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Possibilities of creating clusters in the weaving industry of the Republic of Azerbaijan

Abstract. The formation of industrial clusters is a form of a systematic approach to the development of industry and related fields and is of high relevance as one of the directions of economic development at the current stage. The study aims to determine the possibilities of creating clusters in the weaving industry of Azerbaijan and to present proposals for their realization. To achieve the goal, methods of comparative and statistical analysis, competitive rhombus and logical conclusion were used. The article emphasizes the need to establish cooperation with foreign companies to form and develop clusters, notes the prevention of illegal interference in business activities and addresses the importance of integrating the weaving industry and clothing production. To form clusters, it is proposed to create a more favourable business environment in specific territories and provide favourable conditions for doing business, create clusters to produce profitable imported products, and further increase the preferential opportunities provided to cluster products in government procurement. The importance of establishing business connections between cluster participants and government authorities, forming on a reasonable basis the state's attitude towards business and the role of its guardian is emphasized. The practical value of the study lies in the recommendations provided to protect the domestic market from imported products and to strengthen customs control over the importation of imported products, as well as to stimulate the export of finished products

Keywords: clustering process; clustering potential; actual consumption; import dependence level

INTRODUCTION

The main task of the Azerbaijan government on the economic development is to become independent from oil revenues through the development of the non-oil industry sector. Regional and sectoral clusters as one of the directions of development are prioritised. In this regard, the formation of clusters in the weaving industry plays an important role in ensuring the of development non-oil sectors of the industry of Azerbaijan. The research relevance is determined by the presence of clusters in the real economy and their importance in future economic development.

According to T. Aliyev (2019), a cluster is a concentration of small, medium, and large business entities, scientific and educational organizations, financial institutions, standardization bodies, logistics systems and other related associations in one territory. These organizations have suitable geographical and field characteristics and close corporate relations, stimulate innovative development, aim to produce competitive products, and have modern communication and innovation infrastructure. It is worth noting that both theoretical and practical issues related to industrial clusters were addressed, and the proposals are not scientifically substantiated due to their empirical nature.

T. Huseynov (2019) defines industrial clusters as a group of enterprises located in the same area that are technologically connected and contribute to the creation of a value chain. He analysed clusters as a set of enterprises

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involved in the technological process from raw materials to finished products. In both approaches, he addressed the characteristics of forming a value chain and being a union of technologically connected enterprises. I. Aliyev *et al.* (2019) considered the cluster as an economic process based on the criteria of high competitiveness and economic efficiency. Thus, they equated clusters with the process of clustering. It is worth noting that the cluster is not a process, but the result of the process, but clustering is a process. In the clustering process, one can be formed not one, several clusters.

T. Aliyeva (2021) noted that the role of oil clusters in economic development is in the efficiency of the oil refining and petrochemical technology chains. According to her study, clusters become competitive in three ways: enhancement of the productivity of cluster companies, introduction of innovation to the sector, and promises of new business in the industry. Processes formation of the technological chain in oil refining were addressed. She analysed oil clusters in a narrow context. F. Ahmadov *et al.* (2021) analysed the competitiveness of Azerbaijan's tourism sector and revealed existing problems in the clustering process. They noted the importance of applying the cluster approach for the development of the tourism sector in Azerbaijan. According to them, the application of the cluster approach will remove dependence on oil revenues, and increase national income and overall prosperity.

A. Aliyeva (2020) noted that one of the essential methodological issues is the role of government in the formation of clusters. She noted that the growing influence of the state on the clustering process can be attributed to factors like market weakness, increase in the volume and value of government goods, the priority of public interest in the context of globalization, and the need for protection of the internal market. E. Mamedova & A. Mirgeydarova (2023) noted that the cluster strategy is one of the important aspects of state policy in the field of increasing the competitiveness of the national economy. According to the authors, the formation of clusters in developed countries is achieved through the implementation of complex programs. They determined innovation clusters as effective in such industries as the energy industry, mechanical engineering, textile, and the field of nanotechnology. According to them, creating an innovative environment will encourage innovation.

