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## THE ROLE OF AZERBAIJAN IN THE FIELD OF GLOBAL WORLD LOGISTICS

### РОЛЬ АЗЕРБАЙДЖАНУ В ГЛОБАЛЬНІЙ СВІТОВІЙ ЛОГІСТИЧНІЙ СФЕРІ

*In this article, the objective is to research and analyze the actual and strategic role of Azerbaijan in the field of Global Logistics and how Azerbaijan contributes strategically to the global logistics industry. This article explores the ways Azerbaijan should do in terms of its strategic role in the world logistics field and tries to disclose country's role in conditions that exist in the world logistics network. Logistics has an important role the development of all sector in any country. When we evaluate the role of Azerbaijan in the field of Global Logistics, one of the main nuances is to determine the weak and strong points of country in logistics section. For the improvement of logistics potencial, the state programs in this area should be implemented continuously. By assessing the country's capabilities in the field of global logistics, it is important to attract international attention to increase the country's transit trade potential. A general theoretical approach to the study of modern logsitics relations permit to form a imagination about the basic events and processes occuring in this field. In any region, the improvement of logistics infrastructure creates broadly opportunities for the development of transit potencial and having become a significant motive force of economic growth, logistics and trade permit to increase the capacity of foreign direct investments in the basic fields in quickly globalizing world. Azerbaijan plays the role of a bridge between Europe and Asia. To turn into an important hub, to become better in this sector, Azerbaijan has to improve essentially the logistics and trade infrastructure for the long term period.*

**Key words:** logistics, logistics infrastructure, development, globalization, economy.

*Метою цієї статті є дослідження та аналіз фактичної та стратегічної ролі Азербайджану у сфері глобальної логістики та того, як Азербайджан робить стратегічний внесок у світову логістичну галузь. Ця стаття досліджує шляхи, якими повинен діяти Азербайджан з точки зору його стратегічної ролі у світовій логістичній сфері, і намагається розкрити роль країни в умовах, які існують у світовій логістичній мережі. Логістика відіграє важливу роль у розвитку всього сектора будь-якої країни. Коли ми оцінюємо роль Азербайджану в сфері глобальної логістики, одним з головних нюансів є визначення слабких і сильних сторін країни в розділі логістики. Для покращення логістичного потенціалу державні програми у цій сфері мають реалізовуватися постійно. Загальнотеоретичний підхід до вивчення сучасних логістичних відносин дозволяє сформулювати уявлення про основні події та процеси, що відбуваються в цій сфері. У будь-якому регіоні вдосконалення логістичної інфраструктури створює широкі можливості для розвитку транзитного потенціалу та, ставши значною рушійною силою економічного зростання, логістичний та торговельний дозволі дозволяє збільшити спроможність прямих іноземних інвестицій у основні галузі у світі, що швидко глобалізується. Азербайджан відіграє роль мосту між Європою та Азією. Щоб перетворитися на важливий хаб, щоб стати кращим у цьому секторі, Азербайджан повинен суттєво покращити логістичну та торговельну інфраструктуру на довгостроковий період. Використовуючи стратегічне географічне положення Азербайджану, слід продовжувати діяльність із залучення транзитних вантажів у транспортні коридори через територію Азербайджану, створення торгово-логістичних хабів у регіонах країни як виробничих та інвестиційних центрів, щоб країна значний*

логістичний і глобальний центр транзитної торгівлі. Водночас, оцінюючи можливості для нових бізнес-ідей, можливості працевлаштування та створення доданої вартості, важливо працювати над сприянням інвестиційній привабливості Азербайджану. Для забезпечення конкурентоспроможності Азербайджану в торговельних коридорах Схід-Захід і Північ-Південь необхідно скоротити витрати часу і витрат на імпортно-експортні розробки і транспортування транзитних вантажів.

