



Center for Economic and Social Development (CESD)

Policy Paper on Problems and Perspectives in Agriculture Sector in Azerbaijan

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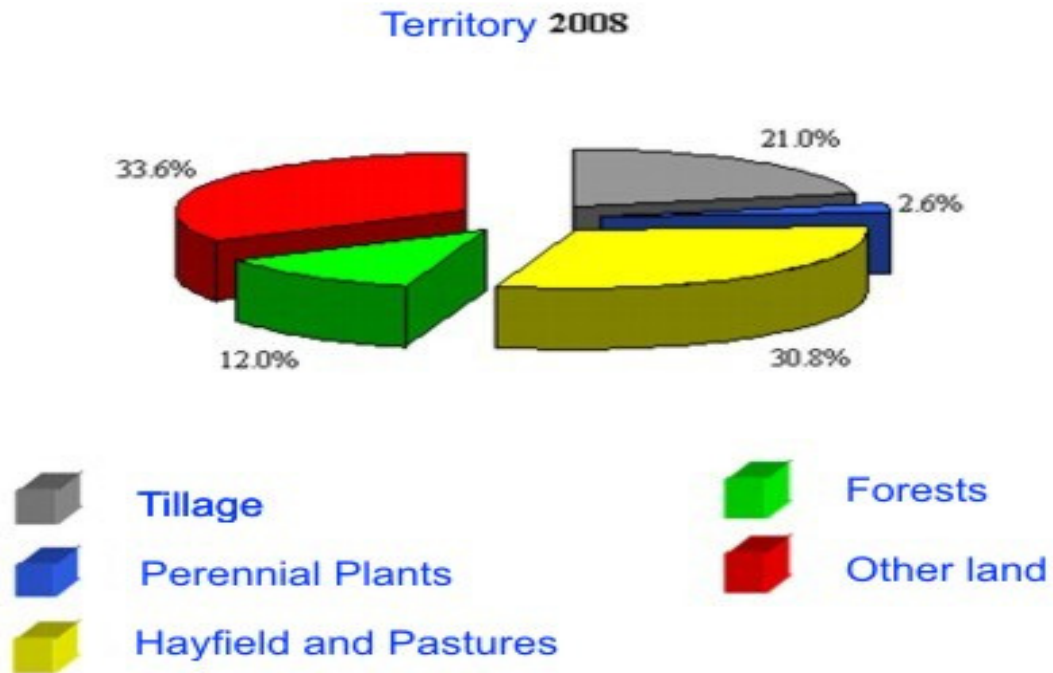
Introduction

As a country rich with oil the development of oil sector in Azerbaijan is more developed than the other areas. There is no doubt that the economy of the country is closely connected with the oil profits. Totally today the 92% of oil exports are oil and petroleum products. In the formation of the state budget share of oil profits in 2003 amounted to 35% or 450 million manat, and in 2006 increased to 65% or 2.5 billion manat. In 2007, 61,3%, and in 2008 68,3% of the budget was formed by the oil profits. Last year, revenues from the oil sector amounted to 7595 million manat, and transfers from the state oil fund, in turn, amounted to 4915 billion manat.(the budget profits are 40,4%).Tax payments for the oil sector amounted to 2680 million manat. For the current year 74% of budget revenues predicted by only payments on the oil sector. Note that the dependence of the budget from oil revenues has led to that the decrease in non-oil revenues increased. As we see the dominant role of the budget in oil revenues in the formation of Gross Domestic Product, has suspended development of the non-oil sectors. Confidence in obtaining oil profits slid to second place the profitability of other areas. While the projected decrease in oil revenues, the development of non-oil sectors is of great importance.

Agriculture in Figures

One of the biggest challenges for Azerbaijan in the near term is the elimination of economic dependence from oil and the spreading of economic development in the villages. For the economy, agriculture is the third major area after oil and other areas. In recent years, in connection of the development of this area allocated large funds and made up special programs. Although these activities include the socio-economic programs prescribed by the State, under a presidential decree signed on January 23, 2007 50 percent gasoline, fertilizer and other products will be paid by the State. Also, for each hectare sown at the expense of budgetary funds will be allocated 40 manat to help, as well as on Saturdays and Sundays will be held fairs for sale of agricultural products. According to official statistics, all of these activities in 2008 resulted in an increase in performance compared to the year 2007 by 6,1%, including plant products by 7,2% and animal products by 4,1%. In 2008, from 904.7 thousand hectares were harvested 2.4983 million tons of cereals, including maize as the average productivity per hectare, compared to 2007 increased from 0.5 to 27,6. Monitoring shows that the share of the oil sector has increased in gross domestic production, but declined in agriculture. In 1999 agriculture's share in the gross domestic products amounted to 18,2%, in 2000 this figure is closer to 15.9%, in 2001 to 14.7%, in 2002 to 13.8%, in 2003 to 12,3 %, In 2004 to 10,8%, in 2005 to 8,6%, in 2006 to 6,7%, and in 2007 to 5,5%.In 2008, the share of agriculture and forestry in gross domestic production amounted to 2,167.0 million manat or 5.7%.That is, after a sharp decline for the first time in 2008 in this sector, there was a slight, but a small increase. Among the areas of the economy the largest investment was directed to agriculture and the volume of these investments increased in 2007-2008 years. In 2007 this figure amounted to 243.3 million manat, and in 2008 to 336.5 million manat. According to the State Statistics Committee in 2008 the number of usable land in agriculture was 4756.7 hectares. Suitability of the land per person was 0.55 hectares. Sown places 1818.4 hectares, per person was 0.21 hectares. Perennial planting

