



RESEARCH ARTICLE

The role of improving the business environment in agriculture in ensuring the country's food security

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Abstract

Ensuring food security largely depends on a number of factors, including ensuring sustainable economic growth in agriculture and increasing production. Taking all this into account, it should be noted that improving the business environment in agriculture can play a significant role in preventing internal economic threats to food security. In all countries, regardless of the type and nature of the economic system, the state develops economic programs to ensure food security, and the main goal of these economic programs is, first of all, to improve the current situation in agriculture, achieve sustainable economic growth, as well as the implementation of measures aimed at increasing its productivity. In this regard, it should be particularly noted that a number of state programs aimed at providing the population with reliable food products are being adopted on an ongoing basis in the Republic of Azerbaijan. It should be noted that the formation of a favorable business environment in agriculture implies, first of all, free access of economic entities operating independently of their property ownership to the market of capital and investment resources, provision of necessary state support to commodity producers, providing them with a system of production, market and social infrastructure, as well as the ability to meet the needs of agricultural producers in material and technical resources on effective terms. All this also follows from the process of comparative advantages, but despite all this, the formation of a favorable business environment is important for improving the provision of necessary food, and all this makes the choice of the topic and, consequently, the relevance of the study an objective necessity.

Keywords: Food safety, Food security, Agriculture, Entrepreneurship, Business environment, Value chain in agriculture, Market of production resources.

Introduction

The formation of a favorable business environment in agriculture is one of the most important tasks facing the agrarian policy of the state in modern conditions. As you know, the main goal of the agrarian policy of the state is connected, first of all, with ensuring the country's food security and increasing the incomes of agricultural producers. When approaching the problem from this aspect, the formation of a favorable business environment in agriculture primarily involves bringing macroeconomic and microeconomic conditions to a balanced level for commodity producers. The undeniable reality is that

agricultural producers cannot carry out profitable activities at the expense of their internal capabilities. This is due to the specifics of the area. The dependence of agriculture on natural climatic conditions, the persistent nature of risks, the lack of an effective insurance system in this area, a significantly lower income level of agricultural producers compared to the income level in other sectors of the economy, the presence of imbalances between prices for agricultural products and prices for material and technical resources, etc., limit the possibilities of ensuring sustainable development of the industry. Naturally, all this does without affecting the country's food security. The limited opportunities of agricultural producers to freely enter the market of material and technical resources and capital resources, especially in developing countries, and other similar unfavorable conditions do not allow profitable activities of agricultural producers, which limits the trends of sustainable economic growth in the agricultural sector. There are long-standing traditions associated with the development of agriculture in the Republic of Azerbaijan, and at the same time, the presence of 9 out of 11 types of climate in the country, in fact, creates favorable conditions for expanding the production capabilities of agricultural

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products. But, despite all this, in some cases, there are also problems of objective and subjective reasons related to ensuring sustainable economic growth in agriculture. These problems are connected, first of all, with the fact that the limitation of the volume of land plots at the disposal of commodity producers currently operating in the country's agriculture essentially leads to the fact that commodity producers have the opportunity to satisfy only their natural needs, and all this is accompanied by the emergence of problems in ensuring food security. It should be noted that commodity producers working in rural areas should be able to provide food not only for themselves but also for the urban population. All this requires, first of all, an increase in the level of productivity in agriculture and at the same time the successful implementation of a broad reproductive process. The formation of a favorable business environment in agriculture should, first of all, ensure the transparent functioning of regulatory bodies from an administrative and legal point of view, compliance with modern requirements of the system of production market and social infrastructure in rural areas, expanding access of commodity producers working in agriculture to information and communication systems in the digital economy, at the same time, it provides for providing commodity producers with an equal level of access to the market of financial capital resources and the market of material and technical resources. In addition, the formation of a favorable business environment in agriculture largely depends on factors of the internal environment, including entrepreneurial abilities. It should be borne in mind that the low level of education of a significant part of commodity producers operating in the republic, including the level of economic education, leads to insufficient construction of the financial accounting system in agriculture, which has a negative impact on the financial results in agriculture as a whole.

