

# Production model of agriculture

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## **Abstract**

*The effective and flawless development of any agro-industrial sector, including agricultural production and processing, which can play a role in the revival and development of the national economy, has required a number of scientific and economic studies in this direction. To this end, from the point of view of the importance and prospects of the country's economy, the restoration and development of agricultural production and processing, as well as competition in the country, is one of the traditional and profitable sectors. Creating conditions for the successful production of high-quality and high-quality agricultural products and the effective implementation of these products in modern market relations is of paramount importance for the country's economy. In addition, it is necessary to solve the problem raised by "Development of agricultural production and processing in the regions, which is one of the main components of the State program of socio-economic development of the regions of the Republic of Azerbaijan".*

*Maintaining the economic interests of our country is the main direction of cooperation of Azerbaijan with international organizations. This is especially important for the agricultural sector.*

Keywords: competition, export, product, quality, processing, strategy, concept, market, assortment, subsidy, standard, quantitative, innovation, technology, logistics, retail, wholesale.

Goal: agricultural development is a priority. The agricultural sector is one of the areas contributing to the development of the socio-economic and non-oil sectors. We all know that there are large markets around us. We have always had traditional access to these markets. For example, Azerbaijani products are well known in the CIS markets. These markets may be available for a wide range of products. In addition, we must enter the European markets with our diverse range of products. The refineries operating in Azerbaijan are equipped with innovative technologies and technologies that meet modern requirements and have created an infrastructure that meets international standards. Food and non-food products produced at these enterprises are competitive products both in the local and foreign markets. Product quality standards are also available. Agriculture must always work by intensive methods.

"Food security is a priority in this area. All possible products should be produced in Azerbaijan, and their dependence on imports should be reduced. At the same time, this should be increased in export opportunities. Reforms in agriculture currently provide opportunities to increase productivity, transparency of subsidies, and increased access to agricultural machinery. Therefore, export opportunities should be increased. Exported nanoproducts

must meet the highest international standards. He must look for new export markets. In the future, the growth of entrepreneurship and agriculture will lead to dynamic development.

In addition, one of the most important issues of 2015 is the creation of the e-Agriculture system to increase transparency and management efficiency. On behalf of the head of state, the creation of the e-Agriculture system was started in a short time, which consists of 7 submodules based on the principles of Integrated Management Systems in accordance with European experience. We can say that these agents, among other things, fully automate the receipt of applications for land, farms, subsidies, as well as the payment system. The European system is being implemented with the participation of European experts. Applications for the purchase of agricultural machinery, breeding animals rented by Agroleasing OJSC are available online. Daily information on agricultural, retail, retail prices for agricultural products is available in an electronic database. The expansion of wholesale markets, the creation of new ones, the creation of a network of "green markets" and "farmer shops", the creation of modern meat processing equipment in accordance with modern standards, the creation of logistics centers in export markets and the maintenance of state markets. This is one of the key tasks. These government-sponsored measures will increase the efficiency of market infrastructure and improve market conditions for producers.

Regional state programs aimed at further improving the social conditions of the population, modernizing infrastructure, creating modern enterprises, creating new jobs, implemented the concept of long-term and comprehensive development of our country. State programs paved the way for a new stage in the development of Azerbaijan. The relevance of this visionary strategy has been reaffirmed in recent years. State programs allowed the regions to develop dynamically, turning Azerbaijan into an attractive country not only in the region, but also in the world. It should be noted that much work has been done in the agricultural sector, and special support has been provided to the state for cotton growing.

In order to ensure the development of cotton production in the country, the CTS Agro Mahloud Responsibility Society in the 2016 season includes 17 553 ha in 18 regions of the country, including 2796 ha in the community, 14 556 ha. Cotton was planted based on contracts with 1225 farmers. 4.9 million manat from the funds of Agrarcredit Closed Joint-Stock Company for the cultivation of cotton, 2.3 million manat from the National Entrepreneurship Support Fund and 1.5 million from the CTS Agro limited liability company. Millions of manats were allocated for maintenance and the purchase of equipment and materials. Despite adverse weather conditions, 34,300 tons of raw cotton and 29,000 tons of raw cotton were delivered in 2016, which is two times more than in the previous year. It is estimated that approximately \$ 17.3 million and 3.6 million manat were received from the sale of refined 29,000 tons of raw cotton. The company received \$ 7.6 million and 2.2 million manat in exchange for products sold.