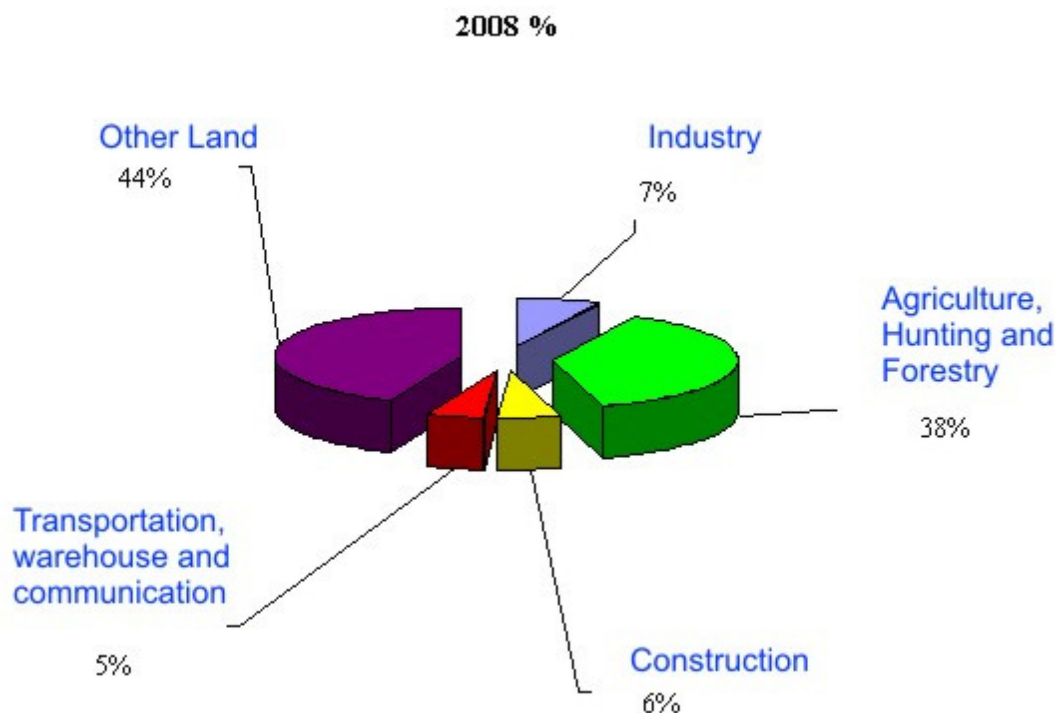
amounted to 227.5 hectares, land and hay crops 2669.0, 1038.8 were hectares of forest. (The 1 diagram, percentage)



Source; Azerbaijan Republic State Statistic Committee, 2010

Number of people engaged in agriculture decreased

Analysis of the figures shows the decrease in the number of people engaged in agriculture. So if in 2006 39,1% of the total employed population engaged in agriculture, then in 2008 this figure according to the State Statistics Committee has declined to 38%. However, the number of people working in agriculture again rised. In 2008 this figure reached to 1553.1 people.(The 2 diagram)



Source: Azerbaijan Republic State Statistic Committee, 2010

As is well known as a result of agrarian reform in the social and sectoral areas of agriculture since 1995 occurred major changes. Instead of large agricultural projects appeared many different agricultural subjects. In accordance with the law on privatization is widely used in recent years, all agricultural property including large land suitable for planting, production and Non-manufacturing facility and the animals are replaced from state-owned to personal property. In 2008 the number of agricultural facilities and private enterprises was 2049, state farms accounted to 259, personal production to 2613. In 2000 the number of private enterprises was 2500. (Schedule 1)

The number of agricultural enterprises and private industries (By the end of the year).

