improve the food safety control system in the country, increase transparency in this area, eliminate retail and duplication, as well as to ensure the implementation of measures envisaged in the "Strategic Roadmap for the production and processing of agricultural products in the Republic of Azerbaijan" approved by the Decree of the President of the Republic of Azerbaijan No. 1138 dated December 6, 2016.

Table 3. Cost of industrial products (works, services) by regions, million manats in actual prices

Indicators	Years				
	2015	2016	2017	2018	2019
Baku city	22448,2	27468,7	34100,1	41373,9	397450
Absheron economic region	626,9	980,9	1265,1	1499,7	2367,8
Ganja-Gazakh economic region	426,6	615,9	770,7	823,5	957,9
Sheki-Zagatala economic region	109,0	193,1	243,7	262,8	423,8
Lankaran economic region	75,3	102,2	129,2	148,0	176,2
Guba-Khachmaz economic region	77,7	94,2	143,7	172,0	286,7
Aran economic region	881,9	1145,6	1469,7	1542,6	1908,3
Upper Karabakh economic region	24,2	29,3	45,6	46,9	45,9
Kalbajar-Lachin economic region	0,65	0,56	0,53	0,65	0,74
Mountainous-Shirvan economic region	17,1	19,9	23,0	27,8	72,1
Nakhchivan Autonomous Republic	91,7	94,3	96,7	99,0	101,5

Source: Data of the ConEC of Azerbaijan Industry, Baku 2020, 165 pages.

Let's look at the structure of industrial products (workers, services) by regions in our country.

As can be seen from Table 3, since the majority of industrial enterprises are located in Baku, the bulk of industrial output is produced in industrial enterprises located in Baku.

“Ensuring food security could lead to an increase in life expectancy over the next decade”. According to the experts of the

Free Consumers' Union, such a body has long been established. It is considered that this is a timely step and one of the most important issues.

By the way, it is noted that four years ago, international organizations submitted a draft law on food security to the government. The working group envisaged in the draft law included the Free Consumers Union, the only non-governmental organization in Azerbaijan.

Chapter 3 of the dissertation entitled "Improvement of economic management mechanism in the food industry" systematically and coherently studied the directions of improving the investment provision of the food industry in our republic, improving the price mechanism to improve the financial situation of producers and increasing the export potential of industry products.

Research shows that one of the main problems for the development of the industrial sector in the country is the development of a new investment concept. This concept should be aimed at ensuring economic balance between the sustainable economic growth of the industry and the potential for the production of raw materials and the processing industry. In this area, the focus should be on establishment effective balances in the new investment concept, mainly by eliminating the existing disproportions, creation balances in the development of economic regions; the establishment of small processing plants, the formation of entrepreneurial activities to increase processing products and the development of effective incentives.

As can be seen from Table 4, investments in fixed assets in 2013-2018 were mainly directed to the oil extraction industry. In 2018, out of 8447.2 million manat investments in fixed assets for the whole industry, 5702.3 million manat were invested in the oil and gas industry, 1431.9 million manat was invested in the processing industry, of which a small part was invested in food production 196.6 million manat.

There are sharp differences in the distribution of both domestic and foreign investment in the Azerbaijani economy by region.

The analysis of statistical data shows that in 2017, 71.92% of investments in fixed assets in the country were in Baku, 3.36% in Absheron economic region, 4.95% in Ganja-Gazakh economic region, 1.38% in Sheki-Zagatala economic region, 1.93% in Lankaran economic region, 2.24% in Guba-Khachmaz economic region, 6.98 in Aran economic region, 0.59% in Upper Karabakh economic region, 1.04% in Mountainous Shirvan economic region and 5.61% in Nakhchivan economic region.

Table 4. Investments in fixed assets in industry (at actual cost), million manat

Areas	Years					
	2013	2014	2015	2016	2017	2018
1	2	3	4	5	6	7
All - total industry	7499,6	7639,5	8499,8	9949,8	10610,1	8447,2
Mining industry	5095,2	5947,9	7415,1	8576,7	8428,5	5702,3
Processing industry	888,9	644,8	422,9	424,3	652,6	1431,9
Food production	160,8	92,4	87,9	63,6	125,5	196,6
Including foreign investment	-	-	-	-	32,0	16,5
Domestic investments	160,8	92,4	87,9	63,6	93,5	180,1
Beverage production	16,8	14,0	23,7	4,1	26,9	39,3
Tobacco products	0,0	0,0	-	0,8	0,4	60,7

Source: The table was compiled by the author on the basis of the data of the ConEC of Azerbaijan Industry. Baku 2020, pages 55-59.