Summarizing all the above, we can conclude that the implementation of the necessary measures to create a favorable business environment in agriculture, in fact, can create favorable conditions for ensuring sustainable economic growth in the agricultural sector and increasing the weight of agricultural production in the development of the non-oil sector in the post-oil era.

The conducted research shows that small commodity farms still occupy a dominant position in the agriculture of our republic. It is true that the Law of the Republic of Azerbaijan On Agricultural Cooperation was adopted on June 14, 2016, but the mechanism of operation of this law has not yet been formed. Article No. 3 of this law states that the purpose of this law is to create large agricultural enterprises on the basis of a voluntary association of agricultural producers in the Republic of Azerbaijan, effectively use their production potential to produce competitive agricultural products and increase productivity, stimulate the formation and development of agricultural cooperation, protect

the economic, social and other interests of cooperative participants (The Law of the Republic of Azerbaijan 24 June 2016). In general, the processes of cooperation in agriculture should be carried out with the preservation of the principles of independence and at the same time on a voluntary basis. In addition, in order to stimulate the access of commodity producers to cooperation on the part of the state, the necessary measures should be implemented, and, in our opinion, as one of the necessary measures to create large and medium-sized commodity cooperatives in agriculture, differentiation in the amount of state subsidies to commodity producers belonging to the cooperative should be put forward first of all. As mentioned above, the absence of large and medium-sized commodity farms in agriculture also creates various problems in ensuring food security in general. Thus, the creation of large and medium-sized commodity farms in agriculture can ultimately create favorable conditions for commodity producers to implement a crop rotation system, as well as to carry out agrotechnical measures in optimal time, which will allow achieving the necessary qualitative changes in the direction of ensuring the country's food security by increasing the level of yields in agriculture as a whole.

Purpose of the Study

The purpose of the research is to study the scientific and theoretical issues of the formation of a favorable business environment in agriculture, the analysis of the world experience in the formation of a favorable business environment in agriculture, as well as the study of the impact of the formation of a favorable business environment in agriculture on the food security of the country.

Research Methods

To fulfill the tasks set in the study, methods of economic analysis, comparative analysis, grouping, analysis, synthesis were used in the research process. The theoretical methodological basis of the study is a comparative analysis of the studies of world economists, as well as Azerbaijani economists related to the development of the business environment and food security. The study used data from the World Bank, the UN Agricultural and Food Organization, as well as the State Statistics Committee of the Republic of Azerbaijan and the Ministry of Agriculture of the Republic of Azerbaijan.

The Result of the Study and its Discussion

The formation of a favorable business environment in agriculture is primarily based on economic freedom. In fact, economically free commodity producers themselves determine the type of products, on the basis of which technologies it is implemented and in what form it is implemented. It should be recognized that the reforms carried out in our republic in connection with the transition

to market relations began primarily in the agricultural sector. It should be recognized that the Republic of Azerbaijan is one of the countries that formed the initial model for the implementation of agrarian reforms in the CIS countries. Thus, it was approved by the decree of the President of the Republic of Azerbaijan dated February 18, 1995. The Law of the Republic of Azerbaijan "On the fundamentals of agrarian reform", along with the main directions of reforms in agriculture and the formation of its legal support, broadly reflects the issues of state support for the agricultural sector. Thus, the fourth chapter of this law reflects the issues of state support for the agricultural sector, stimulating investments in the agricultural sector, protecting agricultural markets from harmful effects and creating a protected domestic market, adapting the work of financial and credit institutions to the needs of the agricultural market, organizing the agricultural system and other issues that, in fact, are among the provisions which may also constitute the classical principles of creating a favorable business environment in agriculture (The Law of the Republic of Azerbaijan 24 June 2016). The formation of a favorable business environment in agriculture directly depends, first of all, on the creation of a competitive environment among commodity producers, regardless of their property affiliation. In order to create a favorable business environment in agriculture, the necessary fundamental component base should be created. First of all, this should reflect the formation of healthy competition, as well as taking into account the interests of commodity producers in all aspects of the value chain in agriculture. According to the Doctor of Economics, Professor Eldar Guliyev, the state should form a healthy competitive environment in food markets, provide serious support to strengthen the competitiveness of business entities operating in this area. One of the priorities of the state's economic policy should be the development of programs for the development of agriculture and the creation of food abundance, the organization of their financing and control at the highest level over their implementation. In many cases, the governments of the countries of the world are already late with the introduction of open and direct mechanisms to support the modernization of agricultural development and usually prefer to direct funds to capital investments, investments mainly in other sectors of the economy, such as industry and the service sector. But delays and restrictions are dangerous for the development of agriculture. Such an approach is unacceptable, at least from the point of view of ensuring economic security and food security of the country. Suppose the balanced development of the country's agricultural sectors and the approach to increasing the range of food industry products are not ensured by complex and systematic, as well as consistent mechanisms of state policy. In that case, we will have to expect an increase in threats to the country's food security (B. Atashov Baku 2017, p. 125-126). Agreeing with the