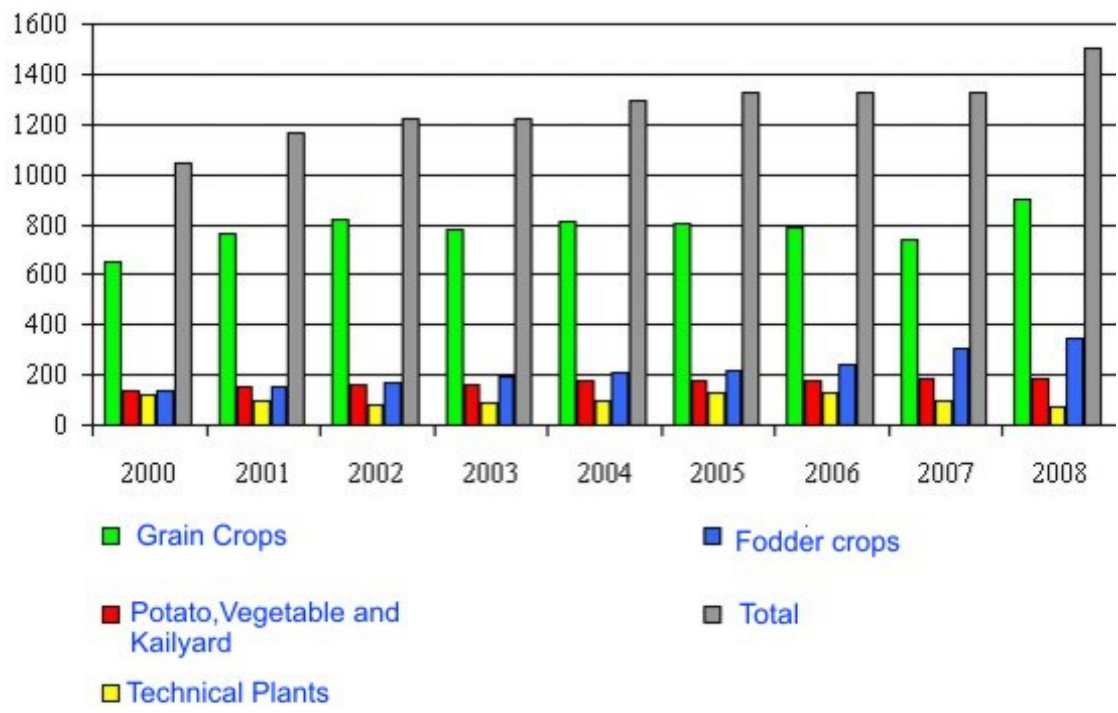
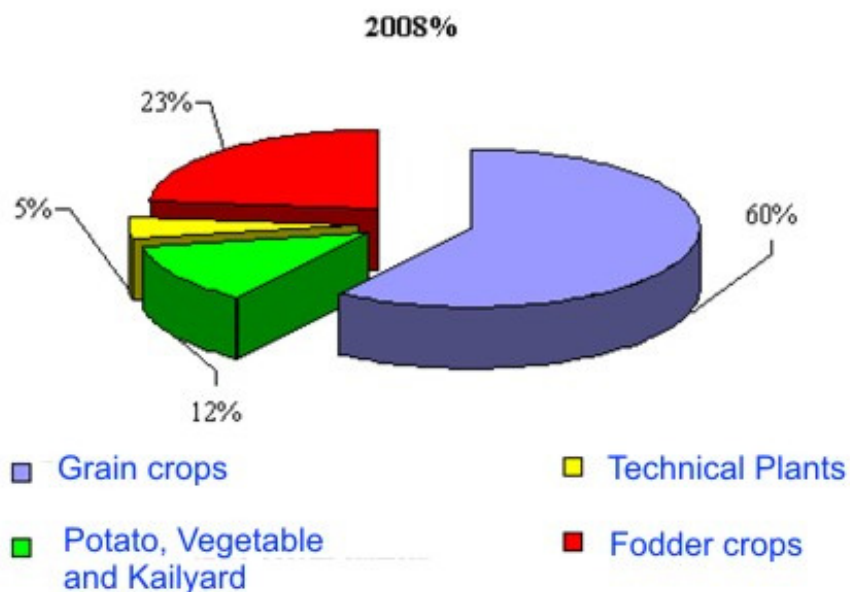
Years	Total	In other words				Private owners*
		Collective-farm	State farm	Private	Other countries	
1990	3014	983	820	-	1211	66
1991	3112	1176	752	14	1170	95

1992	2755	1196	731	134	694	320
1993	2635	1096	719	140	680	440
1994	2406	1125	720	117	444	815
1995	2487	1119	688	315	365	1999
1996	2613	982	569	746	316	4110
1997	2185	345	330	1280	230	5671
1998	5605	2	-	4847	756	3721
1999	3311	2	-	2795	514	3613
2000	2910	2	-	2500	408	3248
2001	2420	2	-	2171	247	2604

2002	1984	2	-	1663	319	2589
2003	2143	2	-	1839	302	2607
2004	2241	2	-	1937	302	2661
2005	2506	2	-	2201	303	2681
2006	2518	2	-	2242	274	2456
2007	2282	2	-	2016	264	2488
2008	2310	2	-	2049	259	2613

Source: Azerbaijan Republic State Statistic Committee, 2010

Sown area for all types of crops, including legumes and cereals in 2008 amounted to 897.0 hectares. And it says about increasing the area of sown legumes in comparison with previous years. So in 2007 this figure was equal to 739.6 hectares, in 2006 to 784.7 hectares, in 2005 to 802.3 hectares. Respectively cotton sown areas in 2008 were equal to 48.5 hectares, in 2007 to 75.6 hectares, in 2006 to 102.8 hectares, in 2005 to 112.4 hectares. For all categories of agricultural planted cotton began to decline compared with 85 year of last century. Since then it has decreased from 295.5 hectares to 94.4 hectares in 1999. A potato plots in all categories increased in comparison with previous years. In 1985 it stood at the level of 24.8 hectares, and in 2008 rose to 68.9 hectares. Today, according to official figures 35.0 hectares of grain and legume crops, 3.3 ha of cotton crops and 0.2 ha of potato crops under the department of agricultural enterprises and other structures. Sown areas of agricultural plants are shown in the diagram (Diagram 3, Percentage).



Source: Azerbaijan Republic State Statistic Committee, 2010

It should also be noted that by the decree on agricultural crops, such as private producers is a plot of 862.0 hectares of legumes and cereal plants, 45.2 cotton and 68.7 potato plots.

