

## REGIONAL ANALYSIS OF AZERBAIJAN ECONOMY

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*Formulation of the problem.* Since the restoration of the state independence of the Republic of Azerbaijan in the late 20th century, fundamental changes have taken place in the socio-political and socio-economic life of the country. The targeted policy pursued by the President of the Republic of Azerbaijan Heydar Aliyev since 1993 has allowed to overcome the political and economic crisis in the country in the first years of independence and paved the way for Azerbaijan to build a democratic state and a market economy. *The purpose of the article* is an analysis of the regional characteristics of the Azerbaijani economy and current structural changes in its sectors. *The methodological basis of the research* in the article is the scientific work of the authors in the field of economics of culture, innovation management, management in the field of culture, as well as social partnership. The research was carried out on the basis of general scientific methods of research - a systematic approach, analysis and synthesis, methods of typological and comparative analysis, empirical methods. *The object of the study* is the sphere of culture, which needs conditions in which organizational and financial reforms are carried out, as well as the development and application of innovative management methods. *The hypothesis of the study.* The economic regions of Azerbaijan make up a large territory of the country, distinguished by a unique economic and geographical position, historically formed in the process of territorial-labor division, natural and economic conditions, specialization and staffing, determining the rationality of farms. *Presentation of the main material.* As a result of large-scale reforms in the field of democratic state building, which began in the mid-90s of the last century, the country has ensured economic and political stability, the prestige of the Republic of Azerbaijan in the international arena has significantly increased, and the foundation for the dynamic development of the economy has been laid. The main goal of the reforms was to build an independent state with a democratic and strong economy. *The originality and practical significance of the study.* The measures taken in the economic sphere are aimed at expanding entrepreneurial activity based on the mechanisms of a market economy, attracting local and foreign investment, modern technologies and creating competitive enterprises, new jobs and, as a result, increasing the economic power of the country. *Conclusions.* The implementation of the "Contract of the Century", signed in 1994 and laying the foundation for a new stage in the history of the Republic of Azerbaijan, gave a powerful impetus to attracting foreign investment to the country.

**Key words:**

economic regions, economy, agricultural sector, socio-economic development, government programs.

## РЕГІОНАЛЬНИЙ АНАЛІЗ ЕКОНОМІКИ АЗЕРБАЙДЖАНУ

*Постановка проблеми.* З моменту відновлення державної незалежності Азербайджанської Республіки в кінці 20 століття в суспільно-політичному і соціально-економічному житті країни

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відбулися кардинальні зміни. Цілеспрямована політика, яку проводив Президент Азербайджанської Республіки Гейдар Алієв з 1993 року, дозволила подолати політичну та економічну кризу в країні в перші роки незалежності та відкрила шлях Азербайджану до побудови демократичної держави та ринкової економіки. *Метою статті є аналіз регіональних особливостей економіки Азербайджану та поточних структурних змін у її секторах. Методологічною основою дослідження в статті є наукова діяльність авторів у галузі економіки культури, інноваційного менеджменту, менеджменту у сфері культури, а також соціального партнерства. Дослідження виконано на основі загальнонаукових методів дослідження – системного підходу, аналізу та синтезу, методів типологічного та порівняльного аналізу, емпіричних методів. Об'єктом дослідження є сфера культури, яка потребує умов, у яких здійснюються організаційні та фінансові реформи, а також розробка та застосування інноваційних методів управління. Гіпотеза дослідження. Економічні райони Азербайджану складають велику територію країни, що відрізняється унікальним економіко-географічним положенням, що історично склалося в процесі територіально-трудового поділу, природних і економічних умов, спеціалізації та кадрового забезпечення, що визначає раціональність господарств. Виклад основного матеріалу. В результаті широкомасштабних реформ у сфері демократичного державного будівництва, які почалися в середині 90-х років минулого століття, в країні забезпечена економічна і політична стабільність, авторитет Азербайджанської Республіки на міжнародній арені значно підвищився. збільшився, закладено основу для динамічного розвитку економіки. Головною метою реформ була побудова незалежної держави з демократичною та сильною економікою. Оригінальність і практична значущість дослідження. Заходи, що вживаються в економічній сфері, спрямовані на розширення підприємницької діяльності на основі механізмів ринкової економіки, залучення місцевих та іноземних інвестицій, сучасних технологій та створення конкурентоспроможних підприємств, нових робочих місць і, як наслідок, підвищення економічної потужності країни. Висновки. Реалізація «Контракту століття», підписаного в 1994 році, який заклав початок нового етапу в історії Азербайджанської Республіки, дала потужний поштовх залученню в країну іноземних інвестицій.*

**Ключові слова:**

економічні райони, економіка, аграрний сектор, соціально-економічний розвиток, державні програми.