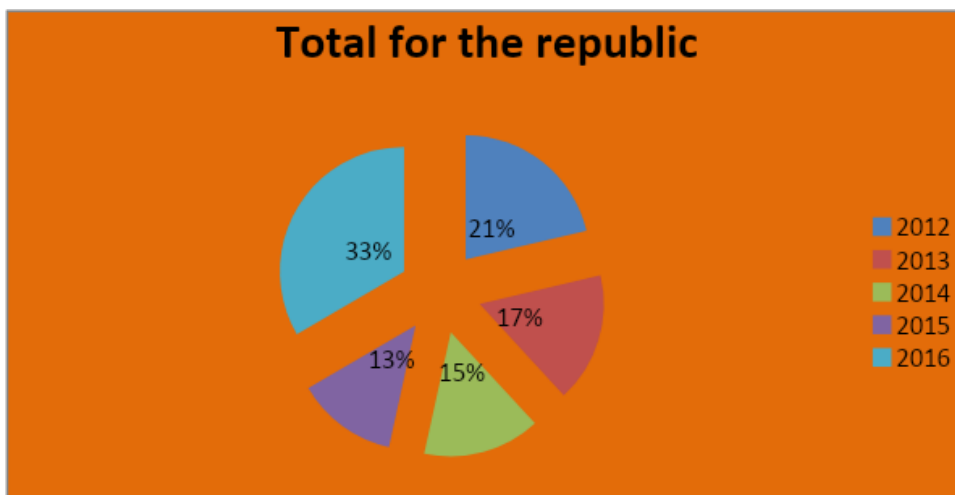
Agrolizing owns 843 units of various agricultural machinery. However, due to the increase in the sown area of cotton, 254 units of new equipment were purchased through the Acropolis Open Joint-Stock Company last year, and this year another 545 units of new

agricultural equipment were purchased. Chemicals used to grow cotton are provided to Acropolis at a reduced price to farmers.

According to the Decree of the President of the country on state support for the cotton industry, signed on September 22, 2016, consumers will be provided with 100 manat per ton of raw cotton. Farmers' interest in breeding has increased, and cotton growing in the country is growing. It should be noted that 2.5 million manat subsidies were allocated to farmers for 25 thousand tons of raw cotton under the leadership of the Order.

### Cotton production, tons

Chart 1



Source: Azerbaijan Statistical Indicators page 77, 2017

Ganja-Kazakh economic district ;Lankaran economic district ;Aran economic district  
Upper Karabakh Economic District; Economic region of Nagorno-Shirvan

As can be seen from the analysis of the diagram, the total cotton production in the country amounted to 56 957 tons in 2012, 35 192 tons in 2015, 89 442 tons in 2016, 2568 tons in the Ganja-Gazakh and Isadinsky district in 2012, 419 tons in 2015 . In 2012, 4334 tons were produced in the Aran economic region, in 2012 - 50.474 tons, in 2015 - 33 790 tons, and in 2016 - 79 671 tons of cotton.

For the further development of cotton production in the country, it is advisable to solve the following tasks:

- Allocation of fertile and massive land for cotton planting and land reclamation activities;
- Creation of industrial seed production in cotton growing;
- VAT exemption for cotton beans sold to processing plants across the country;
- Creation of a special agricultural insurance fund to protect agricultural territories from risks.

At the same time, other areas of agriculture need to be developed. Important measures must be taken to create a processing industry. Great support should be given to the development of entrepreneurship, and reforms should be accelerated. In this case, the oil dependence will be completely eliminated.

Agricultural parks play a special role in accelerating the development of entrepreneurship in the agricultural sector, in accelerating socio-economic development, in the production of competitive agricultural products, in increasing export potential and employment. Creation of agricultural parks in the geography of the country's export, creation of national brands, the formation of a unified system in agriculture, as well as production and processing and consumer communications, training of qualified personnel in the agricultural sector and new works. plays an important role in discovering places. The production, processing, logistics and sale of agricultural products in agricultural parks combines this system with all stages of agricultural production from the consumer to the consumer's table, thereby reducing production costs and costs. One of these parks was created in the village of Yalama in the Khachmaz region.

It should be noted that at the first stage of the creation of the park on 523 hectares, 20 million manat was invested. The National Entrepreneurship Support Fund of the Ministry of Economy has allocated soft loans to entrepreneurs in the Guba-Khachmaz Economic District. To date, 163.5 million manat has been allocated through a fund of 2260 entrepreneurs.

According to the study, good work has been done in many areas - crop production, animal husbandry, food supply, logistics center. Future sales in agricultural parks, the creation of processing facilities will contribute to the development of the agricultural sector. 20 million manat was invested in the construction of this complex. Both the private sector and the government provided support. This is the result of government policy and concern for the agricultural sector of Azerbaijan in recent years.

We believe that this agricultural complex reflects the policy pursued by the state. Because now Azerbaijan has priorities for economic development. The non-oil sector is developing, and today it accounts for about 70% of our economy.

This means that our country will reduce its dependence on the oil factor and will increasingly increase the share of GDP in the non-oil sector. This is a positive trend. At the same time, the same situation is observed in exports. Non-oil products still make up a smaller portion of export products. Thus, the development of the non-oil sector will be ensured here and domestic demand will be satisfied.