The state's pricing policy and its mechanism of action play a very important role in solving complex socio-economic problems. Because price is one of the most important means of regulating economic and social processes. The regulation depends to a large extent on the development of a pricing mechanism and the scientific substantiation of its level.

The study concludes that it is necessary for the state to regulate the prices of products produced in the food industry. The main purpose of state regulation is to protect the strategic interests of the country and improve the living standards of the population. The need for government regulation of prices is due to a number of factors:

- especially the sectoral structure of the economy;
- its competitiveness;
- specific features of the field, etc.

In this regard, the application of a number of methods of price regulation used in the food industry in world practice is of great importance. The effectiveness of activities aimed at regulating the prices of food products in the market depends primarily on the identification of factors that affect the current level of prices.

The following factors influence the formation of prices for food products in modern conditions:

- level of supply and demand for products;
- conditions of transportation of products and volume of transport costs;
- unit cost of the product;
- level of market monopoly;
- current state of market structures;
- quality and nutrition of products;

- existing competitive environment in the republic;
- the current level of prices in foreign markets.

It can be concluded that there are many factors influencing the change in the market situation, among which supply and demand have a special place. Because supply and demand affect the price of goods, and prices in turn affect supply and demand. That is, the economic situation and interests of both consumers and producers depend on changes in market conditions. In modern conditions, the law of supply and demand in the market is formed in the conditions of free competition, but if necessary, it needs to be regulated by the state. Price regulation is the main tool of the state's conjunctural and structural policy, the main purpose of which is to fight inflation, increase the competitiveness of the national economy in the world market and reduce social tensions in the country.

Today, there is a need for government regulation of food prices. This is due to the following necessity:

- the existence of certain difficulties in meeting the demand of the population for food products, including food, at the expense of local production;
- the existence of "inequality" between the prices of industrial and agricultural products;
- weak infrastructure for the export of food products or their activities are not built in accordance with international standards;
- insufficient use of the latest achievements of scientific and technological progress due to insufficient production volumes;
- non-regulation of prices for food industry producers and difficulties in accessing foreign markets;
- combating the manifestations of dumping policy in the domestic food market.

The regulation of prices for food products is carried out in accordance with the principles of the market mechanism formed on the basis of supply and demand.

Thus, summarizing the above, we can conclude that the essence of the role of the price mechanism in improving the financial situation of food industry producers is as follows:

- elimination of inequality between prices for industrial and agricultural products;
- ensuring that producers of food products receive equal income with economic entities in other sectors of the economy;
- stimulation of solvent demand of the population;
- periodic review and regulation of prices and tariffs for equipment sold and leased to food industry producers;
- it is expedient to periodically review prices and take concrete

measures by other states to improve the living standards of the population operating in this area.

As a result of the research, it can be concluded that it is important to properly establish the price mechanism, to adapt it to the interests of producers and consumers. The prices set only taking into account the existing realities would have had a positive impact on the socio-economic development of the country.

Thus, for the recovery and improvement of the financial condition of food industry producers, it is important to improve the mechanisms of direct state financial support and credit instruments and determine the access of producers to foreign markets by producing competitive products in accordance with international standards.

Today, the high quality of products is one of the factors that determine the expansion of foreign economic relations of manufacturers, their position in the international market, the export of more products, the introduction of new equipment and technologies, and ultimately the increase in efficiency.

The main task at this stage is to accelerate the diversification of the economy, to maintain the high pace of development of the non-oil sector in the coming years, regardless of the level of oil revenues, and to expand its export potential.

The concept of "Azerbaijan 2020: Vision for the Future" is based on an export-oriented economic model and is expected to increase competitiveness and improve the structure of the economy, leading to an increase in non-oil exports. Along with the rapid development of the non-oil industry, the promotion and expansion of innovative activities will create a favorable environment for the formation of a knowledge-based economy in the country.

The Decree of the President of the Republic of Azerbaijan dated September 21, 2016 "On the establishment of a single database of goods produced in the Republic of Azerbaijan" directly serves to modernize and increase the export potential of the food industry, along with other areas.

As a result of the implementation of this order, in 2016, the Internet portal www.azexport.az was created in Azerbaijani, English and Russian languages to expand access to traditional and new markets and accelerate the process of integration into international markets, as well as the operation of the portal in real time.

According to the decision of the Cabinet of Ministers of the Republic of Azerbaijan No. 401 dated October 6, 2016, the list of non-oil products to be subject to export promotion on the nomenclature of foreign economic activity and information on the

coefficients to be applied to the base amount of export promotion depending on the type of products.