**Formulation of the problem.** The successes achieved by Azerbaijan were positively reflected in the reports of international organizations and financial institutions. It is no coincidence that in the World Bank's Doing Business 2019 report, Azerbaijan, compared to the previous year, moved up 32 notches in the ranking, rising from 57th to 25th place. According to the document, Azerbaijan, having further improved its position in 8 out of 10 indicators, was included in the list of the 10 most reformist countries in the world, and was declared the country implementing the largest number of reforms in the world.

**Analysis of the research results.** The objective of the study is to identify trends in structural changes in the agro-food complex, analyze factors influencing the balance of development of the complex, and assess strategic areas for improving the structural modernization management system. The study used methods of system and comparative analysis, and the main provisions of structural analysis. The information base of the study was statistical materials. The authors' intersectoral approach to the study of structural changes in the agro-food complex, tak-

ing into account all interrelations, allows identifying new trends in its structural dynamics. The assessment of the dynamics and level of personal consumption, self-sufficiency in basic food products was carried out on the basis of annual balances of food resources for the main food groups.

**The purpose of the article** is an analysis of the regional characteristics of the Azerbaijani economy and current structural changes in its sectors.

**Presentation of the main material.** Encouraging and stimulating investments in the Azerbaijani economy has become the main line of the implemented economic policy strategy; 300.0 billion US dollars were invested in the country's economy during 2004-2023. By the Decree of the President of the Republic of Azerbaijan dated July 7, 2021 "On the new division of economic regions of the Republic of Azerbaijan", the following division of economic regions was approved.

The new division covers 14 economic regions.

1. Baku economic region (Baku city);





2. Nakhchivan economic region (Nakhchivan city, Babek, Julfa, Kengerli, Ordubad, Sadarak, Shahbuz and Sharur regions);
3. Absheron-Khizi economic region (Sumgayit city, Absheron and Khizi regions);
4. Gorno-Shirvan economic region (Agsu, Ismayilli, Gobustan and Shamakhi regions);
5. Ganja-Dashkesan economic region (Ganja and Naftalan cities, Dashkesan, Goranboy, Goygol and Samukh regions);
6. Karabakh economic region (Khankendi city, Agjabadi, Agdam, Barda, Fizuli, Khojaly, Khojavend, Shusha and Terter districts);
7. Gazakh-Tovuz economic region (Agstafa, Gadabay, Gazakh, Shamkir and Tovuz districts);
8. Guba-Khachmaz economic region (Khachmaz, Guba, Gusar, Siyazan and Shabran districts);
9. Lankaran-Astara economic region (Astara, Jalilabad, Lerik, Lankaran, Masalli and Yardimli districts);
10. Central Aran economic region (the city of Mingachevir, Agdash, Goychay, Kurdamir, Ujar, Yevlakh and Zardab districts);
11. Mil-Mugan economic region (Beylagan, Imishli, Saatli and Sabirabad districts);
12. Sheki-Zagatala economic region (Balaken, Gakh, Gabala, Oguz, Sheki and Zagatala districts);

13. East Zangezur economic region (Jebrail, Kalbajar, Gubadli, Lachin and Zangilan districts);

14. Shirvan-Salyan economic region (the city of Shirvan, Bilasuvar, Hajigabul, Neftchala and Salyan districts).

As a result of targeted political and economic activities carried out in the direction of the development of Azerbaijan, as well as army building, our territories occupied by Armenia for almost 30 years were liberated from occupation. Under the leadership of Commander-in-Chief Mr. Ilham Aliyev, our army restored the territorial integrity of Azerbaijan during the 44-day Patriotic War.

On November 16, 2022, President of the Republic of Azerbaijan Ilham Aliyev signed a decree approving the “1st State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan”. When preparing the State Program, advanced world experience, strategic development trends in this area, and the socio-economic potential were taken into account

Many regions of the Republic of Azerbaijan differ from each other in historical development, physical and economic-geographical features. An economic region is a territory of a country that differs in natural conditions and resources, sectoral and territorial structure of the economy, areas of specialization, population distribution and labor skills, and level of development.



Figure 1 – Regional structure of Azerbaijan  
Source: developed by the authors

- |                           |                         |
|---------------------------|-------------------------|
| I – Baku;                 | VIII – Shirvan-Salyan;  |
| II – Absheron-Khizni;     | IX – Ganja-Dashkesan;   |
| III – Guba-Khachmaz;      | X – Gazakh-Tovuz;       |
| IV – Mountainous Shirvan; | XI – Garabagh;          |
| V – Sheki-Zagatala;       | XII – East Zangezur;    |
| VI – Mil-Mugan;           | XIII – Lankaran-Astara; |
| VII – Central Aran;       | XIV – Nakhichevan.      |

I Baku Economic Region. The area is 2.14 thousand km<sup>2</sup>, the population is 2303.1 thousand people (2022). This economic region includes 12 districts of the administrative territory of the city of Baku. The economic region is located in the east of the country, on the coast of the Caspian Sea, has a favorable EGP.