Table 1

Non-oil products on economic zones  
specific weight in retail trade turnover as a percentage

	2013	2014	2015	2016
Throughout the Republic	94,1	92,4	93,2	94,1
Baku city	94,7	92,8	92,5	94,4
Absheron Economic District	93,9	93,1	93,5	91,7
Ganja-Gazakh economic district	92,4	90,2	93,0	93,1
Sheki-Zagatala economic district	92,3	91,0	93,3	93,9
Lankaran economic district	93,3	91,9	94,9	94,2
Guba-Khachmaz economic district	91,2	89,3	93,7	94,4
Aran economic district	93,5	92,1	94,4	94,2
Upper-Karabakh economic district	91,3	90,4	97,6	98,8
Kalbajar-Lachin economic district	-	-	-	-
Economic region of Nagorno-Shirvan	92,2	90,5	93,5	93,5
Nakhchivan Autonomous Republic	97,5	96,0	95,0	94,0

Source: Azerbaijan Statistical Indicators p. 45, 2017

The analysis of the table shows that the share of non-oil products in the retail trade turnover of the economic regions of the republic amounted to 94.1% in 2013 and 94.1% in 2016.

Thus, the president's attention to the agricultural sector suggests that, although food security in the country is not 100% guaranteed, future dependence on food imports will be eliminated.

The creation of agricultural parks in the republic is the development of entrepreneurship and public policy. The state also supports entrepreneurs and provides loans on concessional terms. The creation of such a park in the regions of the republic will give an impetus to the implementation of large infrastructure projects. Agropark combines all aspects related to economic development, especially with entrepreneurship and agricultural development. Despite the ongoing global financial and economic crisis, investments in Azerbaijan are made by both the public and private sectors, local companies and foreign firms. This shows the strength and politics of our country.

Additional measures were taken for the development of agriculture, production of products with export potential and especially hazelnuts. Now much attention is paid to this area. Because it is hazelnuts that bring the greatest benefit to both rural residents and the state. According to the study, there are currently about 5,000 hectares of hazelnut orchards. If the state also supports this area, it will grow faster, people will receive more income, and in return the currency will be delivered to our country, because it is an export product.

Agriculture is one of the most profitable sectors. The Northwest zone has great agricultural potential. It is in this area that the largest state park with state support is located.

Which product is most in demand in the country, so you need to give preference to this area. By increasing the production of hazelnuts, you can reach not only the region or the CIS, but also all of Europe. In Europe, Azerbaijani nuts are widely used in the production of chocolate. Therefore, it is necessary to approach the agricultural sector in a new way. A special development program should be developed for each region and region, and it is desirable that future subsidies be made on the basis of regionalization.

In 2015, more than 4,400 tons of hazelnuts were harvested from more than 4,650 hectares in the Khachmaz region. Since the start of the 2016 harvest, more than 3,000 tons of hazelnuts have been delivered to processing plants and reception centers. Currently, the collection and delivery of hazelnut products continues. An additional 5,016 hectares will be sown in the Khachmaz region in 2016-2017. 2070 hectares of land for planting in a garden with hazelnuts are in state ownership, 2946 hectares are in municipal ownership. Of these, 1,596 ha are leased land of the state reserve, 2,946 ha are arable and vacant, and 474 ha are empty land owned by the forest fund.

One of the main economic problems faced by the Republic of Azerbaijan in developing market relations is the restoration and development of the relevant sectors of agriculture and industry.

Many consumer goods sold on the food market of the republic are affected by national and regional economic problems, and although they satisfy the needs of the end consumer in terms of quality and price level, in comparison with the corresponding products of several foreign countries where normal market relations are formed. low competitiveness This is due to the unilateral development of existing production and sales relations in the country, which creates a healthy competitive environment in the economy.

In the modern era, there are problems of competitiveness and competitiveness, the sale of products that meet the requirements of the market, the use of economic and agricultural potential of agricultural and industrial enterprises, improving the quality and competitiveness of products sold. is of great importance.

For each product to be competitive in the market, it must perform its functions better than other similar products, that is, the product must differ in some respects from other manufacturers in its reliability, usability, profitability and other functions. Typically, the ability of a product to remain competitive is largely due to its high quality and low cost. Taking into account that high quality of a product implies an effective solution to technical, technological and organizational problems in this area, its low cost and cost imply the importance of purely economic factors in this regard. These economic factors include the total costs of product quality and efficient production, labor productivity, cost, standardization of production and products, pricing policy, management and labor efficiency, labor productivity, production costs and other quality management. can be done Although the above economic factors directly affect the quality of the product during its production, other economic factors can also have a significant impact on the quality of its sale (full supply). These are the forms

and methods of procurement, the superiority of advertising, the expectation of the relationship between supply and demand, thoughtful competition policy, delivery and delivery conditions, targeted regulation of import and export operations, as well as the direct structure of the state. tax policy and other issues.

