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Current State and Future Perspectives of Agricultural Exports of Azerbaijan: Bilateral and Multilateral Aspects

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ABSTRACT

As the participant of the EU Eastern Partnership Initiative, being one of the leading producers of agricultural goods in the South Caucasus and holder of more than 70% share in the GDP of the very region, Azerbaijan continues its efforts in economic diversification, non-oil sector development, further promotion of equal progress of the country's regions, increasing national economic competitiveness and improving export structure. In this context, agricultural sector plays an exceptional role and has promising perspectives in breaking into strategic markets such as Germany. Agriculture remains an important sector in Azerbaijan's non-oil economy as it has a great potential and absorbs highest share of employment, contributes to the livelihood and welfare of the whole population. The employment in agriculture stood at approximately 40% in 2017. Agriculture had almost 6% share in total Gross Domestic Product (GDP) in 2017. The year of 2015 was proclaimed as the Year of Agriculture in Azerbaijan to further advance the diversification of economy, reduce poverty in rural areas and create employment opportunities for vulnerable groups. In this regard, application and promotion of advanced and high technologies in agricultural production sector, development of research, technical and advisory services, modernization of the whole sector and increase of the competitiveness of agriculture sector were determined as the key priorities and targets for the coming years. The article analyses the current situation with regard to agricultural exports of Azerbaijan and, by exploring international cooperation and through SWOT analyses, presents possible elements for relevant strategies.

Keywords: sustainable agriculture, food security, agricultural policy, digitalization, bilateral and multilateral cooperation.

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1. INTRODUCTION

Azerbaijan has been implementing its national development strategy, entitled "Azerbaijan 2020: vision into the future", strategic roadmap for the development of agriculture and

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relevant State Programmes that will ensure country's smooth transition to more diversified, competitive, sustainable, as well as bio-economy. The implementation of targets for creating favorable environment to achieve formation of production and processing sector of competitive agricultural products is planned based on sustainable development principles in the country through realization of the Strategic Roadmap on production and processing of agricultural products in Azerbaijan. The objective of the State Programme on Socio-Economic Development of Regions of the Republic of Azerbaijan for 2014-2018 is the continuation of activities aimed at the development of the non-oil sector, economic diversification, equal development of regions of the country, further improvement of infrastructure and social services related to rural development. Based on the State Programme on Development of Agricultural Cooperation in the Republic of Azerbaijan in 2017-2022, the Ministry of Agriculture will engage in the issues on development of agricultural cooperation, implement relevant measures by taking into account the experience of leading countries on agricultural cooperatives.

Aiming to further improve the agricultural sector, as well as to raise the international competitiveness of agricultural goods, Azerbaijan took the following measures in recent years:

- Several agro-parks have been established with the relevant decree of the Government in the various regions of Azerbaijan in order to increase production of agricultural goods, to support small and medium enterprises, to contribute to the economic growth and effective use of labor forces in the rural areas. Currently the work is ongoing, as the country is planning on constructing modern production and processing plants, cattle-breeding complexes, milk processing and mixed fodder factories, hothouses, fishery complexes and gardening farms in these agrarian parks.
- In order to contribute to the food security, as well as to address growing needs of farmers for high quality seeds, State Seed Fund under the Ministry of Agriculture was established. Moreover, Azerbaijan has been in contact with Organization for Economic Cooperation and Development (OECD) Secretariat to take part in their Seeding Programme. Therefore, an Expert Group was planned to visit Azerbaijan to examine local seeding schemes and based on this assessment, further cooperation directions would be determined.
- According to the very Road Map, supporting the establishment of the chain of agro-parks (including agro-industrial cluster) is one of the national economic policy priorities. Azerbaijan has built 32 large farms comprising in total 44 thousand ha area

in 20 regions of Azerbaijan. Irrigation systems were installed. Moreover, establishment of 38 agro-parks, including 14 modern animal breeding facilities was promoted.