opinion of Professor Eldar Guliyev, we would also like to add that one of the necessary conditions for the formation of a favorable business environment in agriculture is the creation of market infrastructures and business infrastructures. In general, the weak organization of agribusiness in agriculture is more often observed in developing countries. This is due to the fact that the agricultural policy implemented by the state in developing countries, at best, is aimed at subsidizing agricultural producers. And the preservation of production, logistics and market infrastructures in agriculture is practically not observed in developing countries. True, positive trends in this area are observed in Eastern European countries, but there is much more work in this area in the post-Soviet countries. It should be borne in mind that the formation of a favorable business environment in agriculture is, first of all, the fundamental basis for creating a competitive agricultural sector. Of particular interest are the views of Doctor of Economics, Professor, Honored Scientist Bekala Atashov. The author notes that due to import channels, large food products and raw materials must be imported into the country, which either cannot be produced in the country, or the production of these products is expensive due to high production costs. At the same time, in order to increase the competitiveness of local products, it should be considered appropriate to support the import of other food products within 10%. Since the production of mineral fertilizers in the country, as well as the creation of habitats for livestock, poultry and fishing are also important requirements of the day, it is necessary to take appropriate measures to solve it. The author notes that the development of laws on state regulation of production in the agricultural sector, on agricultural and land banks, on the development of agriculture and agricultural food policy, on procurement and marketing interventions, on the regulation of agriculture and agricultural food markets, on stimulating agricultural production, on standardization and certification of agricultural products, on food notes, about marketing of agricultural products and means of production, settlement of remote villages, The law on family subsidiary farms and other similar laws in the Republic of Azerbaijan may be important for the successful implementation of agrarian policy (E.A. Guliyev 2018 pp. 87-88). In our opinion, in the ideas of Bekala Atashov, more institutional mechanisms for the formation of the business environment in agriculture are put forward to the fore. In general, the formation of the business environment in agriculture, in fact, also directly depends on the formation of economic and institutional mechanisms. It is the correct construction of these institutional mechanisms, along with the directions of ensuring sustainable economic growth in agriculture, that can serve to form a highly developed agricultural system.

The competitiveness of the product is realized on the basis of consumer and cost (price) characteristics that ensure its success in the market. Nowadays, the quality and

competitiveness of products are universal, and the solution of these issues in the economic and social life of each country, the manufacturer becomes an essential necessity. The main factor ensuring competitiveness at this level is the compliance of the price and quality of products and services with the requirements and wishes of consumers. Thus, the competitiveness of a product depends on its compliance with the requirements of consumers in terms of technical, economic, regulatory and aesthetic parameters, as well as commercial and other conditions of sale (R.Z. Huseyn, Baku, 2018, p. 408)

We can agree with the author's opinion that it is the quality and price factors that characterize the competitiveness of both goods. In this regard, in fact, competitiveness can also be classified as price and non-price competitiveness. It is also necessary to take into account that increasing the competitiveness of products and at the same time ensuring food security largely depends on the amount of acreage and the level of yield. It is possible to ensure food security precisely when the volume of sown areas as a whole is able to provide a wide re-production process and at the same time, if it is possible to apply a crop rotation system, then this process is carried out in parallel with an increase in the level of yield. In fact, the implementation of measures aimed at increasing the size of acreage and the level of yield should also be considered one of the important priorities of creating a favorable business environment in agriculture. The distribution of farms by size of acreage is shown in the Table 1.