Table 5. List of paid food industry products for export promotion

Product code on CNFEA	The name of the product	Coefficient
1	2	3
From 1905	Flour confectionery, including oriental sweets such as baklava and shekerbura	1,5
From 2001	Vegetables, fruits, nuts canned with vinegar or acetic acid	1,5
2002	Tomatoes prepared or preserved without vinegar or acetic acid	2,0
2005	Other unfrozen vegetables prepared or preserved without vinegar or acetic acid	2,0
From 2006 00	Canned vegetables, fruits, nuts with sugar	1,5
2007	Jams, fruit jelly, marmalades, fruit or nut puree, fruit or nut paste	2,0
From 2008	Other processed or canned fruits and nuts, including packaged nuts, hazelnuts and almonds	2,0
2009	Pomegranate juice, including fruit and vegetable juices	2,0
From 2103	Sauces and spices	2,0
From 2201	Natural or artificial mineral waters, carbonated waters	1,5
2202	Non-alcoholic beverages	1,5
2204	Natural grape wines and grape juice	2,0
2205	Vermouths and other natural grape wines with the addition of plant or aromatic extracts	2,0
2208	Cognac, brandy, liqueurs and other alcoholic beverages, distillates of grape wines	2,0

As can be seen from Table 5, despite the wide range of products produced in the food industry in our country, very few food products are included in the "List of foreign economic activity commodity nomenclature to be subject to export promotion" and for us, it would be appropriate to revise and expand this list. It should be noted that the amendments to the "Rules for the declaration of goods and means of transport crossing the customs border" by the Cabinet of Ministers of the Republic of Azerbaijan No. 134 dated April 10, 2017 created conditions for the realization of our country's export potential and simplification of procedures.

After these changes, Azerbaijan will not be required to have a quality certificate for food products exported to EU countries. At the same time, it was required to submit a certificate of conformity when importing goods into the customs territory, which until now were subject to mandatory certification in the customs territory. According to the amendment, this certificate was also removed from the list of required documents. Phytosanitary certification will not be required for the export of plants and plant products.

Detailed information on all products currently exported in the

Republic of Azerbaijan through the existing e-government system is reflected. Given the fact that the country's population is provided with a wide range of food products, we conclude that it is necessary to enter the world market for the development of these areas. The quality of agricultural products in our country creates conditions for the production and export of high-quality food products processed by them. Therefore, the organization of production in the food industry and the improvement of their economic management mechanisms will increase the export potential of this sector.

CONCLUSION

Despite the expansion of entrepreneurial activity in the market economy in our country, in many areas, as well as the food industry for various reasons, they have not been able to take their rightful place in the country's economy. There are many objective and subjective reasons for this. The competitiveness of all industries, including the food industry, is declining, mainly due to a lack of professional staff, low investment attractiveness, weak funding institutions, and insufficient state support. As a result, the development of the sector is slowing down, in this regard, it is necessary to take various measures for the development of industry, as well as the food industry, to improve and implement the mechanism of state support and regulation.

1. From a strategic point of view, at a time when the republic will run out of oil in the future, the import of agricultural products will not justify itself. Therefore, it is expedient to form an efficient non-oil sector, agrarian refining and ensure specialization in this field at the expense of oil revenues. The development of the food industry will ensure the national security of the state in the future by increasing the food complex in the Republic of Azerbaijan and will become the most important area. In the long run, the problems of international globalization will have little effect on the provision of the population of the republic with the necessary food products. For this purpose, it is expedient to carry out parallel development of all spheres in the country, to pay special attention to the development of the food industry, which is important for the development of the country's economy and permanent employment, and to apply new mechanisms in innovative management.

2. The development of the food industry, which is one of the most developed sectors in the country, as an independent country's food industry and meeting the needs of the population for products in this field at the expense of domestic resources, increasing export potential is important in ensuring national security and food security. Despite the liberalization of the country's economy, the sustainable

development of many industries has not yet been ensured. There are unsustainable supply of resources, lack of reliable markets, low competitiveness, lack of active financing mechanism, gaps in governance, etc. slows down the development of the field. From this point of view, it is expedient to ensure the sustainable supply of raw materials and production resources for the development of the food industry, to ensure the application and development of innovative technologies, to identify new export markets, and to train potential personnel.

3. As the economic reforms carried out in our country deepen, many areas of the industrial sector are unable to perform their functions. Issues of organization and management of economic entities engaged in the production of food products in our country, the impact of advanced technologies in this field and the industrialization policy pursued in our country on the development of this sector, the analysis of economic indicators of food industry enterprises in the regions. The study of factors is an important issue. Improving the business environment in the food industry, the innovative development of farms of various forms of ownership, meeting the needs of the region's population and the country's population in food products in general is a vital challenge for the country's food security today. The development of the food industry, one of the leading industries, is today considered a priority in terms of national food security.