- Another prioritized area in the Strategic Road Map is the formation of properly functioning food safety system based on risk assessment and covering all the stages of supply chain. In this respect, it is considered that food safety and products inspection procedures will be harmonized with the WTO requirements. A number of measures were taken in the area of licensing, permits and certification dealing with an agrarian industry. By the relevant Presidential Order, Food Safety Agency of the Republic of Azerbaijan has been established. The new established entity, which has started operating from January 2018, deals with hygienic certification of food products, including issuance of quality certificates for export products and protection of consumer rights.

- Improvement of the mechanism to support the agricultural goods producers within the allowed rules and principles is defined as one of priorities. In this regard, it is envisaged to establish strong information and advisory services database which is part of the green box instruments. Recognizing the importance of research and development on overall food security in the country, the Presidential Decree was signed to renovate and re-build Agrarian Science Center and its branches in the regions, as well as to modernize Artificial Fertilization Center according to the latest technological developments.

- The relevant Presidential Decree was signed “On some activities regarding the licensing procedures”. Based on this Decree, process of issuance, renewal and elimination of all kinds of activity licenses was centralized. Currently, these services are available through “ASAN Service”, as well as “E-licensing” web-portals.

- The very Decree also eliminated licenses for import and export of alcoholic beverages, ethyl spirits and tobacco. Moreover, the number of licensable activities was reduced from 59 to 37. License fees were also reduced by half. Currently, the period for issuance of licenses corresponds to 10 days (instead of previously 15 days) and all the licenses are issued on a permanent basis.

- According to the relevant Presidential Decree on “Digital trade hub of Azerbaijan” several important steps have been taken toward more easy and favorable e-commerce for businesses. As per very Decree, trade portal www.azexport.az was established enabling foreign business partners of the Azerbaijani entrepreneurs to prepare and sign documents and agreements electronically, and perform electronic services in real time.

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- As continuation of this initiative, Export Support Center "One Window" has been established, within the Center for Analysis of Economic Reforms and Communication, which operates as part of the "Azexport" web-portal. Using one window system in export transaction, Azerbaijani entrepreneurs will spend less resource, which will contribute to faster implementation of export procedures.
- In order to further simplifying export procedures, with the relevant decision of the Ministry of Economy, starting from February 2016, time for issuance of certificate of origin has been reduced from 3 days to 1 day.
- Partnership and Coordination Office of the UN Food and Agriculture Organization (FAO) was established in Azerbaijan in 2016 [FAO, 2016]. Azerbaijan hopes that this FAO Office would contribute to the Government's policy of modernization of agriculture, investment in know-how, capacity building, provision of food security and etc.

All of the above-mentioned measures will further contribute to the growth of agricultural exports of Azerbaijan and improve country's export structure, especially by taking into account comparative advantages. In this regard, the SWOT analysis of agricultural exports of Azerbaijan (Figure 1) can give an insight on subject matter and might be helpful to uncover necessary details.

<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"> - Strong agricultural potential - Productive lands - Cheap and sufficient labor force - Favorable agri-climatic conditions - State support to and concessions in agricultural sector - Competitive bio-organic products - Government support to exports - Agri-tourism potential - Trade-related and logistics infrastructure - Location on the crossroad of international transport corridors 	<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> - Growing demand for agricultural products in relevant CIS and Gulf countries - Demand for pomegranate wine, juice and sauce in the EU, especially Germany - International food and agricultural trade fairs offer an opportunity for B2B and networking - Devaluation of national currency - "Made in Azerbaijan" brand awareness in a number of foreign markets - Growing demand for bio-organic products in the EU and USA - Participation in several free and regional trade agreements
SWOT analyses of agricultural exports of Azerbaijan	
<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> - Landlockedness of the country - Non-beneficiary of GSP/GSP+ systems - Non-membership in the WTO 	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> - Negative impacts of climate change - Severe competition in strategic markets - Price volatilities for agricultural commodities in global markets

Figure 1: SWOT analyses of agricultural exports of Azerbaijan

2. AGRIBUSINESS SUPPORT POLICY

Being an industrial-agricultural country, Azerbaijan attaches high importance to the advancement of sustainable agriculture as one of the priority fields in the non-oil sector development [L.Almas and N.Hajiyev, 2014]. The fertile lands, abundance of water and advantageous climatic diversity create favorable conditions for agricultural productivity. The existence of 9 climatic zones in Azerbaijan allows the country to produce a variety of organic agricultural products and provides favorable opportunities for the introduction of new kinds of agricultural goods. The agriculture of the country is mainly specialized in the cultivation of fresh vegetables and fruits, cotton, tobacco, as well as livestock, poultry, wine-making, silkworm breeding, sheep breeding and dairy. [FAO, 2014]. In Azerbaijan, mainly annual or permanent plants are produced organically [FAO, 2017].