The population of the region lives in the city of Baku and nearby villages. Therefore, the Baku economic region differs in the proportion of urban population, the number of villages included in the list of urban settlements, territory development, population density, production concentration, and the level of infrastructure development. 42.9% of the country's urban population lives in Baku and its environs. The Baku agglomeration, the largest urban settlement zone in the South Caucasus, was formed here.

The main natural resources of the economic region are oil, natural gas, limestone, quartzite and construction sand. Many industries are developed here. Oil and gas production, their processing, petrochemical, chemical, metallurgical, mechanical engineering, especially oil mechanical engineering and electrical engineering are the main branches of industrial specialization of the economic region. The amount of electricity produced in the region does not meet local needs. Raw materials for ferrous and non-ferrous metallurgy, construction materials, light and food industries are processed. Raw materials for these industries are mainly imported.

The basis of agriculture is dairy and beef cattle breeding, poultry farming, vegetable growing, melon growing, viticulture and dry subtropical fruit growing, which are included in the suburban economic complex. Olives, saffron, almonds, pistachios, figs, grapes, watermelon are grown. Greenhouses play an important role in the production of agricultural products.

II Absheron-Khizni economic region. The area is 3.73 thousand km<sup>2</sup>, the population is 579.9 thousand people (2022). This economic region includes the cities of Sumgayit and Khirdalan, Absheron and Khizi administrative districts.

Large industrial cities of Sumgayit and Khirdalan, as well as the city of Khizi are located here. The economic region is located in the east of the country, next to the city of Baku. This position creates favorable conditions for the development of the region.

The Absheron-Khizi economic region surpasses other economic regions, with the

exception of the Baku economic region, in terms of the proportion of urban population (91.9%), in terms of territory development, population density, level of infrastructure development, and socio-economic development.

The main natural resources of the economic region are oil, natural gas, limestone, cement, quartz and construction sand. Many industries are developed here. Oil and gas production, petrochemical, chemical, metallurgical and electrical engineering are the main specializations of the industry of the economic region. Electric power does not meet local needs. Ferrous and non-ferrous metals, construction materials, raw materials for light and food industries brought from abroad are also processed here. Most industrial enterprises are located in the cities of Sumgait and Khirdalan.

The basis of agriculture is dairy and beef cattle breeding, poultry farming, sheep farming, vegetable growing, melon growing, viticulture and dry subtropical fruit growing, which are included in the suburban economic complex. The main agricultural crops grown here are olives, almonds, pistachios, figs, white and black grapes. There are summer and winter pastures in the economic region.

III Guba-Khachmaz economic region. The area of the territory is 6.96 thousand km<sup>2</sup>, the population is 561.8 thousand people (2022). The economic region includes Khachmaz, Guba, Gusar, Siyazan and Shabran administrative districts. The economic region has direct access to the Caspian Sea. Transport and communication lines connecting Azerbaijan with Russia pass through the territory of this region. Therefore, the EGP is considered favorable.

Oil, natural gas, oil shale, sand, crushed stone, clay are the main natural resources. 10-11% of the territory of the economic region is covered by forests. The main recreation areas are the Galaalti mineral spring, the Nabran-Yalama zone located on the coast of the Caspian Sea, forests and sandy beaches.

Vegetable growing and pome fruit growing are the main branches of agricultural specialization. Grapes are grown in Khachmaz, Siyazan and Shabran districts, potatoes in Gusar district, grain throughout the economic region. Dairy and beef cattle breeding is developed in the flat zone, sheep breeding in the mountainous zones. There are poultry farms in Siyazan, Khachmaz and Guba.

Production of canned fruits and vegetables is located in Khachmaz and Guba, carpet





weaving enterprises are in Guba, Gusar and Khachmaz. Grain is processed in Khachmaz, and dairy products are produced in Guba. Oil and natural gas are extracted in Siyazan, and there are modular thermal power plants in Khachmaz and Guba. Khachmaz and Guba are industrial centers.

IV Mountainous Shirvan Economic Region. The area of the territory is 6.13 thousand km<sup>2</sup>, the population is 326.8 thousand people (2022). It includes Shamakhi, Ismaili, Agsu and Gobustan administrative districts. Mountainous Shirvan is located on the south-eastern slopes of the Greater Caucasus. The economic region's economic geographic position is less favorable. Due to its location in the mountainous zone, there are difficulties in using roads in the winter months of the year.

Combustible shale, building materials, mineral waters, climatic and balneological conditions, forests are the main resources of the economic region.