Attention to the grain sector has not diminished the import

The rise of price of grain on the world market in 2007 led that the Government of Azerbaijan had to take a number of bills related to the grain. Thus in 2007 the government began to pay to the landowners an additional 40 manat for each hectare seeded with grains. For every hectare from the state budget was paid half of the cost, in addition was granted a subsidy of 40 manat, while landowners sow wheat received a subsidy of 80 manat. Note that before 2007 60% stocks of wheat accounted for imports. Decisions resolved in 2007 assumed that only 20-25% of wheat stocks would fall in the share of imports. But a year later, in 2008, figures showed that despite of an increase in sown areas of 203 thousand hectares, wheat imports increased to 500 thousand tons. If Azerbaijan in 2007 imported 1 million tons of flour and wheat, then in 2008 this figure had increased to 1,5 million tons. According to the State Customs Committee in the first half of 2009 in Azerbaijan were brought 390 thousand ton of wheat and flour. Although a similar time in 2008 this figure was 257 thousand tons. Indicator of the first half of 2009 in compared to the same period in 2007 is more than 57 thousand tons or 18%. Incidentally in 2009 was imported to the country 33178.6 tons of flour worth 7556.9 thousand U.S. dollars and 931239.4 tons of wheat worth 194765.5 thousand dollars. And it is correspondingly increased import of wheat to 71.1% in 2008. In January 2010 in the country was imported 71143.8 tons of wheat worth 14402.2 thousand dollars. Compared with 2009 year the net weight was greater at 839%. Imports of flour was 12.6%. As we can see while the government says about the production of wheat in a record quantities the wheat and flour imported from outside. Despite this, official statistics suggest that in Azerbaijan, in compared with common wealth independent states increased the grain production. (Schedules 2-3).

Grain production (weight after treatment, in all categories)

	2000	2005	2006	2007	2008
Total					
Azerbaijan	1509	2077	2032	1965	2446
Armenia	225	396	213	453	415
Belarus	4856	6420	5923	7217	9015
Georgia	421	703	...	...	...
Kazakhstan	11565	13781	16512	20138	15578
Kyrgystan	1569	1667	1562	1491	1511
Moldova	1935	2838	2290	902	3160
Russia	65424	77898	78242	81556	108105
Tajikistan	543	926	904	931	808
Turkmenistan	1759	3100*	...	...	...
Uzbekistan	...	6402	...	...	...
Ukraine	24459	38016	34258	29295	53264

* autumn grain

	2000	2005	2006	2007	2008
Azerbaijan	187 190	248 251	239 243	229 232	282 286
Armenia	70	123	66	140	129
Belarus	485	657	609	744	931
Georgia	90	156	...	...	...
Kazakhstan	777	910	1079	1301	994
Kyrgyzstan	319	324	301	285	286
Moldova	531	789	639	252	890
Russia	446	544	549	574	761
Tajikistan	88	135	129	132	111
Turkmenistan	333	...	...	...	...
Uzbekistan	...	245	...	...	...
Ukraine	497	807	732	630	1152

Source: CIS Statistic Committee, 2009

It should be noted that this year is expected the decline in grain production. Thus for the current year in Azerbaijan decreased cereal crop for the fall to 16,5% in comparison to other years. Prior to December 1 2009 has been planted 776 thousand hectares of grain. Ministry of Agriculture attributes the decrease to the problems faced by farmers in the sale of grain and so that the Ministry of Finance does not pay subsidies on time. Depending on favorable weather in 2010 is expected to produce 2.6-2.7 million crop of grain and 1.7-1.8 million tons of wheat. Recall that last year was collected about 3 million tons of grain and 2 million 141 thousand tons of which was wheat. According to experts, this year's total grain production will decrease by 400 thousand tons, and wheat production at 340 thousand tons. The decrease in production may lead to higher prices. We can see an increase in potato production. Thus in 2000 potato production was 469 thousand tons, in 2005 1083 thousand tons , in 2006 999 thousand tons, in 2007 1037 million tons and in 2008 1077 million tons. In 2000-2008 years the largest production of potatoes among common wealth independent states was in Belarus, Kazakhstan, Kirghizia, Russia and Ukraine. In the production of potato until 2007 Azerbaijan was in the 7 place. The sharp decline in potato production in Uzbekistan has put Azerbaijan on the 6 place.(Schedule 4-5)

The potato production(in all categories)

	2000	2005	2006	2007	2008
Total					
Azerbaijan	469	1083	999	1037	1077
Armenia	290	564	540	584	649
Belarus	8718	8185	8329	8744	8749
Georgia	302	432	...	...	...
Kazakhstan	1693	2521	2362	2415	2355
Kyrgyzstan	1046	1142	1255	1374	1335

Moldava	330	378	377	199	270
Russia	29450	28137	28260	27195	28874
Tajikistan	303	555	574	662	649
Turkmenistan	89	...	...	...	...
Uzbekistan	731	924	1018	1188	...
Ukraine	19838	19462	19467	19102	19545
Totally					
Azerbaijan	58	129	118	121	124
	59	131	119	123	126
Armenia	90	175	167	181	201
Belarus	871	837	856	901	904
Georgia	65	96	...	...	...
Kazakhstan	114	166	154	156	150
Kyrgystan	213	222	242	262	253
Moldava	91	105	105	56	76
Russia	201	197	198	191	203
Tajikistan	49	81	82	94	89
Turkmenistan	17	23	...	...	...
Uzbekistan	29	35	38	44	...
Ukraine	403	413	416	411	423