As an upper-middle income country, Azerbaijan is keen to further develop its agricultural potential and food industry for import substitution, as well as for export-led growth. The agricultural sector is a significant contributor to Azerbaijan's non-oil economy and has a great potential for stimulating economic growth, job creation and ensuring food security. Agriculture is Azerbaijan's largest employer, with roughly 40% of the working population making some part of their living in agricultural sector. The percentage of lands suitable for agriculture is more than 55% [FAO, 2017], almost 40% of the active labor force is employed in the agricultural sector, approximately 45% of population lives in rural areas [World Bank, 2017], roughly 1/4 of household income in rural areas is derived from agriculture, and nearly all of agricultural produce is generated in the private sector [FAO, 2012]. Azerbaijan possesses approximately 4.8 million hectares of agricultural land. Crop production accounts for around 47% of agricultural production with livestock farming making up the remaining 53%. Food-processing sector constitutes an important component of the agriculture and accounts for over 38% of total manufacturing industry.

Azerbaijan trades intensively in agricultural and food products. Traditionally the main destination and the largest consumer of agricultural and food exports have been the CIS market, but in recent years this market has expanded to include many other countries in Europe, Asia and the Americas. The main export products are fresh vegetables and fruits, vegetable and animal oils, sugar, tea, processed agricultural products, beverages, tobacco products, cotton and others.

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Increasing the international competitiveness of agricultural products, ensuring the food security and provision of population with high quality and safe food products are the key directions of the agrarian policy of Azerbaijan. In order to encourage the production of agricultural crops, producers are provided with subsidies from the state budget.

Soft loans, provided to agricultural producers by the National Fund for Entrepreneurship Support of the Ministry of Economy and the State Service on Management of Agricultural Projects and Credits under the Ministry of Agriculture, are important factor in boosting agricultural production. “Agroleasing” OJSC focuses on the improvement of the agricultural sector and supporting agropreneurship in the country through purchase and leasing of agricultural machinery to local farmers on concessional terms and conditions.

In order to further increase production of agricultural products and accelerate development of agropreneurship, the local producers of agricultural products have been exempted from all taxes, except the land tax, till 01.01.2019. In addition, import and sale of breeding animals, seeds and seedlings, fertilizers, pesticides, agricultural irrigation facilities, machines, equipment and technology, as well as import of veterinary drugs have been exempted from Value Added Tax.

Azerbaijan Export and Investment Promotion Foundation contributes to the national sustainable development through stimulating exports in the non-oil sector, including agricultural products, as well as promoting “Made in Azerbaijan” brand abroad.

Azerbaijan Investment Company was established to support the development of the non-oil sector of the economy, including agriculture, via termed equity injection along with local and foreign co-investors into the greenfield and brownfield projects in Azerbaijan.

E-Agriculture Information System has been established to prepare detailed ICT (Information-Communication Technologies) strategy and its technical requirements for this strategy for the upcoming years; establish the System for Identification and Registration of Animals; create Veterinary Information System that will automatize the business process of Veterinary Control Service; conduct trials on plant types and seeds, and establishment of Trial-Monitoring Information System in order to control field activities from central office; formulate the System of Soil Analysis in order to increase productivity, protect the quality of land and to provide recommendations to farmers; develop electronic services in order to provide ICT services (such as weather, crop health, the humidity of soil, also mobile/online data on calendar/forecast for harvesting); elaborate the System of Plant Monitoring and

Forecast by distance probe; establish the Agrometeorological Database; improve the effectiveness of collection, processing and use of spatial data; establish the Center of Geographic Information System.