The economic region is distinguished by the production of viticulture, grain growing, livestock and the development of industrial sectors that process them. Spring wheat and grapes are grown in Ismaili and Shamakhi, and cotton is grown in Agsu. To meet local needs of the population, melons and vegetables, potatoes, fruits are grown, and coconut harvesting and beekeeping are carried out.

Primary wine processing plants are located in Shamakhi, Agsu and Ismaili. As ancient branches of craft, carpets are woven in Shamakhi, silk scarves, kelagayis are made in Shamakhi and Basgal, and copper utensils are made in Lagich. The Baku-Shamakhi-Ismayilli-Balaken highway is of great importance. The city of Shamakhi is the main economic and socio-cultural center of the Mountainous Shirvan Economic Region.

V-Sheki-Zagatala Economic Region. The area is 8.84 thousand km<sup>2</sup>, the population is 632.9 thousand people (2022). The economic region includes the city of Sheki and the Balaken, Gakh, Gabala, Zagatala, Oguz, Sheki administrative districts.

The Sheki-Zagatala economic region is located on the southern slopes of the Greater Caucasus. Its northern border runs along the Main Caucasus Range, which creates difficulties in relations with Russia. Of great economic importance are polymetallic ores (Philizchay),

sand, crushed stone, clay, gypsum and forest resources.

Favorable climatic conditions, mineral springs, forests, as well as historical and architectural monuments, are important resources for recreation and tourism.

The economic region has well-developed branches of light and food industry. Food industry enterprises produce canned vegetables and fruits, sweets, wine, tobacco, hazelnuts, tea, meat and dairy products. There is a canning factory in Gabala. A modular thermal power plant operates in Sheki. Light industry is represented by the Sheki Silk Factory. Silk fabrics, curtains, kelaghayis, and scarves are woven here.

The economic region grows tobacco, nut crops, grains, especially spring wheat. Tea growing, floriculture, and rice growing are also developing. Such branches of animal husbandry as cattle breeding and sericulture are of great importance. Summer and winter pastures have great potential for the development of sheep breeding.

The Yevlakh-Balaken railway and highway connect the economic region with other regions. Sheki is the main industrial, scientific and cultural center of the economic region.

VI Mil-Mugan economic region. The area is 5.67 thousand km<sup>2</sup>, the population is 526.4 thousand people (2022). The economic region includes Beylagan, Imishli, Saatli, Sabirabad administrative districts.

The territory of the Mil-Mugan economic region covers the Mil and Mugan plains. In the south there is a state border with Iran. The economic region has a favorable EGP. Railways and highways of republican significance Gadzhigabul-Horadiz, highways Yevlakh-Agjabedi-Bagramtepe, Bagramtepe-Bilasuvan pass through its territory. Natural resources include building materials (cube stone, sand, gravel, etc.).

Oil and gas production, building materials industry are specialized industries. There are ginneries for primary processing of raw cotton (Sabirabad, Saatly, etc.). The economic region produces meat and dairy products, grain products, sugar (in Imishli).

Specialized branches of agriculture are cotton growing, dry subtropical fruit growing and melon growing, grain growing and livestock farming are developing. Potatoes and sugar beets are grown in the economic region. Fish farming enterprises are located here.

VII Central Aran Economic Region. The area is 6.69 thousand km<sup>2</sup>, the population is 743.2 thousand people (2022). The economic region includes the cities of Mingachevir and Yevlakh, Agdash, Goychay, Kurdamir, Ujar, Yevlakh and Zardab administrative districts.

The territory of the Central Aran economic region covers mainly the western parts of the Kura-Araz lowland. The major part of this economic region is located on the Shirvan Plain and has a favorable economic and gas potential. Its territory is crossed by the Baku-Agstafa railway and highways of international and national importance, as well as export oil and gas pipelines.

Natural resources include oil, construction materials (cube stone, sand, gravel, etc.). The Kura River has hydroelectric resources.

Oil production, electric power, and the production of construction materials are specialized industries. The Azerbaijan State District Power Plant operates in Mingachevir, and hydroelectric power plants operate in Mingachevir and Varvara. There are cotton gins for the primary processing of raw cotton. The economic region produces canned fruit and vegetable preserves, wine, cognac, meat, dairy, and grain products.

Specialized branches of agriculture include cotton growing, dry subtropical fruit growing, and melon growing; grain growing and livestock farming are developing. Potatoes and sugar beets are grown in the economic region, and coconut harvesting is developing. Large fish farms are located here.

The Mingachevir-Yevlakh industrial hub has been formed here. There are Yevlakh, Kurdamir, and Lyakinsky transport hubs. In recent years, the Lyaki-Gabala railway line has been built.

VIII Shirvan-Salyan Economic Region. The area is 6.08 thousand km<sup>2</sup>, the population is 504.3 thousand people (2022). The economic region includes the city of Shirvan, Bilasuvar, Hajigabul, Neftchala and Salyan administrative districts.