From the analysis of the table, it can be concluded that in 2020-2021, 1,270 farmers in the Republic of Azerbaijan as a whole have sown areas of over 50 hectares. More precisely, these 1270 farmers in general owned 402869.2 hectares of land, which is 0.3% of the total number of farmers and 0.4% of the total number of subjects of land management. At the same time, 407869.2 hectares of land owned by 1,270 farmers account for 29.4% of the total area of agricultural land in the country. One of the paradoxical moments is that the number of farmers who simultaneously own land plots

of up to 2 hectares is 134197 people. These farmers account for 31.8% of the existing farmers nationwide, as well as 14% of the total agricultural land available to these farmers.

Having studied the data in the table, in particular, from the aspect of the formation of large and medium-sized commodity farms, it can be concluded that in fact there are quite a small number of farmers who have a large land plot at their disposal, and at the same time quite numerous groups of farmers have a smaller land plot. All this, in fact, leads to the deepening of monopolistic trends in the agricultural sector, and, of course, farms with sufficiently large land plots at their disposal have wider access to both the market of capital resources and the market of material and technical resources. On the other hand, farms with a small number of land plots at their disposal are actually forced to produce products to meet natural needs.

The World Bank annually publishes the doing business rating, reflecting the complexity of creating and managing your own business in different countries of the world. This rating directly reflects the level of the business environment in the country, which is a consequence of the inflow of investments and is characterized as a characteristic feature of the standard of living of the population as a whole. The rating is based on the business regulation indicator, which takes into account the time spent by an entrepreneur on registering a new enterprise, conducting business, conducting trade operations, executing contracts, withholding taxes and appealing against state requirements regarding business planning. Each indicator has an equal specific gravity. This macroeconomic policy includes such indicators as the quality of infrastructure, the qualifications of the workforce, currency fluctuations, and the opinion of investors. Thus, the business environment of the countries of the world is considered at the level of state regulation as an exception without taking into account political aspects. In the final ranking, all countries are distributed from 1 to 189 according to the level of favorable business conditions, and the 1st place is characterized as the highest. The high position of the country in the ranking means that opening

Table 1: Distribution of farms by size of acreage according to data for 2020-2021

Line	Area size	Number of farmers, units	Specific gravity (%)	Number of farms, units	Specific gravity (%)	Total area owned, ha	Specific gravity (%)
1	>0 ha <0.5	37,967.0	9.0	37,967.0	9.0	12,871.6	0.9
2	>=0.5 ha <1	80,986.0	19.2	80,990.0	19.2	60,436.6	4.4
3	>=1 ha <2	134,197.0	31.9	134,257.0	31.8	193,549.7	14.0
4	>=2 ha <3	77,083.0	18.3	77,160.0	18.3	187,178.0	13.5
5	>=3 ha <5	58,204.0	13.8	58,329.0	13.8	218,281.9	15.8
6	>=5 ha <10	23,395.0	5.6	23,576.0	5.6	153,132.8	11.1
7	>=10 ha <50	8,174.0	1.9	8,434.0	2.0	152,026.8	11.0
8	>=50	1,270.0	0.3	1,536.0	0.4	407,869.2	29.4
	Total	421,276.0	100.0	422,249.0	100.0	1,385,346.6	100.0

Source: Ministry of Agriculture of the Republic of Azerbaijan, database of Electronic Agricultural Information System

and doing business in this country is fast, easy and safe. The current rating reflects the situation for 2020, and opening and doing business in this country is fast, simple and safe. New Zealand took 1st place in the ranking, Singapore took 2nd, Hong Kong took 3rd, Denmark took 4th, South Korea took 5th, and the USA took 6th. (Ranking of countries in the dice field doing business, Doing business) Business rating data, especially for the countries of Europe and Central Asia, are shown in the Table 2.