“State Agro Trade Company” LLC has been recently established under the Ministry of Agriculture to provide farmers with methodological recommendations to farmers for the effective organization of agricultural products sales, support farmers' relationships with supply companies and provision of advisory services to farmers on foreign market access. The State Agricultural Development Centers have been created to ensure the arrangement of service-oriented activities in agriculture, intensification of work with farmers, implementation of awareness campaigns in connection with the use of electronic services and innovative technologies, determination of the direction of activities of agricultural producers. Market Information Commercial Center was established by State Service on Management of Agricultural Projects and Credits under the Ministry of Agriculture with the goal of providing the producers, processors and other agrarian organizations with marketing services.

AgroMall agro-complex is one of the largest modern farmers' markets chains in Azerbaijan and has started its activities as of 2017. AgroMall implements its activities in the following main directions network system; international; regions; shows of brands; specialized products markets; cultural recreation center.

In order to stimulate agricultural exports, the following associations have been established in Azerbaijan: Beekeepers Association, Hazelnut Producers and Exporters Association, Fruit and Vegetable Producers and Exporters Association, Pomegranate Producers and Exporters Association, Wine Producers and Exporters Association. Furthermore, Council of Farmers under the Ministry of Agriculture has been recently set up in order to enhance quality of fertilizers and seeds, increase land productivity, ensure availability of agricultural equipment, further develop animal husbandry and improve irrigation of farmland.

Summarizing the very points, it might be useful to elaborate an agribusiness strategy of Azerbaijan (Figure 2) consisting of various key elements with bearing in mind domestic circumstances.

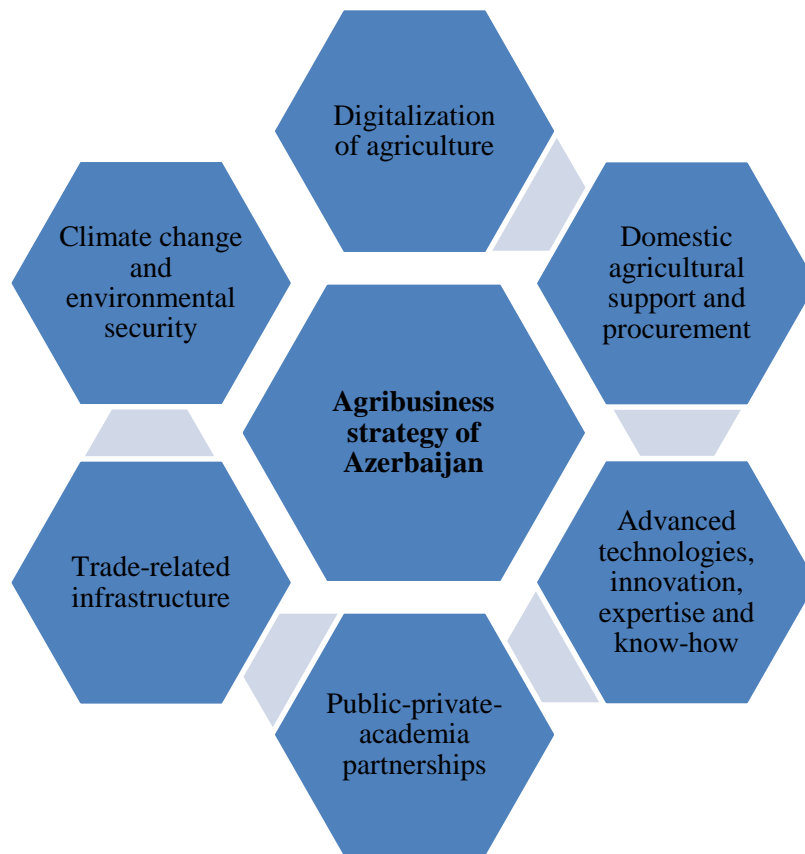


Figure 2: Possible elements of agribusiness strategy of Azerbaijan

3. FOOD SECURITY AND SAFETY

As a result of successful economic reforms and trade policy measures during last several years, there has been a sharp reduction in absolute poverty rates in Azerbaijan. National official data shows that the incidence of poverty fell from nearly 50% of the population in 2001 to less than 5% in recent years [Asian Development Bank, 2018]. Azerbaijan is one of 18 countries out of 128 countries of the world which have reached the 1996 World Food Summit's goal of halving the total number of their undernourished [FAO, 2013]. According to the FAO, Azerbaijan is a food-secure country and the portion of the population suffering from food insecurity is below 5% and malnutrition affecting less than 5% of the population (prevalence of undernourishment in the total population (2015-2017): <2.5%). According to the Global Food Security Index 2018 [The Economist Intelligence Unit, 2018], Azerbaijan was on the 56th place among 113 countries. Referring to the World Bank, the prevalence of undernourishment in Azerbaijan, in 2016, as a percentage of

