



Center for Analysis of  
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# AZERBAIJAN ECONOMIC REFORMS REVIEW



## Order of the President of the Republic of Azerbaijan “On additional measures to develop citrus fruits, tea and rice production in the Republic of Azerbaijan”



The President of the Republic of Azerbaijan signed the relevant Order “On additional measures to develop citrus, tea and rice production in the Republic of Azerbaijan”, dated September 12, 2017.

The development of the non-oil sector, including traditional sectors of agriculture, improvement of the social welfare of the country's population, in particular those working in this sector, and increasing the level of employment are the most important directions of the current economic policy of Azerbaijan. As a result of the measures implemented for this purpose, along with the diversification of the economy, the specific gravity of the non-oil sector in the gross domestic product has also significantly increased.

Azerbaijan implemented a number of important measures and achieved successful results towards strengthening state support for the development of citrus fruits, tea and rice production, which are traditional branches of agriculture, providing the population's needs for these products, improving the raw material supply of processing enterprises and increasing the range of final products.

In order to ensure sustainable development in this area, meet demand from local production, and expand export opportunities, it is necessary to accelerate measures such as expanding the acreage and increasing productivity, developing seed and seedling farms, strengthening information and consulting services, human capacity, promotion of investments and exports, further enhancing the provision of necessary infrastructure and financial resources, and irrigation systems.

Taking into account the aforementioned, in order to accelerate the development of citrus fruits, tea and rice production, use the potential of this industry more effectively and increase the interest of the population in the production of products, the President of the Republic of Azerbaijan signed the relevant Order.

According to the Order, local executive authorities of Lankaran, Sheki, Yevlakh, Agdash, Astara, Bilasuvar, Goychay, Lerik,

Masalli, Ujar, Zagatala and Zardab districts, in coordination with the Ministry of Agriculture of the Republic of Azerbaijan, the Ministry of Ecology and Natural Resources of the Republic of Azerbaijan, State Committee for Property Issues of the Republic of Azerbaijan and other relevant central executive bodies, are assigned to ensure the identification of suitable land for this purpose and its allocation to economic entities, taking into account the economic efficiency of creating the appropriate infrastructure to increase the production of citrus fruits, tea and rice.

Along with this, the Ministry of Agriculture of the Republic of Azerbaijan is entrusted with the following tasks:

- in conjunction with the Ministry of Economy of the Republic of Azerbaijan, taking into account the proposals of the district executive authorities and the positive experience in this area, prepare and submit to the President of the Azerbaijan Republic draft programs for the development of citrus fruits, tea and rice production in the respective areas within a 3-month period;
- jointly with the Ministry of Economy of the Republic of Azerbaijan, within 3 months, prepare and submit proposals to the President of the Republic of Azerbaijan on improving mechanisms for supporting economic entities to stimulate the expansion of tea plantations and citrus orchards;
- Ensure that "Agroleasing" Open Joint Stock Company rents or sells by leasing the necessary agricultural machinery, technological equipment to citrus fruits, tea and rice producers, provides technical services to such producers, as well as sells on preferential terms, pesticides, mineral fertilizers, seedlings and seeds, purchased at the expense of the state budget;
- Ensure the arrangement of test of local and foreign varieties of rice, as well as the inclusion of selection achievement in the state registry of selection achievements, which are protected and allowed for the production of agricultural products in the territory of the Republic of Azerbaijan;

- take the necessary measures in connection with supporting the development of citrus fruits and tea seedlings farms;
- Ensure that necessary measures are taken to strengthen phytosanitary, information and extension services and human capacity in the production of citrus fruits, tea and rice.

At the same time, the implementation of the following measures by the Ministry of Economy of the Republic of Azerbaijan was also reflected among the instructions to be implemented under this Order:

- Adopt, jointly with the Ministry of Agriculture of the Republic of Azerbaijan appropriate measures to ensure sustainable support for the development of tea growing, the establishment of an association of tea producers and exporters to better organize the interaction of farmers, suppliers, processors and exporters with government agencies;
- In view of the requirements of the legislation, ensure that the necessary finance is allocated on preferential terms from the National Foundation for Entrepreneurship Support for investment projects of citrus fruits, tea and rice producers and processors;
- Continue support to increase of citrus fruits, tea, and rice production, establishment and development of processing and packing enterprises using advanced technologies including promotion of investments in this industry;
- Ensure further expansion of measures to support the increase in the export potential of products produced by entrepreneurs engaging in the production of citrus fruits, tea and rice, to search for possible partners and implement joint cooperation projects, and to improve the knowledge of entrepreneurs regarding export procedures.