Providing financial support to agricultural producers in terms of ensuring the competitiveness of agricultural export products in international markets or, more precisely, maintaining the competitiveness of these goods. The implementation of such a policy, in addition to subsidizing seed production, also includes state support for the purchase of other means of production, including fertilizers and pest control, various types of machines, energy and irrigation costs, and planting.

#### Scheme of indicators of competitiveness assessment

Object of competitiveness	Commonly accepted indicators	In relation to agriculture
Commodities (agricultural products)	Usefulness, quality indicators, costs, price, ergonomics	Profitability, quality indicators, costs, price, resume, capacity, energy, soil
Area	Application of modern technology, energy-intensive, sales volume, share of profits in capital investments	Technology level, GDP contribution to GDP, ratio of investment to capital
Production	Share of earnings in relation to labor of a person whose net profit is consumed relative to production capital	Production costs and resourcing (resilient, eco-friendly, energy-intensive)
Company	Availability of market share, licenses, trademarks, level of service provided to consumers	Controlled market share, level of marketing and information services, trademarks, profitability
Republic	GDP volume, GDP, share of production costs, price indexes of imported and exported goods, gold, currency needs, share of strategically important products in GDP, productivity of resource use	

World experience indicates the high competitiveness of agricultural export products of countries that are supported by the state for the costs of farmers.

In addition to reducing overall government spending on agricultural producers' costs, it is also expanding the use of new, more efficient technology-based production methods, thereby increasing productivity in related areas. This legacy, in turn, has led to lower production costs per unit of output and, consequently, to higher prices for these products in foreign markets.

It is advisable to take step-by-step measures to support the costs of agricultural producers in accordance with the scale of the financial capabilities of the state, as well as the right priorities.

Considering the above, during negotiations on the accession of the Republic of Azerbaijan to the WTO, special attention should be paid to issues of subsidizing agricultural exports. The main focus of these negotiations is to coordinate the maximum amount of funds that can be used to independently subsidize agribusiness after joining the WTO, as well as the maximum number of agricultural products that can be exported to world markets through subsidies.

When determining the upper boundary of indicators in both directions, basic guidelines can be taken. In this case, independent export subsidies and reduced subsidized exports can also be deduced from the share of WTO agricultural agreements for developed countries and developing countries.

For later periods, a phased decrease in the agreed upper limit can be increased. At the present stage, one of the key factors in ensuring the competitiveness of agricultural export products in foreign markets is to ensure the necessary quality indicators. With the ever-growing global food and agricultural market, the role of this factor is increasing.

The quality factor in ensuring the competitiveness of agricultural export products is even more relevant for our products in foreign markets during their processing. Since we produce in our country, processed products (mainly fruits and vegetables), as a rule, do not lag behind the corresponding products of other countries in terms of taste and nutritional value, but in some cases have better parameters. Agricultural products of our country are in a favorable position compared to many other foreign countries.

The problem is that the introduction of new technologies in agriculture can lead to significant changes in the share of agricultural enterprises in addition to increasing the quantity and quality of products, creating conditions for the efficient use of resources.

Contains content designed to meet the demand for quality products. This is added and means extra profit. Each product in itself contains the content of consumer characteristics. Product consumption characteristics include reliability, aesthetics, safety and environmental friendliness of the product.

There was little research on the problem in economic and geographical research, both in individual areas and in the agricultural system. On the one hand, the diversity of environmental geographical factors, the exact determination of their impact on each product



and the fact that they have not yet been studied, make it difficult to solve the problem of improving the quality of agricultural products.

The term "environmental quality" refers to the quality of the product and the geographic significance of each product in the production and technological aspects, while differentiating it by type of product.

Each industry has its own distinctive features, and there are different ways to improve product quality. Some studies point to factors affecting the technical (feasible) level of quality as the main factor affecting quality, while other factors are ignored.

Factors affecting the quality of a product are analyzed in the production process as a specific motive for one or more of its quality indicators. In our opinion, when studying the coding of product quality, an integrated approach to the problem is needed, and not a number of factors. We consider it appropriate to take into account the impact of environmental, physical, geographical and technological parameters on the quality of any agricultural product.

It is important to ensure the competitiveness of exported agricultural products in their packaging and storage in accordance with the requirements of international markets.

A significant part of agricultural products exported from the Republic of Azerbaijan in modern conditions does not continue to compete in foreign markets because of their quality. The main reason for this is that, as we have already mentioned, this is not related to the quality of agricultural raw materials, which make up the main substance of these products.

The agricultural processing industry of the republic is currently behind the relevant standards in terms of modern organization of production and technology. This factor did not motivate the relatively high demand for food and agricultural raw materials in the former USSR. However, the collapse of the centralized planning system, the opening of new markets in the post-Soviet space in the context of the globalization of the economies of the newly independent states, faced with traditional competition for agricultural exports of our republic. In these conditions, it is necessary to radically reconstruct the processing industry based on modern technologies.