M. Korabaev (2022) highlighted clusters as a mechanism covering all processes from the cultivation of agricultural products to their processing. Noting the regular activity of the enterprises included in the clusters in the creation of the value chain, he evaluated those enterprises as independent economic subjects. Y. Sadikhov (2019) studied the current state of Azerbaijan's agricultural processing sector and determined the importance of creating clusters in the regions to ensure the future development of the sector. He noted that the creation of clusters in regions will affect the development of agriculture.

R. Aghayev (2022) studied the development prospects of territorial clusters in Azerbaijan and highlighted the important role of regional demand in the formation of clusters.

He noted that providing a cheap labour force in the regions of Azerbaijan, contrary to the city of Baku, creates great potential for the development of labour-intensive clusters in the regions. He added that despite the mention of clustering in state documents as one of the mechanisms of economic development, there is a great need for major studies to be made for its success. Sh. Sadikhov (2021) noted that cluster development is one of the means of economic development. As such, industrial clusters are groups of enterprises that are interconnected and complement each other in the process of producing products or providing services. The concentration of enterprises included in clusters in a single area depends on the nature of the produced product and the provided service. A cluster may be formed on the production of leather products, tea, ferrous and non-ferrous metals, furniture, nuts, cigarettes, etc. in Azerbaijan. At the same time, he investigated the competitive development potential of Azerbaijan's weaving and leather production areas and proposed the application of the cluster approach in their complex development. The creation of clusters provides a systematic approach to economic development and a unified team activity. The role of the state is to create favourable conditions for the joint activity of the enterprises included in the clusters, to help solve their problems (Sadikhov, 2022).

It is possible to conclude that none of the Azerbaijani researchers have assessed sufficiently the clustering potential regionally and sectoral based on statistical data. As such, theoretical issues of clustering, clustering process and clustering potential assessment were prioritised. Although the clustering potential of Azerbaijan from a regional point of view has been assessed at a superficial level, studies have not been conducted from a field point of view, thus defining the study's aim.

MATERIALS AND METHODS

The study dates from the end of 2022 to the beginning of 2023. Given that the final statistical data for 2023 can only be obtained in October 2024, it was not possible to include data for this period. For this reason, the study used only statistical data for the period 2018-2022. In this research, both theoretical and field data on cluster, clustering and clustering potential assessment were studied. A comparative and statistical analysis method was used during the study of field data. The balance method was used to determine the indicators of local demand, actual consumption and import dependence for weaving products.

In practice, the three-star and competitive rhombus methods are used in the assessment of cluster potential (European Commission, 2020). Each of these methods has advantages and disadvantages. The use of the three-star method is acceptable for countries that are industrially developing and many business entities on their territory. It is appropriate to use the competitive rhombus method to assess the cluster potential of countries that are small in territory, have few economic subjects, and are poorly developed in terms of industry. Thus, this method requires more detailed analyses to assess cluster potential.

Therefore, the competitive rhombus method was used to assess the clustering potential of the weaving industry. Using this method, the production factors of the field, the demand potential of the republic, and import and export data were studied. When analysing the "production factors" indicator, factors such as the availability of raw materials and qualified personnel for product (service) production, the state of production and social infrastructure, access to basic services, and the availability of investment resources are studied and evaluated. The "Company strategy and competitive environment" indicator includes the assessment of all the potential of companies operating in the field selected as a cluster target. During the assessment of these indicators, the level of professionalism of the enterprise management, the state of application of special reporting standards, the tendency to apply innovations, the possibilities of attracting investments, the level of professionalism of the personnel, the desire to attract investment, personnel training, the targeting of access to foreign markets, preference for healthy competition and competitive tactics are addressed. The "demand potential of the region" indicator denotes the volume of demand for the cluster products in the region. Thus, before being sold abroad, the produced product is directed to the consumption of the population and the business sector within the region. The greater the volume of regional demand, the higher the possibilities of clustering. Thus, regional demand is the driving force of production. The "current state of related and supporting sectors" indicator is also important for the implementation of clustering potential in the arbitrary region. In international practice, related sectors are referred to as areas that include suppliers of raw materials for product (service) production, and service (logistics, communication, finance, consulting, etc.) subjects. Supporting structures include state and local self-government structures, civil societies, research institutes and universities that regulate and assist cluster development. During the assessment, the physical presence of all these structures within the region and the quality aspects of their activity should be addressed. The logical conclusion method was used in the study to follow the sequence, to summarize the conducted analyses and to reach the conclusion.