Along with this, as part of the tasks the followings measures are specified under the Order:

- The State Committee for Property Issues of the Republic of Azerbaijan shall ensure the state registration of property

rights and other proprietary rights to new land plots under use or subject to transfer to the use of economic entities engaged in the production of citrus fruits, tea and rice;

- The "Land Reclamation and Water Economy of Azerbaijan" Open Joint Stock Company shall take the necessary measures for each regions to ensure improvement of ameliorative and water supply conditions of tea plantations, rice fields and citrus orchards, restoration of reservoirs, construction and commissioning of drainage networks in rice fields;

- The Council of Financial Stability of the Republic of Azerbaijan shall accelerate measures aimed at the development of insurance in the agricultural sector.

In order to reflect the relevance of the above points and the present Order, a number of facts should be noted in this case. Thus, the agrarian sector, as one of the industries that occupy an important place in the economy of the country, is in the center of the state's attention. The development of this sector is of strategic importance both in terms of social welfare and ensuring the economic interests of the country, as well as the protection of the environment. The development of rural areas, the solution of rural infrastructure problems, the stimulation of the development of the relevant areas of agriculture in view of the natural and climatic conditions of each region, the implementation of watering, irrigation, land reclamation and many other measures are aimed at addressing these social, economic and environmental problems. In this connection, the Order of the President of the Republic of Azerbaijan "On Additional Measures for the Development of the Production of Citrus Fruits, Tea and Rice in the Republic of Azerbaijan" draws attention to its relevance arising from the requirements of the present time.

The statistics reflect an interesting trend. So, in spite of the presence of 4,463 hectares of rice fields in the country in 2000, a decrease in the total area of rice fields was recorded in the subsequent years. The area of rice fields declined in 2007 by 76.4% (to 1055 hectares). Thanks to the introduction of the subsidy

system, since 2007, there has been a revival in this area - in 2016 the total area of rice fields in the country has increased 2.4 times, reaching 2511 hectares. However, this indicator is still lower than in 2000.

The country imported 18.93 thousand tons of rice in 2011, whereas this figure increased by 40.7%, reaching 26.64 thousand tons in 2015.

Apparently, the demand for rice in the country is increasing. Taking into account the fact that rice occupies an important place in the food ration of the country's population, the development of this sector is extremely urgent.

The production of citrus fruits, which occupy a special place in the agriculture of Azerbaijan, is also of great importance. On the one hand, growing of citrus fruits is important in terms of the development of the region, on the other hand, it presents an urgency from the point of view of increasing the country's export potential. Citrus fruits grown in the country include lemon, kiwi, orange, feijoa and others. Statistics show an increase in demand for this product and the dynamics of expansion of citrus fruits growing areas. There were 94 hectares of oranges in the country in 2000, whereas this indicator increased 2.7 times and reached 255 hectares in 2016. This growth was recorded for all products. So, in the analyzed period, the area of lemon gardens increased by 4.8%, the gardens of feijoa - 54.1%, orange gardens - 52.9%. Kiwi is relatively new culture imported into the country and the history of its production dates back to 2006. Apparently, there is a growing interest of producers in this field. The implementation of incentive measures in this direction in view of the export potential of this sector should be highly appreciated.

Tea is another important product in the economy of the country. Statistical data indicate the decline of tea growing in Azerbaijan during 2000-2010, which is clearly reflected in the reduction of tea plantations. For comparison: in 2000 the total area of tea plantations in the country was 5392

hectares, while in 2010 this figure decreased by 9.2 times, amounting to 587 hectares. In the subsequent period, a recovery was recorded in the tea industry and the total area of tea plantations increased by 73.1%, reaching 1016 hectares. Nevertheless, this indicator is still 5.3 times lower than in 2000.

It is worth to note that tea products worth 18-20 million Manat are imported annually to the country, which indicates a high demand for tea in the country and the need to develop this branch of agriculture. In this regard, the measures reflected in the Order are of particular importance for the development of tea growing.

Apparently, each area subject to development under the decree is important, from the perspective of various aspect, for the development of the country economy. It should be emphasized that the regions selected for the development of the above-mentioned sectors are the main widely known in this area of industry and characterized by the presence of favorable natural and climatic conditions for the development of agricultural products. Besides, it is also another focused activity under the Order to properly structure cultivated areas and gardens by region, which is one of the prerequisites for the successful organization of agricultural production. In addition, special attention is also given to the development of the production infrastructure, which will also play a role in increasing efficiency of production. Along with the above, active involvement of relevant ministries and local executive bodies will ensure timely and effective provision of necessary state support to producers.

In general, the instructions arisen from the Order will facilitate it to cover all links of the value chain for each product. The assignments and the implemented measures are determined in a logical sequence, which will play a role in the subsequent achievement of success and development in each sector.



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