As can be seen from the table, Georgia ranks 7th in the rating of a favorable business environment, Azerbaijan - 34th, Armenia - 47th out of the post-Soviet republics, Kazakhstan - 25th, Kyrgyzstan - 80th, Moldova - 48th, the Russian Federation - 28th, Tajikistan - 106th, Ukraine - 64th, Uzbekistan is ranked 69th. (<https://russian.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/DB20-FS-ECA---russian.pdf>).

From the conducted research, it can be concluded that the formation of a favorable business environment in agriculture in any country as a whole essentially ensures the efficient use of labor, in addition, easy access to the market of material and technical resources is provided,

which in principle has a positive impact on the country's food security, if we approach it from the point of view of the point of view of comparative advantages.

The formation of a favorable business environment in agriculture, in fact, also creates favorable conditions for the easy implementation of various components of the global value chain. In our opinion, the global value chain is a business model that involves the implementation of the necessary measures for the production of any product. In general, the concept of a value chain for any enterprise engaged in the production of products generally reflects all the processes that take place from the transformation of a specific idea into a product to its delivery to the final consumer. The value chain reflects the priority areas that need to be fulfilled in order to transform a product and service from an idea into reality. The value chain is characterized as a set of measures taken by an enterprise to create new value (added value), that is, the enterprise, accepting the initial product, changes it so that the cost of the new product received is higher than the cost of the previous product and the cost of creating this product.

Table 2: Business rating data in Europe and Central Asia

Country	Place in the rating (1-190)	Business environment favorability index (0-100)			
	2020	2019	2020	2019	2020
Albania	82	67,0	67,7	1	1
Armenia	47	73,2	74,5	6	4
Azerbaijan	34	73,6	76,7	8	4
Belarus	49	74,4	74,3	2	0
Bosnia and Herzegovina	90	65,4	65,4	0	0
Bulgaria	61	71,8	72,0	0	0
Croatia	51	73,0	73,6	1	3
Cyprus	54	72,8	73,4	2	2
Georgia	7	83,5	83,7	3	1
Kazakhstan	25	78,0	79,6	3	3
Kosovo	57	71,0	73,2	3	4
Kyrgyzstan	80	65,4	67,8	4	3
Moldova	48	73,1	74,4	1	3
Montenegro	50	73,7	73,8	0	0
Northern Macedonia	17	80,7	80,7	1	1
Romania	55	72,5	73,3	0	2
Russia	28	77,4	78,2	4	3
San Marino	92	64,2	64,2	1	1
Serbia	44	73,9	45,7	1	6
Tadjikistan	106	55,4	61,3	1	3
Turkey	33	75,3	76,8	7	2
Ukraine	64	69,1	70,2	3	6
Uzbekistan	69	67,8	69,9	3	4

Source: <https://russian.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/DB20-FS-ECA---russian.pdf>

The formation of a global value chain, according to Hoffbauer, benefits from the advantages of free trade. From his research, the author came to the conclusion that one of the most important features of global value chains is that in the conditions of growing international integration, it leads to a restriction of trade of some participants in the global chain, an increase in the costs of others and an increase in their prices. And the most profitable unlimited international trade is being formed for all market participants. In fact, the most important advantage of this process is that trade facilitation can lead to a significant increase in income. Ensuring the growth of bilateral trade by 10% can lead to GDP growth by 1.6%.

According to M. in the framework of the global value chain, the distribution of technological and economic activities is ensured, and the most important feature of this process is that commodity producers engaged in the production of the final product can receive added value at several stages in the process of trading the product. The advantages of the process are that, in fact, competitive advantages are provided within the global value chain and favorable conditions are created for creating synergetic efficiency (Krugman P. *Growing World Trade Causes and Consequences*. Washington, DC. Brookings Papers on Ekonomik Activity. 1995. Vol.1)