RESULTS

The experience of economic development of the countries of the world proves that the competitiveness of the region

and production complexes can be ensured by the implementation of cluster-oriented regional policy (Aliyev, 2019; Cherkashyna, 2022). Such a policy is implemented by the government. So, if the business entity is a seed, the government, by implementing a favourable economic policy, forms the fertile soil that ensures the germination, growth, and further development of that seed. If a favourable economic policy is not implemented, not only the development of business entities but even their existence will not be ensured. Opportunities may exist, but they won't be implemented unless appropriate government intervention is done. To form clusters, a cluster strategy is developed by the government. All processes related to the creation of clusters should be reflected in the cluster strategy prepared by the government. Within the framework of the relevant strategy, the competitiveness of specific products should be analysed, and the clustering potential of the field and region should be determined based on this indicator.

The industry of the Azerbaijan Republic consists of sectors of mining, processing, electricity, gas and steam production, distribution and supply, water supply, waste treatment and processing. In 2022, the value of the industrial product of Azerbaijan was 50,813.76 million dollars in actual prices, of which were shares of the mining industry – 74.95%, processing industry – 20.97%, electricity, gas and steam production, distribution, and supply – 3.49%, water supply and waste treatment and processing area – 0.59%. The share of the weaving industry in the total industry was 0.45%, which was approximately the same in 2018. In 2022, the number of enterprises operating in the weaving industry was 95, of which 27 are medium and large enterprises (The State Statistical Committee…, 2023a). Medium and large enterprises in the Republic of Azerbaijan mean business subjects with more than 51 employees and an annual income of more than 1,764.70 million dollars (Resolution of the Cabinet…, 2018) (1 USD = 1.7 AZN local currency (currency rate for 2018-2022)) (The Central Bank of Azerbaijan, n.d.).

The first indicator for evaluation of clustering potential according to the "Competitive Rhombus" method is the "production factors". The production factors define the availability of raw materials and capital for production, the presence of qualified personnel, the state of infrastructure, and the state of access to basic services. Raw materials for the weaving industry are primarily cotton, wool, cocoon, and synthetic fibre. Information on the availability of raw materials for the weaving industry is shown in Table 1.

Table 1. Production of cotton, wool and cocoons in the Republic of Azerbaijan, tons

No.	Indicators	2018	2019	2020	2021	2022
1	Cotton	233,592.00	295,279.00	336,792.00	287,041.00	322,471.00
2	Wool	15,849.00	16,095.00	16,128.00	16,138.00	15,767.00
3	Cocoons	513.9	643.7	446.6	497.4	341.4

Source: compiled by the author based on materials of The State Statistical Committee of the Republic of Azerbaijan (2023b)

Data in Table 1 demonstrates the presence of raw materials to produce weaving products in Azerbaijan, and the

production of cotton, which is the main raw material, is increasing year by year. In 2018-2022, a slight decrease in

wool and cocoon production was observed. Wool and cocoon raw materials are used in domestic production, and since their use remained stable during the period under review, it did not stimulate the growth of raw material production. The main reason for the increase in cotton production is its partial processing and export in the form of cotton fibre and yarn. Therefore, the main reason for the increase in cotton production is not its use in local production, but export. It is worth noting that cotton fibre is exported to Turkey, Iran and Russia, and cotton yarn is exported to Turkey, Russia, Ukraine, and Bangladesh (The State Statistical Committee…, 2023c). Azerbaijan has enough qualified personnel and investment opportunities to create clusters in this field (Aliyeva, 2021). The production infrastructure is satisfactory and is improving day by day (Order of the President..., 2021). To implement projects in the non-industrial sector, the State Oil Fund of the Republic of Azerbaijan (2023) allocated 52.94 million dollars to the State Investment Company.

