

DEVELOPMENT OF FOREIGN ECONOMIC ACTIVITIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA COUNTRIES

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Abstract. The features of providing economic policy for the South Caucasian and Central Asian countries has been investigated in the paper. It is shown that intensification of the activities of all branches of the government is one the main factors for providing economic security of the region countries.

Keywords: integration, geostrategic issues, region, economic activity.

CƏNUBİ QAFQAZ VƏ MƏRKƏZİ ASİYA ÖLKƏLƏRİNİN XARİCİ İQTİSADI FƏALİYYƏTİNİN İNKİŞAFI

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Xülasə. Məqalədə Cənubi Qafqaz və Orta Asiya ölkələrinin iqtisadi siyasətin təmin edilməsi xüsusiyyətləri araşdırılmışdır. Göstərilir ki, hökumətin bütün qollarının fəaliyyətinin intensivləşməsinin region ölkələrinin iqtisadi təhlükəsizliyini təmin edən əsas amillərdən birdir.

Açar sözlər: integrasiya, geostrateji məsələlər, region, iqtisadi fəaliyyət.

РАЗВИТИЕ ВНЕШНЕЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ СТРАН ЮЖНОГО КАВКАЗА И ЦЕНТРАЛЬНОЙ АЗИИ

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Резюме. В статье исследованы особенности обеспечения экономической политики стран Южного Кавказа и Центральной Азии. Показано, что активизация деятельности всех ветвей власти является одним из основных факторов обеспечения экономической безопасности стран региона.

Ключевые слова: интеграция, геостратегические проблемы, экономическая активность.

1. Introduction

The process of integration of the South Caucasus and Central Asia into the system of world economic relations takes its beginning mainly from the time of the collapse of the socialist economic system. Ensuring the effectiveness of this integration process, which has continued since then, is of particular importance in terms of the implementation of the strategic interests of each country in the region. That is why the conceptual design of the foreign economic strategies of the countries of the region serves as a prerequisite for ensuring the effectiveness of their foreign economic relations.

In the context of globalization, the development of the conceptual framework of the foreign economic development model of the countries of the South Caucasus and Central Asia should be assessed, first of all, by the external and internal factors influencing the economic development of the countries. However, it is possible to determine which foreign

economic development model is most appropriate for the country after these factors are identified and objectively evaluated [2].

Changes in the content of the world economy during the development of the world economy require the appropriate changes in the economies of countries that are integral parts of this complex system. With the expansion of foreign economic relations, the choice of foreign economic development strategies of small countries is becoming more relevant. Because, in an open economy, foreign economic relations play a greater role in the economic life of these countries than in the larger countries.

The institutional, geographical, and sectoral priorities of the national economy are of particular importance in the selection, development and transformation of the foreign economic strategy [6].

As for the content of the Prioritet concept, it should be noted that the ideas of foreign economic development priorities are foggy in the economic literature. In our opinion, first of all, this understanding should be clarified.

The development of any country or region in the modern world is directly related to the economy of that country. Also, a key element of economic development in a globalized world is the establishment of mutual economic relations with foreign countries. And one of the key factors in building economic relations with foreign countries is, of course, the oil and natural gas, which is now the number one energy source in the world. Oil and natural gas resources are already playing a leading role not only in the energy sector, but also in the economic development of countries.

Energy is a means to increase production and improve the welfare of societies. Therefore, energy is the basis of economic and social development. Equally important is the timely and cost-effective provision of energy resources. The demand for oil and natural gas continues to increase as the world's population grows. Therefore, until the world's oil and natural gas resources are depleted, or alternative energy sources produced at a lower cost than those sources of energy, the importance of oil and natural gas will continue, and the struggles over these energy resources will continue for many years. In the current circumstances, Central Asian countries and Azerbaijan are using their existing energy resources to ensure their own development [4]. The interest of the world countries in the region is growing, taking into account the region's energy potential and the increasing demand of the world. This, in turn, enables large-scale energy projects.

Energy has been one of the most important tools in the interconnection of our countries, in accordance with today's demands. Producer and consumer countries have formulated their own energy policies, albeit for different purposes. Producer countries aim to keep their export revenues to a certain extent by selling oil or natural gas to different consumers at the expense of their energy resources. Consumer states form their own energy

policies to ensure the sustainability of the source, the safety of transport, the discovery of new sources and price stability.