Recent reforms in the country's industrial sector, increasing attention to the development of backward structures in the regions require special attention to the development of these areas and their placement in accordance with the supply of raw materials, the efficient use of labor resources. Thus, as the development of business in our country becomes more important in economic relations, the development of industries, the creation of new industries to create large industrial enterprises and deepen their specialization for the implementation of organizational and managerial functions, the transfer of unused agricultural resources to industry is one of the important issues.

4. Further improvement of the provision of the population of the Republic of Azerbaijan with important food industry products conditions the organic development of other tangible and intangible areas of production and services, and the country's economic security problems are being addressed. In general, the solution to this problem shows the lifestyle of the population, its economic level, the quality of life.

At present, the ability to meet the demand for food at the

international level is limited due to the impact of environmental and natural-climatic factors. Exploration of high levels of chemical fertilizers, pesticides and soil erosion not only significantly worsens the environmental situation, but also limits the resources that will be used in future production.

At the regional level, concrete steps need to be taken to provide the population with food products. Since the issues of providing the population with the main food industry products reflect the domestic production of the existing administrative regions, ensuring the consumption of the country's population, the achievement of this goal depends on the stimulation of local entrepreneurs and commodity producers. According to the State Programs adopted in this direction, in order to more fully meet the provision of the population of the regions with the necessary food products in our country, it is necessary to work to expand entrepreneurship in the regions. In this regard, all relevant areas in this area should be coordinated in a single center, and the implementation of specific tasks is considered expedient. In order to solve the problem in a reasonable way, it is considered expedient to do the following:

- Development of a mechanism for active financing of entrepreneurial activities and regulation of their contractual activities with enterprises of the food industry;
- Ensuring the efficient use of labor resources in the country through the development of micro, small and medium enterprises in the agricultural sector, as well as the development of food and other processing industries;
- Ensuring active state support for increasing knowledge and skills, which is an important factor in the development of entrepreneurial activity, etc.

5. Provision of the country's population with the necessary food products depends on the current situation of the population living in different areas. In recent years, the country's financial institutions have played a more active role in solving this problem, stimulating the production of essential food products, in general, the development of agro-processing, and developing mechanisms to increase the competitiveness of industrial products.

It is known that no country is able to fully ensure food security at the expense of domestic resources. From this point of view, achieving the satisfaction of demand for all types of products entirely through local production can be achieved through the development of economic and social infrastructure, taking into account the specialization of the regions, based on the production of strategically important priority products.

Research shows that the social situation, purchasing power and economic awareness of the population in the regions are still not high enough. In all cases, the producer prefers relatively cheap raw materials, and for most consumers it is not so important that he gets a local product at a high price. Achieving sustainable development of the food industry in our country will allow the efficient use of natural resources in the country, ensuring the economic efficiency of production, the production of competitive products through the application of advanced technologies and the uninterrupted operation of the food industry.

6. Further improvement of the provision of the population of the regions of the Republic of Azerbaijan with important food products leads to the organic development of other tangible and intangible production and services, and the country's economic security problems are being addressed. Research shows that one of the main problems for the development of the industrial sector in the country is the development of a new investment concept. This concept should be aimed at ensuring economic balance between the sustainable economic growth of the industry and the potential for the production of raw materials and the processing industry. The new investment concept should focus on creating effective balances by eliminating existing disparities, creating balances in the development of economic regions, establishing small processing plants in this area, forming entrepreneurial activities to increase processing products and developing effective incentives.

7. Research shows that in modern conditions, the volume of investments in the food industry in general is less than in other areas. It is important to increase the production of agricultural products by attracting investment in this area and to further develop entrepreneurship in the food industry, which processes these products.

The development of industry in our country and the proper placement of industrial enterprises in the regions, including the liberated areas, can eliminate the differences between the levels of socio-economic development of the regions, creating conditions for balancing the socio-economic situation in those regions.

The development of industry creates conditions for increasing the country's defense capabilities. Proper organization of this issue is of great importance for our national security for our newly independent republic.

Research shows that a lot has been done to develop the food industry in our country. Both the entrepreneurs who have invested in this field and the state have made significant concessions on large

projects implemented at the state level. The material base of the field has been updated, all conditions have been created for the use of new equipment and technologies in the country. A favorable business environment has been created in this area, and a lot of money has been invested in the production of many products by government agencies or companies operating in the private sector. However, the application of business rules in the food industry, which is important for the employment of the country's population today, has not yet been achieved, the creation of flexible business structures in a comprehensive manner and fully meet the growing needs of the population.