According to the "Competitive Rhombus" method, the second indicator that determines the clustering potential is "Company strategy and competitive environment".

This indicator provides an assessment of the capabilities of companies working in the field selected as a cluster target. Regarding this indicator, in 2022, the number of medium and large-sized business subjects operating in the relevant field in Azerbaijan was 27 (The State Statistical Committee…, 2023a). Currently, leading enterprises such as Giltex LLC, Mingachevir Tekstil LLC, Azerpambig ASK LLC, and Azeripak LLC, which produce weaving products, operate in Azerbaijan. As such, Azerbaijan has some leading enterprises in this field. These enterprises can be the core of weaving clusters.

"The demand potential of the region" is one of the main indicators that determine the clustering potential. Before being exported, the produced products (services) are directed to the consumption of the business sector and population within the regions of the republic. The greater the volume of demand within the region or the republic, the higher the favourable opportunities for clustering in the region. Thus, regional demand is the driving force of production. Since the Republic of Azerbaijan is small in terms of territory, it can be considered a region. The availability of regional demand and other related information is demonstrated in Table 2.

Table 2. Actual consumption of weaving products and level of import dependence, million dollars

No.	Indicators	2018	2019	2020	2021	2022
1	Stock of finished products in warehouses of manufacturing enterprises (at the beginning of the year)	26.59	29.59	29.18	26.88	20.29
2	The volume of domestic production	146.00	179.00	141.71	217.35	228.59
3	Import volume	430.97	461.7	401.86	496.6	532.91
4	Export volume	135.21	185.43	182.12	303.02	246.68
5	Stock of finished products in warehouses of manufacturing enterprises (at the end of the year)	29.59	29.18	26.88	20.29	51.76
6	Actual consumption (1l+2l+3l-4l-5l)	438.76	455.68	363.75	417.52	483.35
7	Import dependence with %, (import x 100 / production + import – export)	97.56	101.41	111.18	120.85	103.51

Source: compiled by the author based on materials of The State Statistical Committee of the Republic of Azerbaijan (2023a; 2023c)

Table 2 demonstrates that the amount of actual consumption in 2018-2022 changed in the interval of 363.75-483.35 million dollars. Therefore, there is demand within the republic. If, in 2018, import dependence was 97.56% and it increased by 5.95% in 2022 and reached 103.51%. Thus, the dependence on imports is increasing year by year. This is determined by local production not matching

the structure of domestic demand, the quality parameters of local products are lower than imported goods, and the price parameter is higher. Few nomenclatures of locally produced products why don't correspond to the structure of domestic demand. The aforementioned statements can be confirmed by referring to nomenclature and volume of production, which is shown in Table 3.

Table 3. Production of basic weaving products, in kind

Name of indicators	2018	2019	2020	2021	2022
Cotton fibre (carded and combed), thousand tons	61.0	85.0	71.6	92.5	91.0
Cotton fabrics, thousand sq.m	19,314.40	21,098.00	29,965.50	33,918.90	22,531.50
Silk fabrics, thousand sq.m	40.7	103.2	-	69.8	181.80
Cotton bed sheets, thousand pieces	580.7	610.5	268.1	350.9	45.70
Carpets and carpet products, thousand sq.m	2.4	3.0	1.3	13.0	5.6

Source: compiled by the author based on materials of The State Statistical Committee of the Republic of Azerbaijan (2023a)

As can be seen from Table 3, five main types of weaving products are produced in Azerbaijan. Local demand for weaving products cannot be limited to a product range. Due to the few product ranges, imports are inevitable to meet the domestic demand. It is worth noting that the export of weaving products from Azerbaijan is in the form of cotton fibre and cotton thread, and its import is in the form of finished products. Cotton exports amounted to 108.35 million dollars in 2018, and in 2022 this figure increased by 105.41 million dollars or 97.29% and reached

213.76 million dollars. The share of cotton in the total export of weaving products was 80.1% in 2018, it has increased by 6.55% and reached 86.65% in 2022 (The State Statistical Committee…, 2023c). Table 4 demonstrates import data, which can be used to determine the structure of local demand. Thus, the import structure by product groups provides more accurate information about domestic demand's structure and volume. The change in the structure of domestic demand directly affects the change in the structure of imports.