population was 2.5% [World Bank, 2017]. Based on the “Global Competitiveness Report 2017/2018” [World Economic Forum, 2018], Azerbaijan was on the 13th place, among 137 countries, for agricultural policy costs. Azerbaijan is fully or almost self-sufficient in beef, poultry, eggs, lamb, dairy, vegetables, fruits and other agricultural products. However, just like in all countries, climate change might challenge food security in Azerbaijan as well. In this context, promoting food security has been identified as one of the FAO priorities in Azerbaijan [FAO, 2018].

Based on the relevant Presidential Decree, amendments have been made to the Statute of the Food Safety Agency of the Republic of Azerbaijan. According to the amended Statute, the above-mentioned Agency is the central executive authority in Azerbaijan implementing, at all levels of food chain, state control and regulation of food products safety, as well as export-import operations of foodstuff and foods that are under public veterinary and phytosanitary supervision. The Agency issues, as of 01.07.2018, phytosanitary certificates to plant products and goods of plant origin exported from Azerbaijan. Samples of phytosanitary and re-export phytosanitary certificates, meeting the requirements of the International Plant Protection Convention (IPPC), have been prepared by the Agency and for the ease of reference uploaded to www.afsa.gov.az/en/importexport.

Moreover, according to the amended Statute, the above-mentioned Agency is the central executive authority in Azerbaijan implementing, at all levels of food chain, state control and regulation of food products safety, as well as export-import operations of foodstuff and goods that are under public veterinary and phytosanitary supervision. The Agency issues, as of 01.07.2018, veterinary certificates to animal products and goods of animal origin exported from Azerbaijan. Veterinary requirements, elaborated based on the standards of World Organization of Animal Health (OIE), for animal products and goods of animal origin to be imported to Azerbaijan have been prepared by the Agency and, for the ease of reference, uploaded to www.afsa.gov.az/en/info/rule.

In conclusion, food and nutrition strategy (Figure 3) might serve as a driving force to and engine in the further advancement of food security and safety in Azerbaijan.



Figure 3: Possible pillars of food and nutrition strategy (4S) of Azerbaijan

4. MULTILATERAL COOPERATION: FAO, IFAD, WTO

Azerbaijan welcomes the adoption of the UN Sustainable Development Goals (SDGs) which sets ambitious targets for future global development and stands ready to contribute to their implementation. Azerbaijan was a pioneer in achieving impressive results on many UN Millennium Development Goals (MDGs), predecessor of SDGs, especially on eradicating extreme poverty and hunger. Azerbaijan's achievements have been appreciated by the United Nations system. In 2013, Azerbaijan was awarded a Diploma of the FAO for having made an outstanding progress in fighting against poverty and hunger. In October 2015, Azerbaijan in collaboration with FAO celebrated the World Food Day on the theme of "Social protection and agriculture", which demonstrates once again the commitment of the country to increasing well-being, living standards and quality of life of its citizens. In September 2015, Azerbaijan was honored a South-South Award for the improvement of the welfare of the population, diminishing the poverty, as well as the actions taken in the successful implementation of the MDGs [UN, 2017]. Azerbaijan is committed to the achievement of SDGs and has submitted its voluntary national review to the UN Secretariat in July 2017 [UN, 2017]. Azerbaijan considers relevant agricultural

organizations, such as the FAO, International Fund for Agricultural Development (IFAD), International Organization of Vine and Wine (OIV), IPPC, International Union for the Protection of New Varieties of Plants (UPOV) and OIE as reliable partners to further boost sustainable agriculture and food security in the country.