*

Source: CIS Statistic Committee, 2009

As we see from table 5 the production of potatoes per person in Azerbaijan has increased since 2000. Despite this the production of potato in Azerbaijan lags behind Armenia, whose population is less. Production in agriculture and forestry in 2008 amounted to 2167.0 million manat. And in coverage percentage has decreased since 1995 from 25.3% to 5.7% in 2008.(Schedule 6-7)

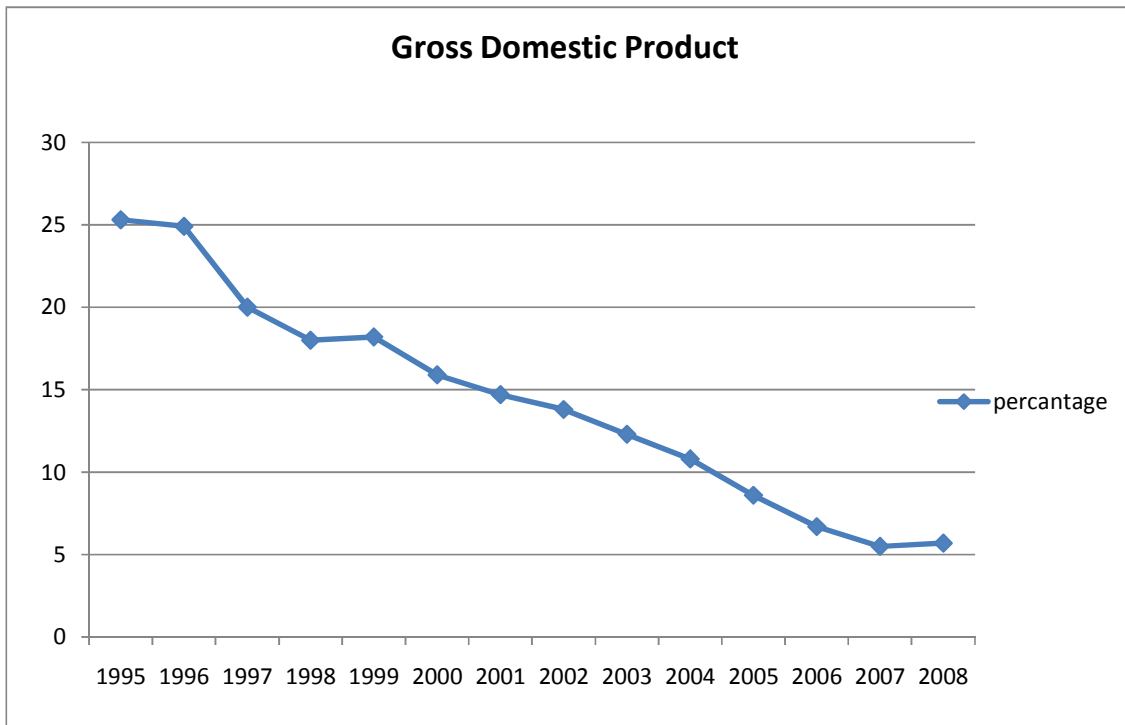
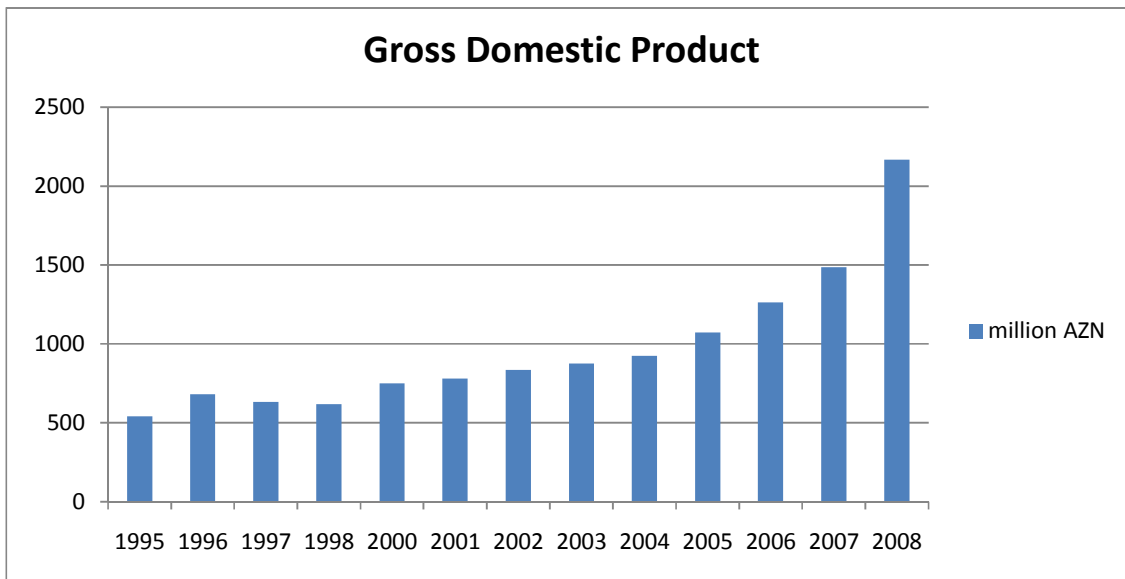
Gross domestic products in economical areas(in actual prices)