Table 4. Import of basic weaving products, million dollars

No.	Name of product groups	2018		2019	2020	2021	2022	
		sum	Special weight				sum	Special weight
	Total weaving products' import	**430.96**	**100**	**461.70**	**401.82**	**496.60**	**532.9**1	**100**
	as well as not all but a major group of imported weaving products							
1	Chemical yarns, flat and similar yarns of chemical weaving materials	45.10	10.47	45.56	33.28	42.98	46.70	8.78
2	Cotton felt and non-woven materials; special thread; ropes and cables and products from them	13.72	3.18	23.12	29.43	47.86	44.95	8.43
3	Carpets and other weaved floor coverings	18.14	4.21	18.85	15.27	21.28	18.92	3.55
4	Machine and hand-knitted fabrics	13.80	3.21	20.55	20.74	32.61	36.75	6.90
5	Machine or hand-knitted clothing items and clothing accessories	153.6	35.64	153.34	114.50	164.46	167.55	31.44
6	Clothing and clothing items, other than knitted or crocheted by machine or by hand	118.5	27.51	123.36	91.82	97.44	123.1	23.10
7	Other finished weaving products; sets; used garments and textiles	36.1	8.37	33.85	57.36	49.06	40.36	7.57

Notes: for comparison purposes, special weight is taken for 2018 and 2022
Source: compiled by the author based on materials of The State Customs Committee (2023) and The State Statistical Committee of the Republic of Azerbaijan (2023c)

Table 4 does not demonstrate all weaving products imported, only products with a larger share in total. As can be seen from the data, the main weaving products imported to Azerbaijan belong to product groups of "machine or hand knitted clothing items and clothing accessories", "clothing and clothing items, other than knitted or crocheted by machine or by hand", "chemical yarns, flat and similar yarns of chemical weaving materials", "cotton, felt and non-woven materials, special thread, ropes, cables and products from them". Although the share of these product groups in imports has changed slightly in 2018-2022, they remain the main import products. Therefore, the main domestic demand is for these products. The table shows that the types of locally produced products are few, and they differ from the structure of imports. There is almost no domestic production of imported weaving products. From this point of view, when creating a cluster in the field of weaving product production, the structure and volume of domestic demand must be considered first.

In the domestic market, there are both locally produced and imported products for some types of products. Local production of headwear, bedding, and cotton fabric

has competitive advantages in terms of quality parameters compared to imported products. But for several product types (carpets, floor covers, socks) in the domestic market, local production loses to foreign products both in terms of price and quality. Thus, the domestic market is loaded with imported products of different price and quality parameters, and as a result, it hinders the development of local production. It is a reality that the products of the enterprises of the weaving industry, which are in the stage of reorganization, cannot compete with imported products. Nevertheless, in terms of health and hygiene, local products are of higher quality than imported. Thus, natural cotton, wool and cocoon are used as raw materials in locally produced products.

In local production, raw materials with chemical content are used in small amounts. The use of natural raw materials in local production leads to high parameters of product quality and price. If locally produced products are lagging behind imported products in terms of design and technological processing, this problem can be solved step by step by creating more favourable business conditions for local production. The indicator "Current status of related and supporting sectors" is one of the factors that determine the

clustering potential of the region. The situation in this field is satisfactory in Azerbaijan and there are enough business structures. On the other hand, the development of the main production area will also lead to the revitalization of related and supporting sectors existing within the republic. It is possible to conclude from the above that there is a potential for the creation of clusters in the weaving industry of Azerbaijan.