FAO's partnership with Azerbaijan is focused on six priority areas, that include the promotion of women's representation in rural organizations and income-generating activities for rural women as a cross-cutting issue: animal health and plant protection; supporting investments in agriculture, food security and rural development; capacity development, including agricultural education, research and extension; strengthening the policy and institutional framework for agriculture and rural development; improved crop, fisheries and livestock production; sustainable, equitable and efficient forestry, land and water resource management [FAO, 2018]. FAO Director-General visited Azerbaijan in 2015 and, in the margins of his visit, 2 agreements (formalizing the partnership and establishing the new office) were signed [FAO, 2015]. In 2018, "Azerbaijani Room" was opened at the FAO headquarters in Rome, Italy.

In Azerbaijan, IFAD's priority is to reduce poverty and improve living conditions for disadvantaged rural communities. IFAD's country strategy programme in Azerbaijan has 2 main objectives: enhancing natural resource management for improved food security and helping poor rural people access profitable markets and value chains [IFAD, 2018].

Azerbaijan is in the process of accession to the World Trade Organization (WTO). In this context, Azerbaijan continues plurilateral negotiations on agricultural domestic support and export subsidies with relevant WTO members. Taking into account recent developments and future plans aimed to make agriculture strong and competitive, as well as previous requests of the member countries, Azerbaijan's goal is to be treated as a developing country in order to obtain 10% "de minimis" level, as well as benefit from the provisions of the Article 6.2 of the Agreement on Agriculture of the WTO. Azerbaijan currently doesn't apply any agricultural export subsidies and level of domestic agricultural support is approximately 12%. The agricultural tables reflecting the calendar years of 2014-2016, as well as replies to the questions of the WTO members on domestic agricultural support tables have been circulated by the WTO Secretariat, in June 2017, among WTO members. In this context, the last WTO Working Meeting on the accession of Azerbaijan to the WTO, as well as plurilateral meeting on agricultural domestic support was held in July 2017 in Geneva, Switzerland.

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In the framework of Azerbaijan' multilateral cooperation, development of international agricultural strategy (Figure 4) might be helpful to fully realize country's existing potential and breaking into strategic markets.

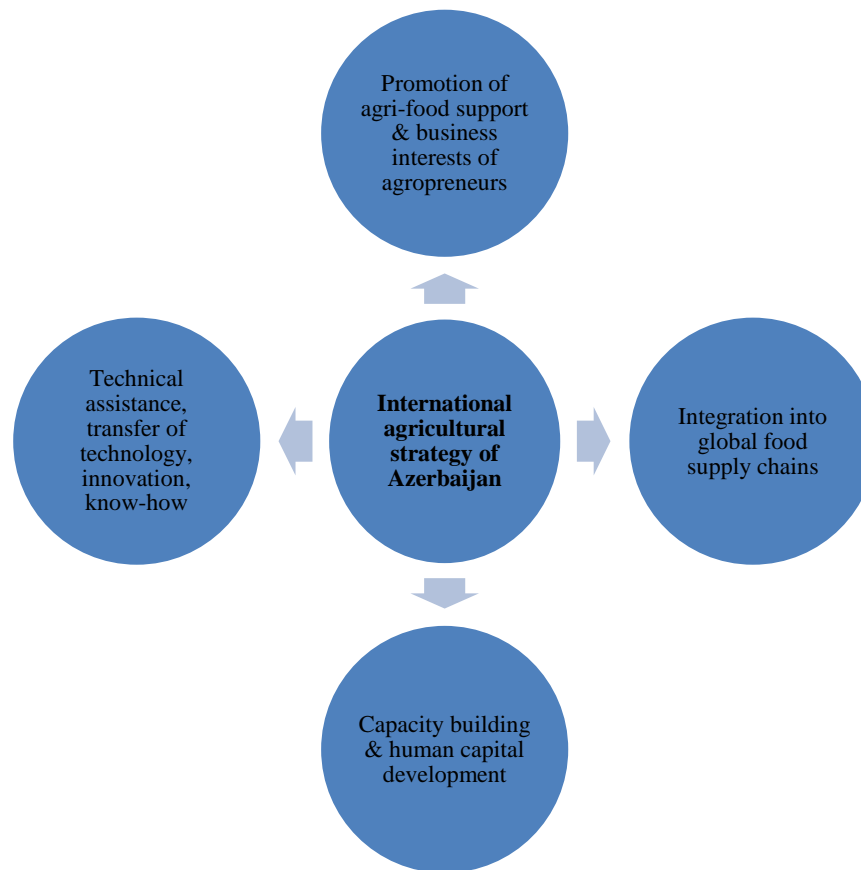


Figure 4: Possible elements of international agricultural strategy of Azerbaijan in the framework of multilateral cooperation