8. Improving the organization and economic management of the food industry in accordance with modern requirements for the production of competitive products, the effective use of export potential, increasing the volume of exports are among the important tasks ahead. The main source of development of the food industry depends on its multifaceted exports. In this regard, the restoration of the production rhythm of the food industry in the country in previous years, along with meeting the domestic market with these products, ensuring their export to foreign markets is a key factor in protecting it in the fiercely competitive domestic and foreign markets. In my opinion, reasonable measures should be taken in this direction from the point of view of ensuring the development of the food industry. Because of this:

- The directions of sustainable development of the food industry and ensuring food security should be determined;
- Preliminary conditions and features of the location of the food industry in the regions should be determined;
- In modern economic conditions, the directions of state support for the development of entrepreneurship in the industrial sector should be determined;
- Scientifically based proposals on the creation and management of infrastructure governing the development of the food industry should be developed;
- Ensure that the food industry is provided with state financial support and credit;
- The role of the price mechanism in improving the financial situation of food producers should be taken into account;
- The problems of organization and management of the food industry have been studied and the world experience has been summarized and it has been determined that the reforms implemented in the food industry of our country have created favorable conditions for the development of this field. As the

development of business in our country becomes more important in economic relations, the development of joint-stock companies in the field of industry allows the creation of large industrial centers and the creation of new infrastructure for the implementation of their organizational and management functions. In our opinion, today, when creating a modern type of food industry enterprise, it is expedient to use the form of joint-stock companies, which is one of the most common forms of entrepreneurship.

Research suggests that the introduction of integrated food safety management will save resources, protect consumer interests, facilitate documentation in export and import processes, provide food safety certificates for food exports to foreign countries, and ensure the safety of imported food products. , will lead to the reduction and transparency of inspections in business entities, strengthening control over the import of genetically modified food products into the country.

Detailed information on all products exported through the e-government system created in accordance with the order of the President of the Republic of Azerbaijan Ilham Aliyev dated September 21, 2016 "On the creation of a single database of manufactured goods" is reflected. Given the high level of supply of the country's population with a wide range of food products, we conclude that it is necessary to enter world markets for the development of these areas.

Research shows that the food industry in the country is improving the supply of the population with a wide range of food products. Therefore, we come to the conclusion that it is necessary to enter the world markets for the development of these areas.

The measures taken in our country create conditions for the quality of agricultural products, their processing and production and export of high quality food products. Therefore, the organization of their production in the food industry and the improvement of their economic management mechanisms can increase the export potential of this sector.

The main provisions of the dissertation are reflected in the following scientific articles:

1. Gumbatov Yu.A., Huseynova M.R. Directions for improving the infrastructure in the food sector // International scientific conference "Actual problems of modern natural and economic sciences" at Ganja State University. - Ganja: - 2018, part IV, - p. 103-109.

2. Gumbatov Yu.A., Huseynova M.R., Mammedli Z.T. Food industry is the main supplier of food security // Bulletin of the Omsk

Regional Institute Scientific and practical journal, - 2018. No. 1, - p. 85-89.

3. Gumbatov Yu.A., Huseynova M.R., Sadykova A.V. Development of the Azerbaijani economy in the direction of consolidation. // Bulletin of the Omsk Regional Institute Scientific and practical journal, - 2018. No. 1, - p. 90-94.

4. Kurbanaliev A.I., Huseynova M.R., Mamedov K.A., Kerimov F.D. Prerequisites and directions for the development of a green economy in the Republic of Azerbaijan. // International scientific conference "Actual problems of modern natural and economic sciences" at Ganja State University. - Ganja: - 2018, part IV, - p.101-103.

5. Gumbatov Yu.A., Huseynova M.R. Trends in the development of industry in modern economic conditions // International scientific-practical conference "Actual problems of food and light industry" at Azerbaijan Technological University. - Ganja: - 2019, - p.327-329.

6. Huseynova M.R. Directions for improving the supply of raw materials in the food industry. // Scientific Works of ADAU, - Ganja: - 2019. No. 1, - p.126-128.

7. Huseynova M.R. Food industry in our republic as the main guarantor of food security // NEWS OF ANAS, scientific and practical journal of the ECONOMY series, - Baku: - 2019. No. 6, - p. 93-97.

8. Huseynova M.R. Improving the price mechanism in improving the financial situation of food producers // NEWS OF ANAS, scientific and practical journal ECONOMIC series, - Baku: - 2020. No. 1, - pp. 79-85.

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