DISCUSSION

Clustering, being a method of approaching economic development, has regional and sectoral characteristics. The purpose of creating industrial clusters is to ensure the development of the region, the field and the entire economy by using regional resources. By organizing industrial parks in the regions, the government creates a favourable business environment in those areas and thus brings technologically related companies to one centre. Being a part of the government's industrial and regional policy, the formation of industrial clusters in the regions ensures the systematic development of the economy. Although there are differences of opinion among researchers in the approach to the term cluster, there are several ideas that generalize them. Thus, the cluster has a regional character and brings together enterprises with sectoral characteristics that are technologically related and located in the value chain. These features are given in the definition of clusters by M. Porter, and among other scientists, his definition has fully revealed the nature of the cluster (Yevtushenko & Halimon, 2021; Yevtushenko & Gudz, 2022).

T. Aliyev (2019) made additions to the definition of clusters, such as stimulating innovation and aiming to produce competitive products (providing services). Innovations develop faster in enterprises included in clusters, but the production of competitive products is not a goal, it is a compulsion. The competitive environment forces them to produce a competitive product. However, taking competitive product production as a target cannot be attributed to the essence of clusters. The purpose of enterprises included in clusters is to produce economically profitable products that can be sold in both domestic and foreign markets. The author explained the "Three Star" and "Competitive Diamond" methods of assessing the competitiveness of regional clusters and cluster potential but did not indicate which of these methods is suitable for the Azerbaijani industry. Moreover, he considered only the theoretical aspects of the assessment of the competitiveness of regional clusters. The author put forward a joint decision of the participants as an important condition for the creation of clusters. It is worth noting that clusters can be formed even without such a decision. Thus, there cannot be any official document that brings the clusters together and concentrates them in a single centre. If this process takes place, the principles of a free market economy will be violated, as a result, the existence of private enterprises will be questioned. It is technological relationships and common interests that bring cluster participants together. In addition, clusters can include not only one, but

several parent companies, and a group of enterprises can be formed around them. Thus, to take advantage of the favourable conditions created in industrial parks, one or several parent companies can come here, thereby increasing the number of producers of the same product and, as a result, a competitive environment is formed. Clusters are not created but formed. Clustering is a process, and a cluster is a result of this process. Economic and industrial policies implemented by the government shape the strengths and weaknesses of clusters by influencing the clustering process. This does not happen in a short period.

In defining clusters, T. Huseynov (2019) noted its features of creating and completing the value chain as an advantage. The author also noted the importance of having a single legal document that regulates the relations between the enterprises within the cluster. Intra-cluster relations should be regulated not by a single legal document, but by contracts concluded between technologically related companies. I. Aliyev *et al.* (2019) addressed the territorial characteristics of clusters and defined them as a localized group. Clusters have territorial characteristics; however, sectoral enterprises are concentrated in the respective areas as well. The existence of a raw material base, a favourable environment and regional demand brings together field enterprises and concentrates them in a single area. Azerbaijan is small in terms of territory. Existing weaving enterprises can be taken as components of two industrial clusters. Thus, the existing large weaving enterprises are owned by two different owners. As a sales market can be taken local market in the initial stage and then the South Caucasus and other interesting areas. Market demand determines what to produce, enterprises determine how to produce, and government determines where to produce.

I. Alibayli (2023) studied the benefits of clustering in Azerbaijan and the economic problems it will create. He noted the benefits of clusters, such as reducing interregional economic inequality, attracting foreign investment to Azerbaijan, increasing economic productivity, providing access to innovations, reducing dependence on imports by increasing production, and increasing the number of national brands and export potential. As for the economic problems that will arise, he mentioned the conditions for the creation of cartels, higher than normal wage growth, the increase in the price of goods and services, and the increase in company costs. However the study was conducted purely theoretically, and the results were not substantiated. Therefore, the results indicated by the author cannot be considered realistic, as these economic problems have not yet been confirmed in practice.