The territory of the Shirvan-Salyan economic region occupies the eastern part of the Kura-Araz lowland, and is washed by the Caspian Sea in the east. The economic region has a favorable EGP. Railways and highways of international and national importance Baku-Agstafa, Baku-Astara, export oil and gas pipelines pass through its territory.

Natural resources include oil, natural gas, iodine-bromine industrial waters, building materials (cube stone, sand, gravel, etc.). Oil and gas production, electric power, chemical industry, building materials industry are specialized industries. In Shirvan, the Southern State District Power Plant operates, in Salyan, the Plastic Plant operates, and in Neftchala, the Iodine-bromine Plant. Machine-building plants have been built in the Neftchala and Hajigabul regions.

There are cotton gins for primary processing of raw cotton (Salyan, Neftchala, etc.). In the economic region, canned fruits and vegetables (Bilasuvar), meat, dairy and grain products are produced. Specialized branches of agriculture are cotton growing, dry subtropical fruit growing and melon growing, grain growing and livestock farming are developing. Potatoes and sugar beets are grown in the economic region. A large fish farm is located in the village of Khilli in the Neftchala region.

The Osmanli-Astara railway line passes through the territory of the economic region, from which a branch is laid to the city of Neftchala. The Shirvan-Salyan industrial hub has also formed here. Shirvan and Hajigabul are the transport hubs of the economic region.

IX Ganja-Dashkesan economic region. The area is 5.27 thousand km<sup>2</sup>, the population is 612.1 thousand people (2022). It includes the cities of Ganja and Naftalan, Dashkesan, Goranboy, Samukh, Goygol administrative districts. Ganja-Dashkesan economic region is located in the west of the country, on the transport and communication line connecting Azerbaijan with Georgia and the Black Sea coast. Therefore, it has a very favorable economic and geographical position. In terms of economic potential, Ganja-Dashkesan is one of the developed regions of the country.

Iron ore, alunite, limestone, marble, gypsum are the main underground natural resources of the economic region. The region specializes in the mining industry. In Dashkesan, there are gold and copper processing plants, iron ore mining and beneficiation enterprises. The Kura River is rich in hydropower resources. The Goygol-Adjikend zone, Naftalan medicinal oil, mineral springs, forests are the natural and recreational resources of the region. The developed industries of the economic region are: chemical industry, ferrous and non-ferrous metallurgy, production of building materials, light and food industries. Yenikend hydroelectric





power station plays an important role in providing the population and economy with electricity. Ganja-Dashkesan region is distinguished by the development of the building materials industry.

Light industry is also developed in the economic region. There is a cotton gin in Dalimammadli. Wine, cognac, meat, dairy and confectionery products are the main products of the food industry.

Viticulture, potato growing, grain growing and livestock breeding are the main branches of agricultural specialization. Cotton is grown in Goranboy. A suburban economic complex was created to meet the needs of the population of Ganja for food products.

The Baku-Agstafa railways and highways pass through the territory of the region. There is an international airport in Ganja. The Baku-Ceyhan, Baku-Supsa oil pipelines, the Baku-Erzurum and TANAP gas pipelines pass through the territory of the region. Based on the extractive industry and the processing of its products, the Ganja-Dashkesan economic region is being formed as an industrial hub. The city of Ganja is a transport hub.

X Gazakh-Tovuz economic region. The area is 7.03 thousand km<sup>2</sup>, the population is 690.6 thousand people (2022). It includes Agstafa, Gazakh, Gadabay, Tovuz and Shamkir administrative districts. Gazakh-Tovuz economic region is located in the west of the country, near the border with Georgia and Armenia. Transport and communication lines to the ports on the Black Sea coast pass through the territory of the region. Therefore, it has a very favorable EGP.

Gold, copper, limestone, bentonite clay, zeolite, cement raw materials are the main underground natural resources of the economic region. In the economic region, the mining industry is created in the Gadabay region. There is an enterprise for the extraction and processing of gold and copper ores. The Kura River is rich in hydropower resources. Mineral springs, forests are natural and recreational resources.

Non-ferrous metallurgy, construction materials production and food industry are the leading industries. Shamkir and Shamkirchay hydroelectric power stations play an important role in providing electricity. In the economic region, wine, cognac, meat and dairy products are the main products of the food industry. Viticulture, potato growing, grain growing and livestock breeding are the main branches of agricultural specialization.

The Baku-Agstafa railways and highways, pipelines to the Black and Mediterranean Sea coasts (Baku-Tbilisi-Ceyhan, Baku-Supsa oil pipelines, TANAP and Baku-Erzurum gas pipelines) pass through the territory of this region. Agstafa is the main transport hub.