5. BILATERAL AGRICULTURAL COOPERATION WITH GERMANY

German-Azerbaijani economic relations are one of the most dynamically developing areas of cooperation. Azerbaijan is the most significant trade and economic partner of Germany in the South Caucasus. In 2017, bilateral trade turnover was almost 1.5 billion Euro and Azerbaijan accounts for approximately 70% of the total bilateral trade

of Germany with South Caucasus. Germany was one of Azerbaijan's top-ranking export destinations in the first quarter of 2017.

In November 2012, the German-Azerbaijani Chamber of Commerce was established in Baku. Almost 200 companies from both sides are members of the German-Azerbaijani Chamber of Commerce. The German-Azerbaijani High-Level Working Group on Trade and Investments was established in May 2011 and its 7th Meeting was held in November 2017 in Berlin. The German delegations headed by the chairman and managing director of the German Committee on Eastern European Economic Relations have visited Azerbaijan in March 2017 and February 2018 respectively. Moreover, during the official visit of the German Federal Chancellor to Azerbaijan, in August 2018, a Business Forum was organized with the participation of German companies.

Germany is a strategic market to export agricultural products of Azerbaijan. Currently, in Azerbaijan's exports to Germany, certain part in the non-oil sector belongs to the agricultural products. Azerbaijan also imports agricultural products and machinery from Germany.

Germany has invested over half a billion Euro to the economy of Azerbaijan, especially to the non-oil sector. At present, German companies successfully operate in Azerbaijan and they contribute to the development of non-oil economy.

Azerbaijan intends to boost its agricultural exports to Germany in coming years. In this regard, Azerbaijan regularly participates, with a national stand, at various international food and agricultural exhibitions held in Germany ("International Green Week", "ProWein", "Anuga", "Fruit Logistica" and etc.). Furthermore, Azerbaijan organizes annual international agricultural exhibition, in Baku, entitled "CaspianAgro". This gives Azerbaijan an opportunity to demonstrate its agricultural products, promote agro-tourism, hold "B2B" meetings and expand networking.

In order to further promote "Made in Azerbaijan" brand, in 2017, Azerbaijan organized its first export mission to Germany with participation of a number of national companies. The second export mission is envisaged to be organized by the end of 2018. Azerbaijan is particularly interested in importing, from Germany, seeds and semen with high productivity, sophisticated agricultural technologies, as well as learning the experience and best practices of Germany in digitalization of agriculture and green innovations. In this regard, Azerbaijan cooperates with relevant German companies (e.g. "CLAAS Global Sales", "Haller", "Rapunzel", "Holmer" and others). Furthermore, "AzGranata" LLC's subsidiary, namely "Granata GmbH and Co. KG" is operating in Berlin and specialized in selling Azerbaijani pomegranate wine, juice

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and sauce in Germany. Also, with the aim of developing human capital and strengthening capacity building, the bilateral cooperation with the relevant German institutions and universities (e.g. Leibniz Institute of Agricultural Development in Transition Economies, Food Security Center at the University of Hohenheim, Julius Kühn Institute, Weihenstephan-Triesdorf University of Applied Sciences, Hohenheim Research Center for Bioeconomy and etc.) in the field of sustainable agriculture and food security is of interest to Azerbaijan.

In the context of bilateral trade with Germany, formulating an agricultural export strategy (Figure 5) might further boost Azerbaijani agricultural exports to and increase their competitiveness in Germany.