**Ключові слова:** логістика, логістична інфраструктура, розвиток, глобалізація, економіка.

**Formulation of the problem.** Let's look at the profile of the country from a logistical point of view. Azerbaijan is one of the members of the Central Asian regional economic cooperation organization. The country is located on the East-West and North-South trade routes (Figure 1). It can be said that Azerbaijan has been a trade center as well as a cultural center in the South Caucasus region for centuries. The restoration of the ancient silk road, which plays an important role in the establishment of trade relations between China and Europe, and the passage of this road through the territory of the country, as well as the establishment of transit relations between the Russian Federation and Eastern European countries, as well as between Iran, Central Asia on the one hand, and South Asian countries on the other, factors such as its geographical location increase the role of country in global world logistics. Baku which located on the Caspian sea is the capital of Azerbaijan and plays an important role as the major international city for the country. The international airport located in Baku is important for air cargo and passenger transportation of country [1].

At the current historical stage, the power of the independent state is expressed with the unity of its internal and external potential. Azerbaijan has become the central hub of the South Caucasus region in geoeconomic and transport-logistics aspects. First in this row, geographical, economic, energetic and transport-logistics of Azerbaijan with the "New Silk Road" project full adaptation of its features can be emphasized. In the listed directions, strategic road maps of Azerbaijan were prepared for systematic activity. For instance, Strategic



Figure 1. Map of Azerbaijan and Neighboring Countries

Source: United Nations, Department of Information

Roadmap for development of logistics and trade in the Republic of Azerbaijan determines for the period 2020–2025 and after 2025, short, medium and long-term perspective directions. In this document, strategic goals and objectives which reflect the development perspective on logistics have found its opposite [3].

At the same time, priorities have been determined for the achieving to those goals and objectives. The issue of ensuring Azerbaijan's competitiveness has been shown as one of the important factors in the strategic road map. These two directions have an important strategic geopolitics role apart from transportation and economic importance. Those belong to the field of intersection of the interests of Russia, East, Iran and China. For this reason, to ensure the competitiveness of Azerbaijan in East-West and North-South transport corridors is the most important issue [2].

**Analysis of recent research and publications.** The study has drawn on primary and secondary sources In Azerbaijani and English. Recent studies and publications on this topic form a solid basis for accurately defining the role of Azerbaijan in the field of logistics. These studies provide important information for the development of Azerbaijan's transport infrastructure, energy transit and world trade. In this article, we will analyze the main points of these studies in detail. Recent economic studies and publications highlight Azerbaijan's growing logistics potential and achievements to become the region's most important transportation hub. These studies play an important role in demonstrating Azerbaijan's strategic location and its role in international trade worthy of scrutiny. These studies confirm the dynamic development of Azerbaijan's economy and the current status of the region as a transport center.

Also, recent assessments and analyzes provide insights and perspectives on the country's relationship in world logistics and its impact on international trade. The results of these studies will help to open the high potential of Azerbaijan in the field of logistics and transport to wider use in the global arena. This research is based on different recent studies on this topic.

In connection with the development of international trade, the concept of “international logistics” has emerged, which can be understood as a set of integrated logistics operations performed on an international scale. Issues in this area of economic relations became the subject of research by Ziyadov N. [10], Muzaffarli N., Ismailova E. [8], relevant public and private structures involved in this area of business [1; 3; 5]. Logistics becomes international when the supply chain crosses national borders [2; 6; 9]. Many experts prefer to use here the term global logistics, which is a strategy and tactics for creating, as a rule, sustainable macro-logistics systems that link business structures of different countries of the world based on the division of labor, partnership and cooperation in the form of contracts, agreements, general plans supported at the interstate level [11]. At the same time, the position of international logistics from the point of view of carrying out the necessary operations in the context of the Azerbaijani economy has not yet been examined in detail.