In the transition economy, especially in the period after major reforms in our country, some progress has been made. New production facilities based on the use of modern technologies were commissioned in the field of agricultural processing, as well as in export-oriented industries.

The implementation of these measures made it possible to produce appropriate products in accordance with the requirements of international markets and expand their exports. At the same time, it should be borne in mind that the subcomponent of fruits and vegetables remains in the agricultural system, which must be decided to ensure the competitiveness of export-oriented products in foreign markets. There are two ways to do this.

The first direction is improving the quality of agricultural raw materials. The climatic conditions of the Azerbaijan Republic are prerequisites for ensuring the high quality of agricultural raw materials produced. At the same time, the quality indicators of raw materials

in some areas do not fully meet the requirements of the final product to meet modern consumer characteristics. This also applies to fruits and vegetables. Studies show that quality indicators are still below the required level, so fruits and vegetables still have a lot of weight in the structure of imported food products. This situation has become an obstacle to the effective use of the country's agro-economic potential, increasing employment and improving living conditions in rural areas.

Therefore, special attention should be given to improving the quality of fruit and vegetable raw materials as one of the directions for improving the competitiveness of agricultural products.

Processing enterprises should play an active role in addressing these issues, in line with relevant international experience. Thus, the main requirements for the fruit and vegetable raw materials, and whether they meet the consumption requirements of the final product, are determined first and foremost by the processor. On the other hand, the entrepreneur, who performs the processing functions, will be able to determine whether the quality of the fruit and vegetable raw materials is required. Apparently, it is an objective necessity for the processing enterprises to assume the function of integration between the agro-industrial system structures.

Consistent development of the export-oriented companies in the agrarian-industrial system, the integration of raw materials into the production of fruit and vegetable products, is the main task. The experience of recent years also shows that the import of fruits and vegetables in many cases cannot be explained by the high quality of imported fruits and vegetables.

Of course, the government should also support the producers of fruits and vegetables in order to meet the national interests of the country. It would be expedient for this important business to benefit from the economic mechanisms used in the customs system, including the principles of import restrictions. At the same time, tariff and non-tariff (or combined application) mechanism can be used, and many countries have been following this for many years.

It is advisable to actively involve investors in the processing industry of these products in order to create favorable economic and organizational conditions for improving the competitiveness of agro-export products. A number of enterprises were put into operation on the basis of implementation of necessary investments in the field and application of modern technologies. A number of projects have already been implemented in the country with the participation of a number of foreign investors.

In the near future, the volume of foreign investments in the non-oil sector will increase. Research has shown that fruit and vegetable processing enterprises are not very capital-intensive, so it would be more advisable to invest in this area by national entrepreneurs. Because our republic has sufficient conditions for this.

The main areas of history that have been developed and specialized in Azerbaijan are vegetable growing, viticulture, cotton growing, tobacco growing, gardening, cattle breeding and others. areas have been. In this regard, positive experience and advanced technologies in

these areas have been accumulated and processing enterprises have been formed to meet the needs of consumers. Increase of agricultural production and increase of economic efficiency depends on development of processing industry, their placement, logistical base, correct technological processes and state support of the sphere. The development of the processing industry in accordance with modern requirements is of great importance in meeting the demand of the population and the production of competitive products to the foreign market.

During 2010–2016, agriculture developed rapidly, export-oriented processing facilities, services and other infrastructure were created, and many new jobs were created amid the development of tourism. In addition to focusing on the balanced development of regions, government programs also address the restoration of energy infrastructure, transport and communication systems, as well as scientific and technological progress, cultural development and the use of modern information technologies.

In addition to choosing a development path based on the priority of the non-oil sector, Azerbaijan is historically known and specializes in the agro-industrial republic. The creation of Agrolizing in recent years to provide farmers with the necessary equipment, fertilizers and seed products, exemption from income tax and the provision of fuel and motor oil on favorable terms should also be highlighted as an important component of entrepreneurial care. The construction of refrigerated warehouses in the regions also allowed farmers to ensure the safety of their agricultural products and export them to world markets, meeting the interests of farmers.

The new State Program for the Socio-Economic Development of the Regions of the Republic of Azerbaijan for 2014-2018 also includes the development of the non-oil sector, the expansion of the production of competitive and competitive products, the improvement of entrepreneurship and the safety of the population. ,

Important issues are market research of transport, legal and trade and political units in the field of import and export operations. In this regard, the main goal of the Export Promotion Department is to assist existing and potential exporters of Azerbaijan, transport their goods to foreign markets and stimulate the export of non-oil products to Azerbaijan. Services provided to Azerbaijani companies include:

- Trading information;
- Procedures and requirements regarding imports to the European Union, the USA, Japan, the Russian Federation, the Gulf countries, the Middle East and the CIS countries;
- Customs tariffs and customs regulation in the European Union, USA, Japan, Russian Federation, Gulf countries, the Middle East and the CIS countries;
- packaging and labeling requirements;
- Information about international exhibitions and events.
- information on certification and standards, certification requirements in the countries of the European Union, USA, Japan, the Russian Federation, the Gulf countries, the Middle East and the CIS;
- certificates required for export operations;
- Opportunities for export to different markets;

- information on import / purchase opportunities received by foreign companies;
- Choice of the foreign market for the goods of the exporter;

The Law "On approval of the Customs Code of the Republic of Azerbaijan" entered into force on January 1, 2012. The new Customs Code was developed based on the standards and practices of the World Trade Organization and the European Union. Thus, some of the concepts, practices and methodologies contained in the Customs Code of the European Union are reflected in the new Customs Code. A general view of the changes in the Customs Code of Article 334 can be described as follows: One of the main innovations introduced by the Customs Code of Customs Operators (EU) is the creation and operation of economic operators. In international practice, IOs include manufacturers, importers, exporters, brokers, carriers, consultants, intermediaries, air and sea ports, operators and distributors at terminals. With the adoption of the new Customs Code, IO services will be widely used in Azerbaijan from January next year. Economic operators will act as a private person who conducts customs clearance on the basis of a license issued by the State Customs Committee in accordance with the new code. So far, customs brokers have been involved in the customs clearance process. Economic operators will have a more modern form. However, the AI will not limit the activities of brokers. Because the new code contains a number of articles on how to regulate brokerage services. Employees of economic operators must undergo special training and meet the required criteria. Thus, when companies receive licenses, their training will play a key role. Electronic Customs System One of the innovations of the new Code is the use of Electronic Customs Services. The introduction of this system will significantly accelerate the process of integration of our country into the European Union. " This new mechanism is based on preliminary information and electronic declarations (declarations) by implementing the principles of trade facilitation and security. Electronic Customs will allow a foreign contact member to declare goods electronically (from his office, home, or anywhere) without extra time. As a result of changes in the final customs code, the term for consideration of complaints of customs authorities against actions and omissions was reduced from 25 to 15 days, but this period can be extended by 15 days if the head of the appeals body requests additional documents and materials. According to the new version of the Code, persons who violate the requirements of customs legislation must submit accounting documents to identify violations within 3 years before notification to the customs authorities. Previously, documents covered 5 years. In addition, the deadline for collecting mandatory customs duties was reduced from 5 to 3 years. A new article 325 has been added to the code based on expert suggestions and international experience.

The new article demonstrates the right of the declarant and other persons responsible for goods, vehicles, and their representatives in the process of customs clearance. since January 1 of this year, some changes have been made. A significant change in INNCOTERMS 2010 is a reduction in shipments from 13 to 11. Thus, DAF, DES, DEQ and DDU used in international transport were canceled based on INNCOTERMS 2010, and two new delivery terms were added instead - DAT and DAP . The new rules emphasize the importance of computer security and the exchange of information, which currently plays an important role

in international trade. WHAT IS INCOTERMS? History: The idea of INCOTERMS (international commercial terms - international trade transactions) was first proposed by the International Chamber of Commerce (BTP) in 1921. The first version of INNCO TERMS, developed by BTP specialists, was published in 1936 and has remained in force for almost 20 years. Some additions and changes were made to the document in 1967, 1976, 1980, 1990, 2000. The latest version of INNCO TERM 2010 entered into force on January 1, 2011. Definition: Contains internationally accepted standards for identifying risks, both foreign and local, for the sale and delivery of products. These rules govern the relations of the parties on issues specified during the delivery of goods from seller to buyer.

Table 4.

Export and Import (US \$ billion)

Countries		2005	2010	2013	2014	2015	2016
Azerbaijan	Export	4347,2	21360,2	23975,4	21828,6	12729,1	9143,3
	Import	4211,2	6600,6	10712,5	9187,7	9216,7	8532,4
	Balance	136,0	14759,6	13262,9	12640,9	3522,4	610,9
Russia	Export	241,5	397,1	527,3	496,9	343,5	287,8
	Import	98,7	228,9	315,0	286,0	182,7	183,4
	Balance	142,8	168,2	212,3	210,9	160,8	104,2
Australia	Export	105,8	212,4	253,2	241,2	188,4	-
	Import	125,3	201,6	242,3	227,6	200,0	-
	Balance	-19,5	10,7	10,9	13,6	-117	-
Austria	Export	117,7	144,9	166,3	169,2	145,9	-
	Import	120,0	150,6	172,4	171,4	147,4	-
	Balance	-2,2	-5,7	-6,1	-2,2	-1,6	-
Argentina	Export	40,4	68,5	83,0	71,9	59,7	-
	Import	28,7	56,4	74,0	65,2	59,8	-
	Balance	11,7	12,1	9,0	6,7	-0,1	-
Armenia	Export	1,0	1,0	1,5	1,5	1,5	1,8
	Import	1,8	3,7	4,4	4,4	3,2	3,3
	Balance	-0,8	-2,7	-2,9	-2,9	-1,7	-1,5
Belarus	Export	16,0	25,3	37,2	36,4	26,7	23,4
	Import	16,7	34,9	43,0	40,8	30,3	27,6
	Balance	-0,7	-9,6	-5,8	-4,4	-3,6	-4,2
Belçika	Export	335,7	407,1	469,9	474,1	401,2	-
	Import	319,1	391,3	452,2	455,4	380,2	-
	Balance	16,6	15,7	17,8	18,7	20,9	-
Belgium	Export	11,7	20,6	29,5	30,9	-	-