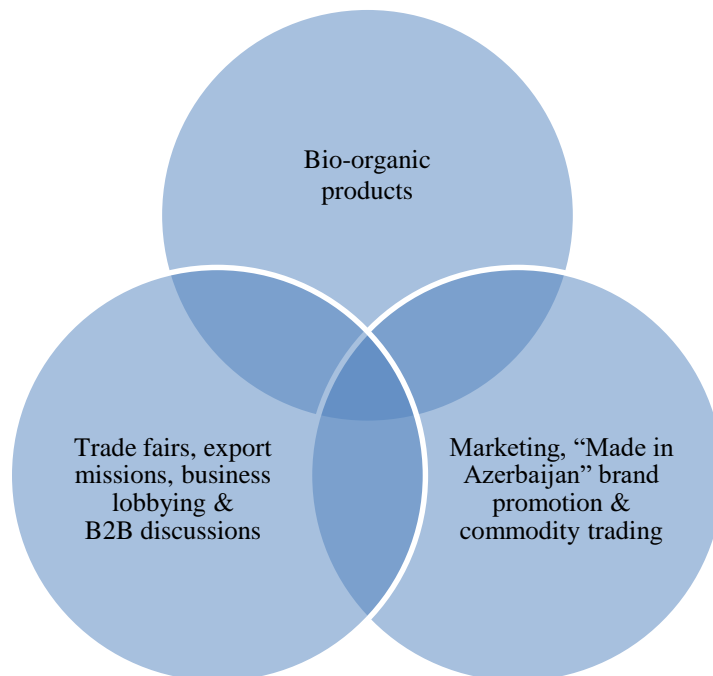


Figure 5: Possible elements of Azerbaijan’s agricultural export strategy towards Germany

6. SUMMARY AND CONCLUSIONS

Volatile fluctuations in global oil and gas markets have presented Azerbaijan with an opportunity to invigorate and focus on the development of non-oil sector, introduction of structural reforms aimed at facilitating trade and business climate in the country

and elimination of impediments to the economic growth. Azerbaijan recognizes the role of international agricultural trade in achieving sustainable, balanced and inclusive growth and is ready to work with its partners.

As the result of successful reforms, during recent years, the number of Azerbaijan's trading partners exceeded 180, the country signed, more than 60 bilateral trade and economic partnership agreements, the country's external trade increased several times. Azerbaijan, as the initiator of large-scale trans-regional projects and enabler of regional connectivity, will continue to mobilize more resources to increasing its share in the global and regional trade, improving logistics and soft transport infrastructure.

According to the UNESCAP studies, Azerbaijan's development cost of being landlocked equals to 11.24% [UNESCAP, 2015]. Hence, taking into account country's geographical disadvantages due to landlockedness, Azerbaijan highly appreciates the Vienna Programme of Action for landlocked developing countries, as a strategic guidance for successful realization of its long-term economic sustainability objectives and further ensuring country's efficient integration into the global economy.

The Republic of Azerbaijan attaches importance to trade facilitation, simplification of customs formalities and liberalization of foreign economic activities. As a party to the revised Kyoto Convention on Simplification and Harmonization of the Customs Procedures, the country is constantly working towards harmonizing its national legislation with the best practices available.

FAO's Partnership and Liaison Office was inaugurated in 2016 in Baku. It marks a milestone in the collaboration between Azerbaijan and FAO. This partnership is expected to strengthen the ongoing work and will open new horizons to working together in the pursuit of common goals. The partnership, which begins with a 5-year portfolio will focus, at the national level, on priority activities such as enabling environment for investments in agriculture, rural development, food security, improved crop and livestock production, animal health, plant protection, as well as capacity building and strengthening the policy and institutional framework as set forth in the FAO Country Programming Framework for 2016-2020.

Agriculture remains as one of important sectors in Azerbaijan's non-oil economy. Like on a global level, climate change negatively affects agricultural progress in Azerbaijan. In this regard, Azerbaijan was included in the list of countries with a climate-sensitive production and/or yields [FAO, 2018]. Being one of the leading producers of agricultural goods in the South Caucasus region, Azerbaijan aims to continue its expansion strategy to break into strategic markets. Multinational and

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bilateral cooperation, especially with Germany, open new horizons and perspectives to further advance sustainable agriculture and food security, in Azerbaijan, especially through more efficient and effective integration into global food supply chains.

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