According to J. Gereffi, the development of a global value chain should be viewed as a set of organizational internal networks that actually unite households, firms and states in the global economy. The most important feature of this process is due to the fact that there are two main types of chains, while one of them is regulated by the manufacturer, these include the creation of capital-intensive high-tech industrial processes, and the second is regulated by the consumer and occurs mainly in labor-intensive production located in developing countries. At this time, companies that promote maximum added value receive more income, and, in fact, decentralized horizontal trade relations are considered one of the characteristic aspects of this process. One of the unique advantages of this process is that the source of a company's competitive advantage is measured by its ability to coordinate the production process, as well as coordinated by the activity of other participants in the chain. (Gereffi G. *A Commodity Chains Framework for Analyzing Global Industries*/ Duke University – http://eco.ieu.edu.tr/wpcontent/Gereffi_Commodity_Chains_99.pdf)

The conducted research shows that in fact a systematic approach to this process would be more correct, since improving the business environment in agriculture involves a rather complex process. Thus, the business environment in agriculture also largely depends on the improvement of the investment environment. To do this, first of all, it is necessary to increase investment activity in agriculture. However, this process itself is a rather complex and versatile process. Thus,

the fact that agriculture has its own specific features, and the industry is not able to respond effectively and sustainably to risks, essentially leads to a decrease in investment activity in agriculture compared to other sectors of the economy. From the analysis of investments in agriculture in the Republic of Azerbaijan, it can be concluded that in 2015-2019, average investments in fixed assets increased markedly compared to previous years. Thus, in 2015-2019, the total volume of investments in fixed assets in agriculture amounted to 520.5 million. manat, which is 2.8% more than the average for 2005-2009, and 6% more than the average for 2010-2015. Investments in fixed assets in agriculture in 2019 amounted to 11.6% of the value added created in this area, which also lags far behind in comparison with developed countries. The total volume of investments in agriculture is significantly less than investments in other sectors of the economy. All this leads to the fact that the share of agriculture in GDP tends to decline steadily. For example, if in 2015 the share of agriculture in GDP was 6.2%, then in 2019 this indicator decreased to 5.7%. In fact, this process is influenced by processes related to oil prices on the world market, as well as processes such as a decrease in the nominal value of GDP. The consequence of the fact that the volume of investments in agriculture is low compared to other sectors of the economy is that the process of intensification of agriculture is low compared to developed countries. The process of intensification of agriculture is closely connected, first of all, with an increase in the level of productivity. However, it should be noted with regret that the possibilities of using extensive factors in our republic are even higher, and all this negatively affects the achievement of high productivity in agriculture. According to the statistics of the United Nations Agricultural and Food Organization (FAO), in 2018, the wheat harvest in Azerbaijan was 1.2 times less than the global average, the European Union indicator was 1.8 times, and the barley harvest was 1.1 and 1.7 times, respectively, in general for cereals by 1.4 times and 1.8 times, respectively, for fruit orchards 1.1 and 1.1 times, respectively, for cattle meat 2 and 2.6 times, respectively, for vegetables 1.2 times more than the world average, and 1.3 times less than in the European Union. (Statistical Portal of the Food and Agriculture Organization of the United Nations, <https://www.fao.org/faostat/un/=//data/qs1>)

From the above, it can be concluded that the low level of productivity, especially in the field of grain production, or rather the production of products carried out mainly under the influence of extensive factors, in principle, also had a significant impact on the level of self-sufficiency for these products. In general, the most important criterion of food security is the level of self-sufficiency. The level of self-sufficiency implies, first of all, the level of satisfaction of the population's needs for locally produced food products. The level of self-sufficiency in food in the Republic of Azerbaijan is shown in the Table 3 and Figure 1.

Table 3: The level of self-sufficiency in food (in %)