XI Garabagh Economic Region. Area 8.99 thousand km<sup>2</sup>, population - 907.9 thousand people (2022). It includes Agjabadi, Agdam, Barda, Khojaly, Khojavend, Fizuli, Shusha, Terter administrative districts, the cities of Khankendi and Shusha. Garabagh economic region is located between the East Zangezur, Mil-Mugan and Central Aran economic regions. In the south, the state border with Iran runs along the Araz River. Therefore, the economic geographic position of the economic region is favorable.

Construction materials (marble, cement raw materials, building stone) are the main resources of the Garabagh economic region. Timber harvesting in forests meets local needs.

Viticulture, grain growing, tobacco growing, cotton growing and livestock breeding are the main branches of agriculture.

Light industry is represented by cotton ginning and carpet weaving industries. Wine, meat and dairy products are produced in food industry enterprises.

During the period since the Great Patriotic War, important work has been carried out in the direction of clearing the territories liberated from occupation from mines and unexploded ordnance, building modern residential, industrial and service infrastructure, restoring economic activity, including the restoration of transport and communication routes, especially in the direction of opening the Zangezur corridor.

Construction and reconstruction of national and local roads is underway in the economic region. The construction of the Akhmedbeyli-Fizuli-Shusha (Victory Road) and Terter-Chayly-Sugovushan-Talysh roads has already been completed.

In order to integrate the region into international airspace, the Fizuli airport was put into operation. The Barda-Agdam railway line is under construction.

In 2022-2023, it is planned to repair and restore the Khachynchay reservoir, the Ashagy Kendelenchay, Kendelenchay-1 and Kendelenchay-2 reservoirs. The Sugovushan-1 and Sugovushan-2 hydroelectric power plants have been restored.

The work on the creation of the Agdam Industrial Park is nearing completion in the Aghdam region.

XII East Zangezur Economic Region. The area is 7.47 thousand km<sup>2</sup>, the population is 345.0 thousand people (2022). It includes the Jabrayil, Kalbajar, Lachin, Gubadli and Zangilan administrative districts. The East Zangezur region is located in the southwest of the country, on the Garabagh volcanic plateau, in the Araz and Akera river basin.

The main natural resources of the region are gold, mercury, chromites,

building materials. Mineral springs, climatic and balneological conditions, mountain forests can be used for resort and recreational purposes. The forests have a small amount of timber resources for harvesting. In the East Zangezur economic region, there are favorable natural conditions for the development of tobacco growing, viticulture, fruit growing, grain growing and animal husbandry (sheep breeding, cattle breeding, beekeeping).

The construction of the "Smart Village" has been completed in the village of Agaly in the Zangilan district. In July 2022, 41 families (201 people) and in September 25 families (125 people) were resettled to the village of Agaly, built within the framework of the "Smart Village" project. The village has a secondary school, a medical center, a post office, a shopping center, ASAN service, a DOST center, etc.

Work is underway to develop gold deposits located in the Kalbajar district. The Gyulyabird hydroelectric power station was built in the Lachin district to use the water and energy resources of the Aker River. A hydroelectric power station with an Archimedes turbine has also been built in the Zangilan district, with the help of which the village of Agaly is supplied with electricity. Small hydroelectric power stations "Kalbajar-1", "Chirag-1", "Chirag-2" have been built in Kalbajar. The "Khudaferin" and "Giz Galasi" reservoirs have been built on the Araz River jointly with Iran, and the construction of hydroelectric power stations on them is ongoing. The construction of a sanatorium and a mineral water bottling plant has begun on the basis of the Istisu mineral spring located in the

Kalbajar district. The Zangilan airport has been put into operation on the territory of the economic region. The construction of another airport in the Lachin district is ongoing. The Horadiz-Agbend railway lines are being laid. A portal module has been created for driving animals to summer pastures in the Kalbajar and Lachin districts. The portal has registered 300,000 small horned and 60,000 bee families. Appropriate measures have been taken to relocate these farms.

Work is underway on the creation of the Industrial Park "Economic Zone of the Araz Valley" on the territory of the Jabrayil district.

In order to improve the natural conditions of the economic region, the activities of the Byasitchay Nature Reserve have been restored, and the territory.

XIII Lankaran-Astara economic region. The area is 6.07 thousand km<sup>2</sup>, the population is 959.4 thousand people (2022). The economic region includes Astara, Jalilabad, Lerik, Lankaran, Masalli, Yardimli administrative districts and the city of Lankaran. The economic region is located in the south of the country, on the coast of the Caspian Sea. The roads connecting Azerbaijan with Iran pass through the territory of the economic region. Therefore, the EGP of the economic region is very profitable.

The economic region is not rich in natural resources, there are building materials, in the forests - timber resources for harvesting. The Caspian plains, forests, mineral springs are used for recreation, treatment and tourism.