	Import	18,2	25,5	34,4	34,7	-	-
	Balance	-6,4	-4,9	-4,9	-3,8	-	-
Brazil	Export	118,5	201,9	242,2	225,1	191,1	-
	Import	77,6	191,5	244,7	237,5	178,8	-
	Balance	40,9	10,4	-2,5	-12,4	12,3	-
United Kingdom	Export	384,6	410,0	477,0	477,9	-	-
	Import	509,5	562,5	645,5	663,7	-	-
	Balance	-124,9	-152,4	-168,5	-185,8	-	-
Hungary	Export	62,2	94,8	108,4	112,4	100,3	-
	Import	65,8	87,6	99,1	103,9	91,4	-
	Balance	-3,6	7,1	9,3	8,5	9,0	-
Germany	Export	978,0	1261,6	1451,6	1492,5	1326,4	-
	Import	780,5	1056,2	1192,8	1209,3	1051,8	-
	Balance	197,5	205,4	258,9	283,2	274,5	-
Georgia	Export	0,9	1,6	2,9	2,9	2,2	-
	Import	2,5	5,2	8,0	8,6	7,7	-
	Balance	-1,6	-3,6	-5,1	-5,7	-5,5	-
Kazakhstan	Export	27,8	60,3	84,7	79,5	46,0	36,7
	Import	17,4	31,1	48,8	41,3	30,6	25,4
	Balance	10,4	29,2	35,9	38,2	15,4	11,4

Source: Azerbaijan Statistical Indicators page 90, 2017

Thus, if we want to export fruit juices to the EU, we must first meet international standards. Health requirements for non-alcoholic drinks Non-alcoholic beverages exported to the EU must comply with the Union's health and safety requirements. In addition, fruit juices must comply with the relevant EU food law. For example, food business companies (including their final importer) must determine where the food comes from, where it goes to track this process and provide this information to the appropriate authorities. In the EU, this process is called the "operational control system". Appropriate standards have been set to ensure the safety of soft drinks sold in EU markets and the absence of ingredients that may be harmful to health. For example, there are certain restrictions on the content of containers and canned goods used in the production of fruit juices, as well as on the number of fruit nectars and concentrates.

Ensuring the necessary level of quality of products and services for the development of market relations should be of strategic importance in the work of each business unit. At the same time, the main characteristic of the market - a product or service - is its competitiveness.

The current stage of development of the Azerbaijani economy is usually observed by increasing the interdependence between production and demand. Here the role of the

consumer is gradually increasing in assessing the quality of the product and the costs of its production and consumption. In this regard, it has been established that the most promising and mature needs of consumers influence the development and structural changes of general production and contribute to the integration of the final consumer with production. It is impossible to realize a competitive product without knowing the competitive environment in the market and “carefully” identifying your competitors. In modern markets, non-price competition is more typical. Please note that if prices for goods of the same quality are set differently in order to increase their competitiveness, in case of non-price competition, measures such as raising its technical level and increasing consumer value are preferable. Non-price competitive methods, product diversification and packaging in various designs, more realistic security through voluntary certification, better advertising, better environmental performance and much more. These include measures that, in general terms, show themselves as quality competition.

Safety, reliability, environmental cleanliness, packaging, design, suitability for consumption, compliance with world standards, high quality, etc. Coverage is a key criterion for a modern consumer, as well as a criterion for determining the success or failure of a firm (enterprise) in the market. According to experts, “competitors’ superiority should be achieved, first and foremost, in the field of product quality (assimilated). If this is possible, you will have to regain a certain market share. If you start with quality you will eventually achieve lower production costs ”

Economic development, coupled with the increase in the quality of goods and services in Western countries and other key market economies, calls for a more realistic and effective solution of the quality issues in our country.

According to the recommendations of the ISO 9000 International Standards, quality can affect the enterprise's profit in two ways:

1. The total profit can be increased (or decreased) by improving (or worsening) the quality of the market due to the expansion (or contraction) of the sales market and the sales volume. This direction is called an extensive way to increase the efficiency of the enterprise at the expense of quality.

2. The amount of profit can be increased due to the reduction of the product cost by reducing the costs associated with the quality of the product. Accordingly, this is called the intensive direction, where important factors of market demand are not taken into account when assessing the impact of quality on profit [95].