Changes in the contents of the world economy during the development of the world economy require the appropriate changes in the economies of countries that are integral parts of this complex system[3]. With the expansion of foreign economic relations, the choice of foreign economic development strategies of small countries is becoming more relevant. Because in an open economy, foreign economic relations play a greater role in the economic life of these countries than in the larger countries.

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2. South Caucasus and Central Asia: Dynamics of foreign economic activity development

The complexity of the modern era, where globalization and regional integration are widespread, as well as the complexities of the socio-economic transformation processes in the South Caucasus and Central Asia region, make it difficult to ensure sustainable national and economic development in these countries. If we add to these problems the problems of legal state building in the South Caucasus and Central Asia, then it is possible to have a general idea of the enormous visibility of these countries in the light of regional and international interests.

As a prerequisite condition for sustainable development of the countries of the South Caucasus and Central Asia, where H. McCinder crosses geo-economic vectors towards Eurasia based on concepts and models such as Hartland, N. Spikmen's "Rimland" and Bzejinski's "Great Chessboard," First of all, it is the reconciliation of the national-corporate interests of the developed countries with the national-corporate interests of the developed countries [5].

The solution of the problem of interconnection of geo-economic interests of the international strategic forces in the South Caucasus and Central Asia, with the maximum consideration of national and economic interests of the countries of the region, is characterized as creating favorable conditions for the development of these countries. Such favorable conditions expand the ability of these countries to "maneuver" independently. In our opinion, the first step in this direction is the development of an effective foreign economic strategy aimed at the near future. The strategy of pragmatism should be based on such a strategy. The implementation of this strategy requires the implementation of comprehensive measures based on the principles of systematicity and phased approach. the development of forecast models in several variants. One of the most important prerequisites for an objective and accurate assessment of the current economic situation is the reflection of economic development through the use of a retrospective systematic approach. The application of this

method is more effective in terms of creating a general picture of the recent economic history that is illuminated. By the way, let's note that only objective picture of the stable period of the recent economic past can be the basis for the development of predictive models [8].

Assessment and prediction of the current economic situation through the use of traditional methods only shows the dynamics of the object in relation to its earlier stage of development. That is why we have used a “associative analysis” method that allows the economic development of the countries of the South Caucasus and Central Asia to compare the economic development forecasts.

When applying this method to global economic development forecasts, one of the conclusions we have made is that there is a tendency for economic growth in countries with transitional economies, which is characterized by a slowdown in economic growth in developed countries [1]. In this regard, comparative associative analysis and prediction of some macroeconomic indicators of the countries of the South Caucasus and Central Asia is of great interest.

Studies based on official statistics show that by 2027, the economic situation in the South Caucasus and Central Asia will be stable and will be characterized by dynamic development. But we must not forget that there are other factors that can have a decisive impact on these processes. Looking at the prism of a geo-economic approach to the national economic development of the South Caucasus and Central Asia, at least three major factors influencing this development are evident:

- 1) International economic situation;
- 2) National economic interests and priorities;
- 3) Economic situation in the country.

The principles stemming from the need for optimal alignment of the three strategic components are based on national and economic development.

Once the domestic economic situation has been identified, the international economic situation must be objectively assessed and the national economic interests and priorities in these global changes should be clearly defined.

3. Problems of development of foreign economic activity of the countries of the South Caucasus and Central Asia

The study of transitional processes in the economies of the South Caucasus countries is of particular interest, especially on the eve of the 20th anniversary of the collapse of the USSR and in the context of the global financial crisis. Therefore, economic transformation in the South Caucasus is not less important than security, integration and geostrategic issues. Economic assessment of regional security in the context of present-day perspectives are very important for the future policy decisions. Economic and social security is becoming

increasingly relevant in the current environment, where various reactions to the global financial crisis are particularly noticeable across the region [7].

Given the fact that all three countries in the region are involved in different conflicts, the South Caucasus and South Caucasus countries, which are currently emerging from very different political and geostrategic situations, have limited opportunities to operate in a single marketplace and in the context of mutual economic cooperation. may differ greatly from the other. In this article, we first describe the current state of individual countries in the South Caucasus, and then we will try to evaluate the processes of transformation based on comparative economic analysis.