Years	Total	other words				
		industry	Forestry and agriculture	construction	Transport and communication	Other areas
thousand manat						
1995	2133.8	582	540.2	79.4	370.4	561.8
1996	2732.6	706.1	681.5	254.4	279.7	810.9
1997	3158.3	799.8	632	368.5	331.6	1026.4
1998	3440.6	756.8	618.3	445.9	412.7	1206.9
1999	3775.1	1065.5	687.9	410.7	404.5	1206.5
2000	4718.1	1699	751	308	567.1	1393
2001	5315.6	1999.6	780.3	310.7	538.9	1686.1
2002	6062.5	2270.1	834.8	528	597.1	1832.5
2003	7146.5	2666.9	876	802	713.8	2087.8

2004	8530.2	3268.6	923.5	1062.1	812.4	2463.6
2005	12522.5	6190.1	1072	1171.6	932.1	3156.7
2006	18746.2	10731.7	1263.2	1445.5	1242.9	4062.9
2007	26815.1	16252.4	1486.8	1898	1525.5	5652.4
2008*	38005.7	21818.9	2167.0	2881.9	2651.4	8486.5
percent						
1995	100	27.2	25.3	3.7	17.4	26.4
1996	100	25.8	24.9	9.3	10.2	29.8
1997	100	25.3	20	11.7	10.5	32.5
1998	100	21.9	18	13	12	35.1
1999	100	28.2	18.2	10.9	10.7	32
2000	100	36.1	15.9	6.5	12	29.5
2001	100	37.6	14.7	5.8	10.1	31.8
2002	100	37.4	13.8	8.7	9.8	30.3
2003	100	37.2	12.3	11.2	10	29.3
2004	100	38.3	10.8	12.5	9.5	28.9
2005	100	49.4	8.6	9.4	7.4	25.2
2006	100	57.3	6.7	7.7	6.6	21.7
2007	100	60.6	5.5	7.1	5.7	21.1
2008*	100	57.4	5.7	7.6	7.0	22.3

Source: Azerbaijan Republic State Statistic Committee, 2010

On the other hand in the face of increasing gross domestic products in agriculture in 1995 it was 25%, in 1996 24,9%, in 1997 20%, in 1998 18%, in 2000 15%, in 2001 14,7%, in 2002 13,8%, in 2003 12,3%, in 2004 10%, in 2005 8,6%, in 2006 6,7%, in 2007 5,5%, in 2008 5,7%. As we can see from the figures the gross domestic product in agriculture since 2000 began rapidly decrease. In 2007 reached its lowest level. In 2008 in comparison with the 2007 there was very little increase. (Diagram 5-6)



Source: Azerbaijan Republic State Statistic Committee, 2010

After the falling of the Soviet Union the agriculture of Azerbaijan lags behind. And in later years began to move forward. So if in 1995 the total agricultural output was 713.4 million manat, after the 13 years in 2008 this figure had risen to 3308 million manat. If you look at years one can notice that these increases constitute a very small percentage, an increase for each year is not so great. Total agricultural output in current prices of all economic categories, if in 1995 was 713.4 million manat, in 1996 this figure had risen to 903.7 million manat, in 1997 to 824.5 million manat, in 1998 to 884.3 million manat, in 1999 to 946.2 million manat, in 2000 to 1060.7 million manat. In this direction, the lowest figure observed in 2007 and amounted to 2.765

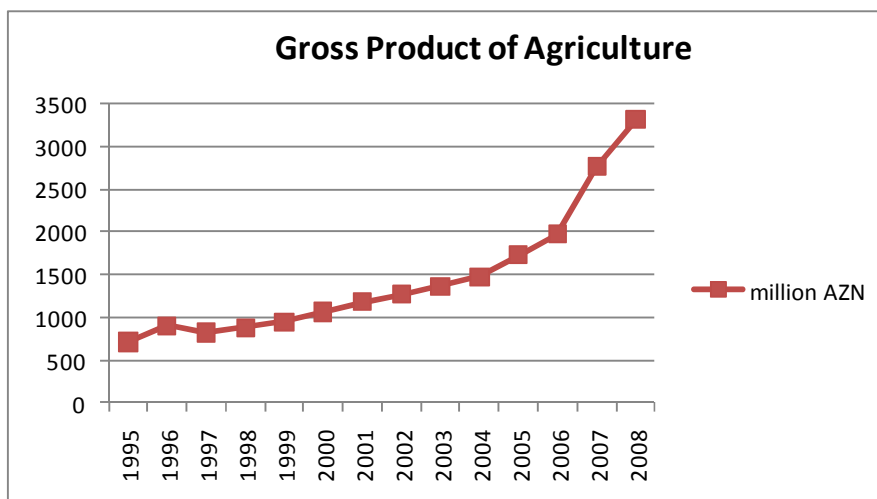
million manat. In 2008 total agricultural productivity increased to 3 308.4 million manat in comparison with the 2765 million in 2007.(Schedule 8)