While the economic benefits of improving the quality of products in the coming years have been explained only by the appropriate price increase, lately competition has been made possible by the reduction in production costs. Quality-oriented costs are defined by measures to prevent and eliminate internal and external errors in order to achieve the required quality levels during production, as well as the quality control and performance of managerial functions in this area. The benefits of quality measures are reflected in increased revenue from the enterprise and a gradual reduction in costs.

Although some well-known scholars have different approaches to quality costs, each scientific approach has its own merits. For example, A. Feigenbaum and E. Curan, as well-known quality management experts, view quality costs as part of their overall organizational costs for eliminating losses due to intra-organizational disadvantages. The cost of the "advance (perfect) product" with the appropriate and inadequate structure of the intended costs, ie the cost of preventing any defects in the production process.

Note that even though the consumer's profit has increased with the improvement of the product quality in the enterprise, it has gradually diminished (the interest is gradually diminished because the buyer has become accustomed to the high quality of the product) or vice versa. The slow increase in expenditure is followed by a steady increase. Maximum Quality - Given that the principle of minimum price is the most important for the competitiveness of a product, it is necessary to achieve the optimal product quality at a minimum price due to high production costs and low production costs.

As can be seen from Figure 1, consumer costs for each consumer product are minimized, and the optimal level of quality is quantitatively increased. That is, when the quality of a product rises too high, Rs (economic benefit) decreases to the right. (since production and consumer prices are relatively high, the difference between consumer benefits and them is significantly reduced, or the quality of the product increases irregularly along with costs), but this area still has the same tendency, since the product is below the optimal level. This will happen (as quality decreases along with costs, economic benefits will also decrease, that is, the area R will decrease again). Therefore, the principle of maximum quality-minimum cost (price), as well as favorable conditions for the competitiveness of products are taken into account.

According to studies, 35-40% of grain produced in the country is sold through various channels. It is estimated that 10-15% of grain is used for seeds, 25-30% of feed and more than 20% for various purposes. 65-70% of produced berries, 70-75% of potatoes, 75-80% of vegetables, 80-85% of grapes and melons are sold through various channels. 70-75% of meat produced, 80-85% of milk and 85% of eggs are transferred to processing plants and sold in various ways. Since some of these products are consumed for personal consumption, their share in the total product varies. It should also be noted that the development of entrepreneurship increases the ability of agricultural producers to organize their own marketing and marketing events and increase their income by organizing and selling their products.

The pricing policy developed by the enterprise and its competitors also affects the quality of the product to some extent. In today's environment, when market relations are becoming more common, the importance of pricing and its definition are very important. It is important to consider that in determining the structure of production, promoting the product and strengthening the company's position in the market, the price is of particular importance and determines the future success of each manufacturer (seller). The correct pricing methodology, reasonable pricing tactics, purposeful and deeply motivated pricing strategies are important components of the success of any business. As can be seen from the principle of



maximum quality - minimum price, both categories - quality and price interact with each other and become essential for the competitiveness of the product.

Fairs and exhibitions are one of the sales channels for agricultural products. Fairs and exhibitions have great potential for market research, consumer demand and market price analysis, and product regulation. The first example of the trade fair was organized in 1980 in Leipzig, Germany and began to develop. Agricultural fairs in Azerbaijan began in 1993. These fairs were organized in Baku to meet the growing demand of the population by selling agricultural products and preventing artificial price increases.

The pricing criterion is based on two forms of product competitiveness. One is the final price or product sales price, which is determined by the sum of product costs and the percentage of profits, and the other is the product value (value), which represents the total cost of purchasing and consuming the product.

Conclusions and Suggestions: As a result of the research, we believe it is desirable to note the following conclusions and suggestions.

Agrarian entrepreneurship is a production and commercial activity of the population, which meets the needs of the food products and industry and earns profit, and is one of the driving forces of socio-economic development:

- The consolidated legal and regulatory framework cannot automatically analyze the dynamic development of agrarian entrepreneurship. The majority of studies agree that the government needs to take care of the business in order to improve business efficiency;
- Deepening of agricultural reforms and increasing state support for entrepreneurship, revitalizing investment and financial activities, is one of the most important issues and requires well-grounded scientific and methodological approaches;
- Increase the financing of the rural (farmers) state to address the problems in the agrarian sector;
- The creation of new jobs, taking into account the peculiarities and historical aspects of entrepreneurship in the country's economy, is an important tool for reducing poverty as a priority.
- cooperation is one of the strategic directions of increasing the efficiency of entrepreneurship. Joint efforts in the joint use of resources, the identification and implementation of resources can achieve the scale effect;
- agrarian entrepreneurs should create professional associations to conduct cross-industry competitive and efficient export-oriented activities;
- Relative optimization between internal market protection and integration processes is essential.