In the context of the global financial crisis, only South Caucasus countries are aiming to complete their economy by 2009. According to official data, during the first 9 months of 2009 GDP grew by 6.1%, including 9.6% in the oil sector and 4.8% in the non-oil sector. Oil sector accounts for 54.4% of GDP formed during the year. One of the highlights of the year is that GDP growth, primarily due to the commercial sector, has had a negative impact on growth in the non-profit sector. As a result of limiting aggregate demand, non-commercial production increased by 1.8%, and only 0.5% of GDP growth fell to the non-commercial sector. The global financial markets have seen a steady rise in business activity since the second half of last year. Although there were positive trends amid rising economic activity indexes and rising world oil prices, the non-oil sector of Azerbaijan has not yet received a positive impetus for these changes and, finally, the growth rate of non-oil GDP in the first 9 months of the same period last year. compared to 15%. Although non-oil GDP growth rates have declined dramatically, it is the International Monetary Fund's latest forecasts for the current year due to the continued growth of oil GDP. GDP growth in Azerbaijan is expected to increase by 7.5% [3].

The year 2009 compared to previous years was not only rich in exciting events, but also responsible and challenging. After years of sustained economic growth, the economy of Azerbaijan has faced a number of challenges for the first time since 1996. Thus, the impact of the global financial crisis, as well as price volatility in the global commodity market, has affected the recessionary tendencies in the economy of Azerbaijan, and in the commodity and financial markets. These tendencies are due to a four-fold decline in exports due to lower world oil prices, mainly in the first half of the year, with nominal GDP at \$ 4 billion. manat, reduced the surplus of the current account balance by 2 times, as well as the sharp restriction of foreign credit flows to the banking system, the reduction of sources of financing in the economy, the decline in investment in fixed assets, and the reduction of nominal cash income of the population. In the first half of the year, the macroeconomic situation in the country was more severe than before and during the first half of the year, with the recession in the chemical, metallurgy, oil refining, furniture and other industries lost every month by the tens of thousands of jobs that the economy faced.

The sector that suffered most from the effects of the global financial crisis in 2009 was the banking and financial sectors. The banking system, especially in the harsh environment and in a difficult microeconomic environment, has failed to address its overall results, though thanks to the Central Bank's anti-crisis measures, with generally positive financial results [4]. Thus, with the help of the Central Bank, the banking system fulfills its \$ 1.6 billion foreign bank liabilities in 2009, working under conditions of limited private resources, and facing the challenges of rapid withdrawal of deposits and increased credit risk earlier this year suffered from serious damage.

Despite some positive trends in recent years, access to credit for businesses and households in Azerbaijan remains limited. As a result, the process of stimulating business activity and aggregate demand, especially in the non-commercial sector, is slowed down. Thus, in the first 9 months of 2009, despite the growth in production loans, lending in the trade and services sector declined by 13.9%, transportation and communications by 29%, and construction and property by 4%. About 77% of households' loan portfolio accounts for consumption, 8% for business and 10% for real estate. But in spite of all these difficulties, Azerbaijan's economy to exceed 3 billion dollars in 2009, 20 billion dollars in debt. dollars with strategic reserves.

As we know, the course of historical processes changes the status of countries in the world community. It is not enough for the state to maintain its position in the system of the world community today. Because, it is happening in the world today the rate of change has also changed. In such a fast-paced environment, a strong state system must be established to ensure the country's sustainable development.

Declining the role of the state in all spheres of public life, including economic life, reinforces the tendency of cruelty, ethnism, separatism, neoliberalism and cosmopolitanism, which in turn threatens the sustainable and sustainable development of the country. Such a negative situation, in turn, acts as a fertile ground for the implementation of the evil intentions of states that are hostile to the country.

In a globalized world, the degree of openness of the economy is increasing. As a result, inter-country competition is becoming increasingly acute, which necessitates the application of new "tactical approaches" that are based on science in the foreign and economic strategies of each state. From this point of view, the study of the experience of many countries in this area is of vital importance to the economic security system of the South Caucasus and Central Asia. For example, in the Soviet military academies the concept of the indirect action strategy was taught by B. Hiddel Cart. It is based on the concept that the goal is to confront the enemy. The idea that simple and direct delivered is often ineffective. Thus, the enemy is taking precautions to prevent that hour. Therefore, the shortest path to achieving the goal is indirect, unexpected, and rational it should be done in a way that is impossible. In our opinion, this concept should be comprehensively studied in the South Caucasus and

Central Asia countries, which have been forming a system of independent statesmen within the world community for 15 years. Thus, the implementation of this concept can be very beneficial in terms of both the socio-economic development of these countries and their economic security.

Based on the aforementioned, we would like to note that the restoration of the traditional power of traditional state attributes based on the conservative reconstruction paradigm has greatly enhanced the real status of the South Caucasus and Central Asia in the world community.