**Formulation of the purpose of the article.** The purpose of the article is to outline the main directions for the formation of an innovative and strategic role of Azerbaijan in global world logistics. Recognition of Azerbaijan as the leading state of the South Caucasus attracts attention as a very relevant theoretical and practical factor. Once upon a time, big countries that do not want to accept Azerbaijan work on plans to expand cooperation with it. Global geopolitical dynamics have become so complex that sovereignty and development prospects of young independent states has become to a serious theoretical-practical problem. In the modern geopolitical context, there is a need to stand more broadly on such points. The tasks to be solved are as follows:

1. Improvement and creation of logistics performance indexes to evaluate the success of state procedures, canons, and regulations;
  2. to ensure safety of external investments that come with technology and knowledge transfers;
  3. to evaluate the potential of Azerbaijan in global logistics and its main activities in the field of transport and logistics, infrastructure, ports, airports and other experiences.
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It is also important to more development logistics infrastructure of country according to global standards.

**Presentation of the main material.** The research methodology tries to determine the basic aspects of sustainable development of country's logistics infrastructure. Azerbaijan is located at the crossroads of major Eurasian land and air transport corridors a feature that will play a vital part in its long-term success, if utilized properly [10]. Potentially, the country could serve not only as a commercial bridge between Europe and Asia, but also as a major distribution hub in Eurasia. Though its energy strategy, however, Azerbaijan's vision for development of its non-oil economy is still a work in progress [10]. Nearly 85% of the country's exports and more than 50% of GDP come from the sale of oil and natural gas a situation that is unlikely to change in the immediate future. The mid and long-term prospects of the country are promising, albeit conditioned upon successful improvement of the non-oil sector [10].

In this research, comparative and statistical analytical methods, expert analysis of problem and systematic approach methods were used. Strategic management of the logistics field, the application of local and foreign practical research has a great important. The increase in the interest of different countries of the world in Azerbaijan is based on the political power, economic development and peace-loving state of our country. Being a reliable partner of our country in the history of our independence, it is a logical result of its contributions to security and stability that Azerbaijan has become an influential member of the international community.

In the modern world, Azerbaijan is already a place where topics of the most global nature and of interest to the world are discussed. In the international events held after Azerbaijan's victory in the 44-day Patriotic War, a wide space is given to the promotion of the work done in the direction of revitalizing our territories freed from occupation and becoming an important component of international transport corridors.

In general, Azerbaijan, which presents itself as an important actor in the region using its economic and political opportunities, owns 85 percent of the total economy of the South Caucasus countries. Any economic project in the region can not be realized without the consent of our country. The steps taken by Azerbaijan for many years in the political, cultural, economic, energy and transport fields are bearing fruit today in the geostrategic sense. The Silk Road passing through Azerbaijan, which is historically considered an important transport hub, shows that our country has ancient traditions in the field of logistics. Acting as an important link of the huge global initiative towards the restoration of the historical Silk Road, Azerbaijan acts not only as a transit country, but also as an initiator and executor of projects such as the Baku-Tbilisi-Kars (BTQ) railway and the North-South International Transport Corridor. Our country is of special importance due to its geographical and economic position and not only acts as a gate between the East and the West, but also plays an important transit role connecting the North and the South. The world community already recognizes that today our country plays the role of a stabilizing factor in the region from a regional point of view [4].

The global transnational projects implemented with the participation of Azerbaijan have turned our country into a provider of energy security in Europe and one of the transport and logistics centers of Eurasia. It plays a major role in the creation of East-West, North-South and North-West transport corridors connecting dozens of countries [11]. In particular, the creation of promising projects such as TAP and TANAP in terms of energy supply of Europe further increases the importance of Azerbaijan in the energy field. The importance of the Middle Corridor in the East-West direction is increasing every day. International actors are also showing more interest in the Middle Corridor. Projects such as Baku-Tbilisi-Kars railway, Baku-Tbilisi-Ceyhan and TANAP are of strategic nature. Azerbaijan's liberation of the occupied lands created new opportunities. The funds allocated for the construction of new airports in the liberated territories, the construction of ships, the works carried out at the Baku International Sea Trade Port, the diversification of the railway infrastructure, the

construction and reconstruction of international highways show that Azerbaijan is taking consistent steps towards becoming a transport hub and shows a determined will [5].