The total product of agriculture

Years	Total	By other words	
		Plant-growing products	Livestock products
All agricultural categories			
1995	713.4	418.1	295.3
1996	903.7	529.7	374
1997	824.5	486.5	338
1998	884.3	538.6	345.7
1999	946.2	541.7	404.5
2000	1060.7	617.7	443
2001	1179.9	718.6	461.3
2002	1270.5	774.1	496.4
2003	1366.5	807	559.5
2004	1476.6	874.8	601.8
2005	1732.1	988.2	743.9
2006	1969.7	1124.3	845.4
2007	2765	1726.4	1038.6
2008	3308.4	2085.0	1223.4

Source: Azerbaijan Republic State Statistic Committee, 2010

Diagram The total agricultural output by years (1995-2008)



Source: Azerbaijan Republic State Statistic Committee, 2010

Funds allocated for agriculture

According to presidential decree signed in 2007 producers of agricultural products received subsidies once a year. For this from the state budget each year is allocated the amount of 80 million manat. According to the Ministry of Agriculture in 2007 farmers were provided by subsidies for 1 million 54 thousand hectares, and in 2008 for 1 million 344 thousand hectares. In 2009 the amount of funds allocated for subsidizing from the state budget for the agriculture producers was 70 million 978 thousand 144.8 manat. 59 million 838.978.8 thousand manat was aimed for the purchase of fuel, 6 million 535.566 thousand manat for the purchase of fertilizers by affordable prices and 4 million 603.6 thousand manat for the purchase of seeds. The remaining amount accounted for other grants. In general, in 2007-2009 the total amount of subsidies allocated for producers of agriculture output amounted to 221.2 million manat. 205.5 million manat of these, accounted for purchases of fuel materials, purchase of seeds and fertilizers. And the remaining 15.7 million manat accounted for subsidies for the sale of mineral fertilizers at reasonable prices. Payments of grants forecasted for 2010 lower than the performance of 2009 to 18,2%, but the current ratio is actually the same. The volume of loans borrowed for agriculture amounts to 118.8 million or 3.6%.

The structure of expenditure spent on agricultural production

Official figures show that in 2008 the structure of expenditure spent on agricultural production has decreased from 61% to 30% in compare with 20 years earlier. In parallel with this reduced insurance premiums. A material costs beginning from 1998 to 2005 took an increasing trend line. Beginning from 2006 began to decline. In 2008 fell to the level of 1996 to 49.3%. Decreased the depreciation of fixed assets.(Schedule 9)

Structure of funds spent on agricultural production.(Percentage)

Years	Total expenditures	other				
		Payment of wages	Expenditure of materials	Depreciation of fixed assets	Payment of insurance	other
Agriculture						
1990	100	61.5	24.2	5.9	3.6	4.8
1995	100	33.7	47.8	1.6	3.3	13.6
1996	100	30.0	49.9	4.9	1.5	13.7
1997	100	29.5	47.4	8.4	0.9	13.8
1998	100	17.0	53.8	8.6	2.5	18.1
1999	100	20.9	55.8	8.2	0.3	14.8
2000	100	19.3	56.7	7.1	0.3	16.6
2001	100	25.1	59.0	8.4	0.1	7.4
2002	100	26.9	56.7	11.8	0.1	4.5

2003	100	24.9	56.0	11.2	0.3	7.6
2004	100	27.7	55.8	10.5	0.1	5.9
2005	100	29.5	59.1	9.3	0.3	1.8
2006	100	27.4	53.7	8.9	0.3	9.7
2007	100	31.7	51.1	4.9	0.3	12.0
2008	100	30.2	49.3	4.1	0.2	16.2
Plant-growing.						
1990	100	71.2	15.0	5.6	4.6	3.6
1995	100	38.7	41.9	1.6	4.1	13.7
1996	100	34.9	44.9	4.8	1.8	13.6
1997	100	33.0	46.2	8.3	1.0	11.5
1998	100	18.2	49.3	8.3	3.0	21.2
1999	100	21.1	58.5	8.5	0.2	11.7
2000	100	19.8	64.9	7.8	0.3	7.2
2001	100	25.3	58.7	8.8	0.1	7.1
2002	100	27.6	54.6	13.5	0.2	4.1
2003	100	22.8	55.8	13.4	0.1	7.9
2004	100	25.8	57.2	11.8	0.1	5.1
2005	100	27.7	61.4	10.5	0.3	0.1
2006	100	25.4	57.3	9.6	0.3	7.4
2007	100	29.3	57.1	5.6	0.1	7.9
2008	100	29.0	48.9	4.7	0.1	17.3
Livestock						
1990	100	40.2	46.8	6.5	1.2	5.3
1995	100	16.4	72.7	1.7	0.6	8.6
1996	100	13.7	71.6	5.7	0.3	8.7
1997	100	14.5	64.9	11.2	0.4	9.0
1998	100	14.9	62.2	9.1	1.5	12.3
1999	100	23.5	56.4	8.3	0.4	11.4
2000	100	23.2	54.1	7.2	0.6	14.9
2001	100	26.4	64.7	8.3	-	0.6
2002	100	26.3	64.4	9.0	-	0.3
2003	100	31.9	60.0	4.9	0.9	2.3
2004	100	35.4	57.4	7.0	-	0.2
2005	100	34.5	53.2	5.7	0.4	6.2
2006	100	34.1	48.3	8.6	0.2	8.8
2007	100	39.5	53.6	4.3	0.9	1.7
2008	100	38.4	55.8	4.3	0.5	1.0