The Lankaran lowland is one of the densely populated areas of Azerbaijan.

Modular thermal power plants operate in the Astara and Lerik regions. Canned fruits and vegetables, wine, tea, meat and dairy products are produced at food industry enterprises. Fruit and vegetable canning factories operate in Lankaran and Masalli, and winemaking is developing in Jalilabad.

Early vegetable growing, citrus fruit growing and tea growing are specialized branches of agriculture. Rice, wheat and grapes are also grown here. Fish is caught and processed in the Caspian Sea.

The cities of Lankaran and Jalilabad are the main centers of concentration of industrial potential of the economic region.







XIV Nakhchivan Economic Region . The area is 5.50 thousand km<sup>2</sup>, the population is 463.0 thousand people (2022). The economic region covers the territory of the Nakhchivan Autonomous Republic. It includes the city of Nakhchivan, Babek, Ordubad, Sadarak, Shahbuz, Kangarli, Julfa and Sharur administrative districts. The administrative center of the Kangarli district is the village of Gyvrag, the Sadarak district is the village of Heydarabad, the Babek district is the city of Babek. Nakhchivan Autonomous Republic is one of the developed economic regions of the country.

The fact that the economic region borders Turkey and Iran favors its economic and geographical position. Also, the opening of the Zangezur corridor will connect the economic region with the main territory of Azerbaijan and increase its transit importance. The important natural resources of the Nakhchivan Autonomous Republic are polymetallic ores (Gumuslu), copper-molybdenum ores (Paragachay), rock salt, building materials - marble, travertine, building stone, dolomite and gypsum. Mineral springs, mountain lakes (Batabat, Goygol), natural (Ilandag) and historical monuments are wonderful centers for recreation and tourism.

In the electric power industry, the Araz hydroelectric complex, Vaykhyr, Arpachay hydroelectric power stations operate. In Nakhchivan, a modular thermal power plant has been built, and the Ordubad hydroelectric power station is under construction. The food industry, furniture and glass container manufacturing enterprises (Nakhchivan) are the leading industries.

In the Nakhchivan Autonomous Republic, the main branches of agriculture are viticulture, stone fruit growing, grain growing, coconut harvesting, meat and dairy cattle breeding. Nakhchivan is one of the main industrial, Julfa - transport hubs of the country.

The economic regions of Azerbaijan make up a large territory of the country, distinguished by a unique economic and geographical position, historically formed in the process of territorial-labor division, natural and economic conditions, specialization and staffing, determining the rationality of farms.

The economic regions of Azerbaijan have gone through different paths of development and differ from each other in terms of opportunities for economic, social and prospective development. To determine the main directions of the formation of economic zoning in Azerbaijan by territorial-administrative principle, it is necessary to consider a whole range of issues related to regional characteristics, infrastructure capabilities and capacities of economic complexes, etc. Economic regions reflect the entire territorial division, which has natural conditions, unique labor and natural resources, and various aspects of economic development by region. An economic region, which is formed despite any stage of development of society, differs from other economic regions in economic-geographical, socio-economic and socio-political aspects.

In the main regions, the agricultural sector. subtropical and citrus Lankaran), vegetable growing, sheep farming), poultry farming.

In general, Azerbaijan has the status of an industrial and agricultural country in the context of globalization of the economic sphere in recent years has been able to formulate its strategic objectives to ensure the dynamic development of the country's economic system. In this system, a special place is given to economic complexes and the preferential creation of new economic enterprises, business holdings and clusters. Currently, the "State Program (2019-2023) on Socioeconomic Development of the Country's Regions" and the "Strategic Roadmap for the Development of the National Economy" are being successfully implemented. Along with the existing priorities, it is necessary to take into account the following factors for the development of the country's economic complexes in the near future:

- increasing the level of competitiveness of economic complexes;
- accelerating the renewal of the existing potential of the country's economic entities using the latest technologies;

The programs for the socio-economic development of the regions of Azerbaijan, which began in 2004, have played a key role in improving infrastructure, increasing the

potential of the regions and raising the standard of living of the population. Under the leadership of President Ilham Aliyev, a new economic policy strategy was developed, within the framework of which several state programs were implemented starting in 2004. The main goal of these programs was to accelerate socio-economic development, improve the business climate and increase employment. As a result of the implementation of the first three programs (2004-2018), social conditions in the regions have significantly improved. The country's GDP increased by 3.3 times, the creation of more than 2 million jobs and 100,000 enterprises reduced unemployment and poverty. Infrastructure was significantly improved: 58 thousand km of gas pipelines and 13 thousand km of water lines were laid, more than 3,300 schools, kindergartens and medical institutions were built and repaired. The fourth program (2019-2023) continues these successes, focusing on the development of the non-oil sector, improving the quality of public services and social infrastructure. An important aspect is attracting investment and supporting small and medium-sized businesses. Specialized programs for the development of agriculture (for example, for the production of cotton, tobacco, rice) were also adopted. All these measures are aimed at reducing economic disparities between regions and increasing the sustainability of regional economies. The creation of industrial zones in ten regions of Azerbaijan stimulated industrialization, with investments of about 6 billion manats and the creation of more than 9 thousand jobs. The volume of production has increased by 2.6 times, and the largest share of production is produced by the Sumgait Chemical Park. Important projects are ongoing, including the creation of 28 thousand jobs and investments of 4 billion manats.