In recent years, excellent transport infrastructure has been created in our country. Important projects were implemented in the direction of the development of air, sea, railway and road transport. Azerbaijan has become a serious actor in the big transport market. It is emphasized that the realization of Engazur corridor is a historical necessity. Zangezur Corridor should ultimately be a shining example of regional cooperation as a whole [4]. The transport sector has a special place in the rapid and comprehensive development of the country's economy.

Currently, special attention is paid to the systematic and comprehensive development of the road industry. As a result of this, the modernization and modernization of the road industry of our republic is deepening, the construction programs that serve to increase the strength and power of our state and improve the welfare of our people are being successfully implemented. Intensive works are being carried out in the direction of improving the railway transport system according to international standards, expanding, modernizing and renewing the country's railway network [9].

Also, active participation of Azerbaijan in the process of realization of international and regional transport corridors, Baku-Tbilisi-Kars and North-South projects is ensured. The construction of the Baku-Tbilisi-Kars (BTQ) railway, considered one of the 100 largest projects in the world, was carried out under the leadership of President Ilham Aliyev. The Baku-Tbilisi-Kars railway facilitates the access of Central Asian countries – Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Afghanistan to European and world markets. The Baku-Tbilisi-Kars railway has become an integral part of the "One Belt, One Road" economic development strategy announced by China and supported by a number of countries, including Azerbaijan. Currently, work is being done to restore the railway network in the territories freed from occupation. It is impossible to imagine international economic relations without the participation of sea transport. Sea transport is the cheapest form of transport compared to other forms of transport in the unified transport system. In order to take advantage of sea trade opportunities, investments are being made in the creation of port hubs in a number of countries around the world. Baku International Sea Trade Port has been put into use since 2018.

In addition to port operations in Azerbaijan and abroad, one of the important issues is the modernity of ships and high cargo carrying capacity. At present, "Azerbaijan Caspian Sea Shipping" JSC includes specialized fleet and ship repair plants in addition to transport fleet. One of the important areas of the transport system is air transport. In recent years, 7 airports have been built or reconstructed in the republic. At present, there are six international (Baku, Nakhchivan, Ganja, Lankaran, Gabala, Zagatala) and one local (Yevlakh) important airports in Azerbaijan. The construction of the third airport in Lachin continues after Fuzuli and Zangilan international airports, which have been put into use in the liberated areas [8]. All of these works accelerate the stable and sustainable development of Azerbaijan in the region.

**Conclusion.** The oil sector is the basic income source for Azerbaijan, the last events take place in the globalized world showed that it is risky for the country's sustainable development. From this vision, to improve non-oil sector of Azerbaijan it is very important issue for the its economy. The logistics sector is one of the main aspects for this process. The logistics sector has a significant role as one of the priority fields for improvement of country's non-oil sector. This sector plays an important role as a stimulate factor for coordinate of other sectors of economy. In the globalization process of world, the exisiting potential of country should be set as a main goal to achieve developmet of the non oil sector of Azerbaijan. Improving the logistics infrastructure of the country should be the main priority of the sustainable development of the non-oil sector.

With using strategic geographical position of Azerbaijan, the activities which to involve transit cargo into the transportation corridors through the area of Azerbaijan, to build shop-



ping and logistics hubs in the regions of country as a production and investment centers should be continued in order to make country a significant logistics and global transit trade center. Simultaneously, by evaluating opportunities for new business ideas, employment opportunities and in value added creation, it is essential to work on promoting the investment attractiveness of Azerbaijan.

Thereby, the waste of time and costs, spent on import-export workings and transportation of transit cargoes, should be reduced to provide competitiveness of Azerbaijan in the East-West and North-South trade corridors.

Border crossing procedures in the country should be simplified. Along international transport corridors, other issues are to be solved in logistics sector. For the development of country, reconstruction work and construction projects should be finished and adjust with international standards. At the same time, it plays an important role in improving its logistics infrastructure. Improving the logistics potential of the country further increases the importance of its role in the field of global logistics.

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