Source: Azerbaijan Republic State Statistic Committee, 2010

According to official data, the share of agriculture in gross domestic products should be increased . In 2009 6.7% of gross domestic products accounted for the share of agriculture. In 2009 was produced 2.9883 thousand tons of grain, 1.1779 thousand tons of vegetables, 983

thousand tons of potatoes, 721 thousand tons of fruit, 411 thousand tons of field crops. Compared with 1995 grain production in the country increased by 3.2 times, vegetable production by 2,8 times, fruit production by 2,2 times, potato production by 6,3 times. In 2009 in Azerbaijan were produced agricultural goods worth 2320.6 million manat. Actual value of output in value amounted to 3.4334 billion manat, which is relatively greater than in 2008 to 3,5%. Along with the positive results today, there are some problems in the agricultural area which is an important decision: raising productivity in a plant-growing area: to regulate the process of technology and machinery: restoration of the gardens with perennial plants: investing in the area: ensuring farmer production with high quality seeds: agrochemical measures: resolve questions about the supply of the granaries with the appropriate technology: in animal husbandry to resolve the issues with items of artificial insemination: apply special measures to improve food center: setting of measures to improve the performance of poultry factory: strict control over the manufacture of veterinary and animal products imported into the country: improving livestock capita: in melioration process to improve the main canals, water sheds and collectors.

In world practice another form of state support for citizens involved in agriculture is the allocation of insurance against any kind of risk in the production of agricultural products and pay half of the cost of insurance by the state. The state is a mediator in case the people involved in the production of agricultural products have damage. International practice shows that persons and entities involved in the production of agricultural products are distinguished by certain concessions from the state. These assignments include those affected by natural disasters, compensations from the state, the repayment of bank debts, debt rescheduling and the release of all types of taxes.

Conclusion and Recommendations

In spite of the fact that development in agriculture sector in Azerbaijan was visible last years but the share of the agricultural sector in GDP is still not great. One of the reason is that the share of non-oil sectors in the gross domestic product is still not great, but it is also associated with the formation of new values in the agricultural sector. Despite the fact that about 40% of the working population in Azerbaijan is engaged in agriculture, the expression of the share of domestic agricultural products in a number shows that the transformations are moving in one direction only. From this perspective consider that it is important to implement following recommendations:

- Changing the mechanism of separation of subsidies allocated to farmers for sown plots. The criterion is taking sown plots belonging to farmers and it can not form the

relationship between subsidies and products produced by farmers. In determining the amount of subsidies should also take into the consideration the volume of production of farmers produced in previous years;

- Applying indirect subsidies. As in the USA the Department of Agriculture establishes prices for strategic products and in the planting season these products are purchased by this same price. Azerbaijan can establish a similar estimate for corn production. This will enable farmers not only anticipate and take their profits in advance, but also to increase strategic industries.
- Increasing amount of subsidies for 1,5-2 times. If for grain will be paid subsidies to 120 manat, and for the processing of cotton 80 manat it will give an opportunity to cover fully the cost of fuel. It is estimated that if the farmers sowed grain will be paid an additional 32 manat, expenses in this area will be fully paid. The main purpose here is that the profits of farmers engaged in grain was greater than their costs. In the account of these figures also was taken into account changes in prices of the world market. Thus, despite the lower prices of grain on the market, cost of its production remained unchanged.
- Increasing control over the payment of subsidies. Ministry of Finance of Azerbaijan Republic has identified several defects in the issuance of grants. Thus was found the interference of the executive bodies to the payment of grants. Such defects reduce the importance of subsidies and their positive impact on the agricultural sector. Therefore, there is a need for the formation of a hotline to strengthen controls over the issuance of grants.
- Involving experts from civil society to the commission for the issuance of grants. Researches show that in the evaluation of production strategic and non-strategic products are serious defects. In some cases in the documents the amount of sown plots showing more than current and lands do not produce strategic products are shown as producing and this is the cause of the defects in the issuance of grants. The involvement of experts from civil society will help enhance transparency in this area.
- Strengthening the building of agricultural warehouses. The researches have shown the importance of the building of agricultural warehouses in these areas.
 1. For storage of fruits and potatoes to build a new barn in Ganja-Gazakh.
 2. For storage of fruit the construction of new barn in the economic areas Guba-Khachmaz.
 3. Construction of a barn in Lenkoran for storing vegetables.
 4. Construction of a barn in the Absheron economic region for the storage of fruits and vegetables.

The results obtained in the course of the research suggests that the construction of agricultural barns will lead to price stabilization in the country , halt the loss of products, to increase farmers income, eliminate the country's dependence from imports, will lead to quality preservation of agricultural products offered round year and most importantly provide the population with quality storable food.

- Considering the rules of extradition of agricultural machinery and fertilizer for the producers of agriculture products through leasing.
- Improving the insurance of agricultural production. In order to increase state support for persons involved in agricultural production to enact the bill about "stimulating insurance in agriculture." Also in the law of the Azerbaijan Republic to take a few additions and changes and to increase the types of property for which allocated an insurance.
- Elimination of inappropriate interference to the activities of farmers. The researches show that many government organizations create an obstacle for agricultural development by their unnecessary interference. From this point of view the removal of these interventions can be the basis for the development of free business in the agricultural sector.

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