	2015	2016	2017	2018	2019
Total grain	64.5	63.8	66.3	74.1	67.3
Wheat	54.8	52.9	58.1	64.8	57.2
Barley	95.1	101.7	94.4	103.1	100.2
Corn	54.1	71.1	70.7	82.7	80.0
Legumes	69.3	68.4	73.7	72.0	76.1
Potato	89.1	85.5	89.2	90.8	87.8
All kinds of vegetables	103.4	105.4	115.2	115.0	112.0
Onion	103.3	94.6	137.5	120.8	109.1
Melon products	100.0	100.2	100.2	99.7	100.8
Fruits and berries	113.7	116.4	122.4	123.2	123.1
Grape	93.1	89.2	93.4	92.5	94.3
All types of cattle and poultry meat	94.7	87.9	84.7	82.7	82.5
beef meat and meat products	91.8	93.5	86.3	85.1	86.1
sheep (goat) meat and meat products	99.3	98.7	98.0	98.1	97.6
pork and meat products	17.8	7.0	5.6	5.5	5.3
poultry meat and meat products	98.6	79.1	79.7	75.9	74.6
Milk and dairy products	84.3	87.7	86.1	86.7	86.2
Egg	99.7	98.8	100.5	101.5	101.8
Fish and fish products	77.6	82.3	81.2	83.1	82.2
Peeled rice	9.6	10.1	23.8	19.4	18.5
Flour (all types)	95.1	96.1	96.0	95.9	95.6
Cereals (all types)	17.9	17.6	29.0	26.2	21.1
Pasta	53.2	51.1	48.0	28.7	25.2
Vegetable oils	60.5	36.9	37.1	34.3	33.6
Margarine	292.2	105.7	101.5	98.8	98.2
Canned fruits and vegetables	87.6	92.9	92.5	90.4	90.3
Butter	69.2	75.6	71.0	71.3	69.3
All kinds of cheeses	84.2	88.3	89.8	87.9	87.6
Sugar	192.9	114.4	60.6	81.7	74.9
Tea	40.2	44.9	47.7	44.6	43.7

Note: there is a serious imported component in the production of sugar and fats.

Source: State Statistics Committee of the Republic of Azerbaijan, Food Balances Baku 2020



Figure 1: The level of self-sufficiency in food

From the analysis of the table, it can be concluded that in recent years, or rather in 2015-2019, the level of self-sufficiency in cereals has increased by 2.8%, in wheat - by 2.4%, in barley - by 4.9%, in corn - by 25.9%, in legumes - by 6.8%, but all this is connected due to the fact that extensive factors are increasingly used in agriculture. The level of self-sufficiency in the country with vegetables, melons, fruit and berry products, including grapes, is quite high, and all this may reflect the advantages associated with an increase in exports in the republic. Despite all this, the level of self-sufficiency in the products of the processing industry, including tea, sugar, as well as butter, vegetable oils, margarine, pasta and other products, is noticeably lower. One of the main reasons for the emergence of these trends

is closely related to the fact that the integration relations between processing enterprises and manufacturing enterprises in the republic do not meet the requirements of the modern market management system, as well as insufficient modernization of production.

From the above-mentioned studies, it can be concluded that the creation of a favorable business environment in agriculture, in fact, can ensure food security in the country, as well as create favorable conditions for import substitution and an increase in exports of agricultural and food products as an important component of non-oil products, which in the post-oil era can open up ample opportunities for foreign exchange from alternative sources to the state budget.

Conclusion

The results of the study give grounds to conclude that improving the business environment in agriculture is an important component of ensuring the country's food security. It is important to approach the improvement of the business environment in agriculture in a sufficiently comprehensive and versatile manner. Improving the business environment in agriculture involves not only the implementation of commercial activities in favorable conditions, but also an increase in investment activity in general, it makes it possible for commodity producers to freely enter capital markets, as well as the markets of material and technical resources. The process of improving the business environment in agriculture is both to ensure that the opportunities for domestic trade are favorable for agricultural producers, and to improve the conditions of foreign trade. This process itself, in fact, directly depends on the effectiveness of the agrarian policy pursued by the state. The agrarian policy implemented by the state, in fact, can protect agricultural producers both from the destructive tendencies of free competition for agriculture, and from the destructive impact of conjunctural fluctuations occurring on the world market.

In general, the material basis for ensuring food security is agriculture and the processing industry with which it interacts. Therefore, the creation of favorable basic conditions for ensuring food security in the country is closely linked to the formation of a business environment in agriculture. The formation of effective integration relations

between agriculture and the processing industry may also, ultimately, allow increasing the volume of both import substitution and exports of foreign agricultural and food products from the country. All this can create conditions for the formation of sufficient fundamental foundations to ensure the country's food security.

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