The agricultural sector is also developing using subsidies and preferential loans, which has contributed to improving food security and increasing exports agricultural products by 14%. Azerbaijan is actively developing information technology, in particular, the ASAN service center, and implementing regional development programs, including the construction of more than 20 power plants and

the improvement of social infrastructure. Industrialization continues to be a priority, which contributes to the diversification of the economy and a decrease in dependence on oil. The creation of new industrial parks and holdings, such as Azersilah in the defense sector, strengthens the industrial potential of the country. An example of a successful project is the Araz Valley Economic Zone Industrial Park, opened in 2023. The park, located in the East Zangezur region on 200 hectares, includes logistics centers, warehouses and service points. This attracts investors, especially in light of the planned Zangezur corridor, which opens up new trade opportunities with Turkey and Russia. The Agdam Industrial Park, with an investment of 20-25 million manats, develops the production of building materials, canned goods, feed and other goods. Tax incentives are provided for residents, which stimulates economic activity. Thus, the development of industrial parks contributes to the diversification of the economy, attracting investments and creating new jobs, which strengthens the competitiveness of Azerbaijan.

The economic potential of the regions liberated from occupation and its reintegration into the economy of Azerbaijan.

1. New division of economic regions: On July 7, 2021, the President of Azerbaijan signed a decree on the revision of the administrative and economic regions of the country. As a result, the number of economic regions was increased from 10 to 14, including the creation of the Karabakh and Eastern Zangezur economic regions.

2. Karabakh economic region: Includes key cities and regions of Karabakh such as Khankendi, Aghdam, Barda, Fizuli, Khojavend, Khojaly, Shusha, Tartar, as well as Aghjabedi and Barda. This step is aimed at restoring the historical region with a rich cultural and natural heritage. 3. Eastern Zangezur Economic Region: This includes the liberated regions of Jabrayil, Kalbajar, Gubadli, Lachin and Zangilan. These territories historically belonged to the Zangezur region and require a joint approach for effective economic and infrastructural development.



4. Economic potential of the liberated territories:

- Agriculture: Restoration of about 7,000 agricultural enterprises, which previously provided a significant share of the country's production.

- Natural resources: Deposits of gold, copper, mercury, chromite, lead and zinc, which were illegally exploited during the occupation.

- Renewable energy: Potential for the creation of hydroelectric power plants, as well as for the use of solar energy (more than 4,000 MW) and wind energy (500 MW).

5. Infrastructure and transport:

- Construction of international airports in Fizuli, Zangilan and Lachin, as well as development of transport infrastructure, including roads and railways.

- Creation of convenient transport corridors for the integration of the region into the overall economy of the country.

6. Economic Growth: The Eastern Zangezur Economic Region is projected to add about 4% to Azerbaijan's GDP through the development of industry, agriculture, tourism and livestock.

7. Economic Recovery Strategy:

- Rehabilitation of infrastructure, construction of new agro-parks and industrial zones, and development of green energy, including solar and wind power plants.

- The strategy envisages the active involvement of private and foreign investors to support projects.

8. State Program "Great Return": This program covers not only the restoration of infrastructure, but also the creation of new jobs, housing and social facilities. The program also aims to improve living conditions in the liberated territories through the development of electricity, water supply, gasification and other important facilities.

9. Investments and Project Implementation: To successfully implement

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**Стаття надійшла**

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**Бібліографічний опис для цитування :**

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these plans, local and international investors are attracted by offering tax incentives and creating a favorable business environment. The restoration of production facilities destroyed during the conflict will significantly increase the contribution of these territories to the country's economy. These measures are aimed at the effective restoration and integration of Karabakh and Eastern Zangezur into the economy of Azerbaijan, turning these territories into important economic and cultural centers.

**Conclusion and prospects for further research.** Today, one of the main tasks of independent Azerbaijan is to study and correctly assess the investment climate of individual regions, create an appropriate regulatory framework for state regulation of regional development, improve the regulatory mechanism and determine the directions of development of economic spheres.

The problems of the regions lie in the differences in the level of economic development of individual regions, including the uneven share of regions in the structure of GDP, that is, in the disproportionality of the development process.

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