In our point of view, to achieve this goal, the implementation of the following fundamental measures has great importance:

1) To pass a law on the legalization of all assets of national origin and to ensure the security of subjects in the course of its implementation;

2) Identification and clustering of economic areas that can compete and generate high profits in the country's economy. Introduction of new elements of security mechanism in this direction. For example, minimizing the capital flow of foreign-origin investments in the clustered areas, stimulating the flow of investment resources of national origin to those areas and ensuring their security;

3) Speed up the formation of new large-scale business structures in the country and the securities market for successful solution. In this process it is necessary to create a system of macro and macro protection of corporate interests, etc.

Implementation of the above measures requires strengthening of all branches of statehood.

Therefore, it is advisable to increase the powers and responsibilities of the legislative, executive and supervisory bodies in the country many times. It is necessary to study the experience of developed countries and new industrial countries in order to minimize risks in the implementation of principled measures. For example, if we look at the land reforms implemented in Japan after World War II, we will see how increasing the role of the state in economic processes is in the national interest. It is also important. Thus, Japan was able to successfully coordinate on-site initiatives under state control during land reform. At the same time, the independence of business entities with the help of the state in the implementation of land reform was enhanced, while serious measures were taken to prevent their arbitrariness, and strong state intervention was ensured in resolving acute conflicts. In the process of economic reform, the state is not content with just establishing "rules of the game", but in property relations. He also directly participated in the settlement of conflicts. The state, acting as the primary facilitator and the chief justice of these reforms, played the role of an organization and financial center of all land transactions, stimulating real producers while implementing land reforms, but also without any landlords, preventing her from getting rich without labor. As a result, in a country such as Japan, which suffers most in terms of land resources, agrarian programs have been very successful in the near future [3].

Thus, the legislative, executive and supervisory role of the state in the South Caucasus and Central Asia should be further strengthened to minimize internal and external threats in the process of economic reforms. On this basis, a more objective approach to the assessment of economic security should be used, in our opinion, a comparative analysis of the consequences of economic reforms. The application of this method should cover two aspects. First, a comparative analysis of dynamics from the base year of economic reforms to the reporting year. Second, a comparative analysis of the results of a country comparable with the results obtained by countries conducting similar economic reforms. It is also desirable to apply this method for the evaluation of external protection systems.

Results. Once the domestic economic situation has been identified, the international economic situation must be objectively assessed and the national economic interests and priorities in these global changes should be clearly defined. In our opinion, the modern features of the international economic situation are:

- widespread economic globalization and the transformation of global community entities into subjects and objects;
- strengthening of regional economic integration processes;
- strengthening the influence of the Chinese factor in the world economy;
- the transformation of virtual sector activity in the global economy as a decisive factor for the real sector;
- accumulation of international finance at the TNC and becoming a system-forming factor in international financial markets around the world;
- the formation of a new economy based on the up-to-date results of the scientific and technical revolution (talking about developed countries and new industrial countries);

In conclusion, we would like to emphasize that, in our opinion, priorities for national and economic interests based on objective assessment and consideration of global changes in the South Caucasus and Central Asia countries should be defined as follows:

- achieving dynamic development of macroeconomic indicators through the formation of a market economy system;
- effective integration into the world economy through the formation of a competitive national economy (integration of new local economic areas as an alternative to the Euro-Atlantic economic space should also be considered);
- increase of sales of national goods and services in certain goods and services segments of international markets and acquisition of a certain share;
- formation of national corporate structures and their integration and diversification at the meso level.

Based on the aforementioned, it is possible to conclude that the countries of the South

Caucasus and Central Asia have very large socio-economic development opportunities, and among these countries the Republic of Azerbaijan has a higher chance of leadership in the region.

The study of transitional processes in the economies of the South Caucasus is of great interest in the context of the global financial crisis. Therefore, economic transformation in the South Caucasus is not less important than security, integration and geostrategic issues. The economic assessment of regional security in the context of current conditions is crucial for defining perspectives and making policy on the future of the region. Economic and social security is becoming increasingly relevant in the current environment, where various reactions to the global financial crisis are particularly noticeable across the region.

Given the fact that all three countries in the region are involved in different conflicts, the South Caucasus and South Caucasus countries, which are currently emerging from very different political and geostrategic situations, have limited opportunities to operate in a single marketplace and in the context of mutual economic cooperation. may differ greatly from the other. In this article, we first describe the current state of individual countries in the South Caucasus, and then try to evaluate the processes of transformation based on comparative economic analysis.

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