E. Ibishov *et al.* (2020) noted that clusters are the group of interconnected enterprises in the region that serve to increase the wealth of the population through the export of goods and services. The geographical concentration of the clusters described by the authors in areas with a high flow of goods and services creates added value for the country's economy. Although the researchers analysed the export importance of the clusters for Azerbaijan and noted

the territorial concentration and specifics of value creation as outstanding aspects, it is worth noting that their study was conducted within a very narrow framework. In this case, the theoretical proposals of R. Aghayev & A. Mehtiyev (2021) can be accepted. They studied regional inequality in socio-economic development and proposed to introduce a cluster approach and develop appropriate strategies for regional economic development. The authors also noted that the cluster potential of regions should be analysed using quantitative and qualitative methods, which will allow us to assess the competitiveness of regions.

The above-mentioned researchers studied industrial clusters from a theoretical point of view and paid special attention to their importance at the macro level. This aspect unites the analysed works with the study conducted in this paper, as the results also cannot be considered justified from a practical point of view. Therefore, the conclusions drawn without studying the problems of specific enterprises that will participate in clustering cannot be considered complete, but they provide a reliable and accessible start for future research at the micro level.

CONCLUSIONS

From the conducted research, it is possible to conclude that there is a potential for clustering in the weaving industry of Azerbaijan. To create and develop clusters in the weaving industry of Azerbaijan it would be reasonable to create a more favourable business environment in special zones and transparently fulfil government obligations in this area and ensure business conditions. It is sensible to form clusters on effective product types and for the creation and development of clusters is important to establish relations with foreign companies and establish with them joint. It is appropriate interference in their business should be stopped and given priority to cluster products in public procurement. Protection of the local market on manufactured products should be ensured, customs control should be strengthened, and exports should be encouraged. To support the development of clusters and help solve their problems is logical to creation a relationship between cluster participants and competent government structures, and the attitude of the government toward business should be established on a sound basis. To increase the sale of cluster products, quarterly sales fairs should be organized at the expense of the government, annual exhibitions should be held, and government support should be provided for participation in international exhibitions. To increase the sale of cluster products is appropriate their purchase promoted at the republic level. Exemption of some locally manufactured products from value-added tax will lead to a decrease in their prices, and as a result, local production will gain an advantage in the domestic market. In the study, investigations were conducted at the field level, but due to the lack of enterprise data, investigations at the micro level were not conducted. In the next study, the investigation will be conducted in the direction of assessing the production potential of Azerbaijan's food industry.

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CONFLICT OF INTEREST

None.

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Можливості створення кластерів у ткацькій промисловості Республіки Азербайджан

Анотація. Формування промислових кластерів є формою системного підходу до розвитку промисловості та суміжних галузей і має високу актуальність як один із напрямів розвитку економіки на сучасному етапі. Метою дослідження є визначення можливостей створення кластерів у ткацькій промисловості Азербайджану та надання пропозицій щодо їх реалізації. Для досягнення поставленої мети було використано методи порівняльного та статистичного аналізу, конкурентного ромба та логічного висновку. У статті підкреслено необхідність налагодження співпраці з іноземними компаніями для формування та розвитку кластерів, наголошено на запобіганні незаконному втручанню у підприємницьку діяльність та розглянуто важливість інтеграції ткацької промисловості та виробництва одягу. Для формування кластерів пропонується створити більш сприятливе бізнес-середовище на конкретних територіях та забезпечити сприятливі умови для ведення бізнесу, створити кластери для виробництва вигідної імпортної продукції, а також надалі збільшувати преференційні можливості, що надаються продукції кластерів у державних закупівлях. Підкреслено важливість налагодження ділових зв'язків між учасниками кластерів та органами державної влади, формування на обґрунтованій основі ставлення держави до бізнесу та ролі його опікуна. Практична цінність дослідження полягає в наданих рекомендаціях щодо захисту внутрішнього ринку від імпортної продукції та посилення митного контролю за ввезенням імпортної продукції, а також стимулювання експорту готової продукції

Ключові слова: процес кластеризації; потенціал кластеризації; фактичне споживання; рівень імпортозалежності