

**T.C.  
ISTANBUL GEDİK UNIVERİSTY  
INSTITUTE OF SOCIAL SCIENCES**



**AZERBAIJAN ENERGY POLICY  
AND COOPERATION WITH TURKEY**

**MASTER THESIS**

**Ismayil AKHUNDZADA**

**Department of Business (English)**

**Business Administration Program**

**AUGUST 2020**

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**Thesis Advisor: Dr. Lecturer. Lamia MAMMADOVA**

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T.C.  
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Ismayil AKHUNDZADA

*To Dad & Mum*

## **FOREWORD**

In the realization of this thesis, my teacher, who has made all the necessary help, advice, and guidance from the beginning to the end, and who has been using his experience in solving the problems I have encountered, Thank you to Dr. Lecturer Lamia Mammadova for her contributions.

August 2020

Ismayil AKHUNDZADA

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## TABLE OF CONTENTS

	<u>Page</u>
<b>FOREWORD</b> .....	v
<b>ABBREVIATIONS</b> .....	vii
<b>LIST OF TABLES</b> .....	viii
<b>LIST OF FIGURES</b> .....	ix
<b>ABSTRACT</b> .....	x
<b>ÖZET</b> .....	xi
<b>1. INTRODUCTION</b> .....	1
<b>2. OIL STRATEGY OF AZERBAIJAN NATURE AND CHARACTERISTICS OF FORMATION</b> .....	4
2.1 Azerbaijan's Oil and Gas Reserves and the Country's Economy its Impact on Development .....	4
2.2 Oil strategy of the Independent Republic of Azerbaijan Formation Factors and Features .....	13
<b>3. OIL IN THE SOCIO-ECONOMIC DEVELOPMENT OF THE COUNTRY THE ROLE OF STRATEGY AND OIL REVENUES EVALUATION</b> .....	23
3.1 The Current State and Dynamics of Socio-Economic Development of the Country .....	23
3.2 Strategy for the efficient use of the country's oil and gas revenues and features of its realization .....	35
3.2.1 Long-term forecasting of oil and gas revenues.....	39
3.2.2 Principles of long-term use of oil and gas revenues .....	39
3.2.3 Medium-term policy on management and spending of oil and gas revenues .....	40
3.2.4 The main directions of use of oil and gas revenues .....	40
3.3 Oil Revenues to the Socio-Economic Development of the Country Impact Assessment .....	43
<b>4. SOCIO-ECONOMIC OF THE COUNTRY AT THE MODERN STAGE INCREASING THE ROLE OF OIL STRATEGY IN DEVELOPMENT DIRECTIONS</b> .....	46
4.1 Goals and objectives of the new oil strategy of Azerbaijan at the present stage .....	46
4.2 Directions to diversify the country's economy and increase the role of oil revenues in the development of non-oil industry .....	52
4.3 Energy Security and its Supply in Azerbaijan.....	59
<b>5. COOPERATION WITH TURKEY IN AZERBAIJAN OIL STRATEGY</b> ..	80
<b>6. CONCLUSION AND RECOMMENDATIONS</b> .....	96
<b>REFERENCES</b> .....	100
<b>RESUME</b> .....	102

## **ABBREVIATIONS**

<b>ACG</b>	: Azeri-Chirag-Gunesli
<b>BP</b>	: British Petroleum
<b>BTC</b>	: Baku-Tbilisi-Ceyhan
<b>EU</b>	: European Union
<b>OPEC</b>	: Organization of the Petroleum Exporting Countries
<b>OSCE</b>	: Organization for Security and Co-operation in Europe
<b>PU</b>	: Production Union
<b>SCP</b>	: South Caucasus Pipeline
<b>SOCAR</b>	: Azerbaijan State Oil Company
<b>SOFAZ</b>	: State Oil Fund of the Republic of Azerbaijan
<b>TANAP</b>	: Trans-Anadolu Natural Gas Pipeline
<b>TAP</b>	: Trans Adriatic Pipeline
<b>USSR</b>	: Union of Soviet Socialist Republics

## LIST OF TABLES

	<b><u>Page</u></b>
<b>Table 3.1:</b> Industrial production market composition, proportional to the sum, based on real prices for the relevant years, (as a percentage). .....	24
<b>Table 3.2:</b> Production of basic products in natural terms.....	26
<b>Table 3.3:</b> Investments in the economy.....	29
<b>Table 3.4:</b> Fixed capital investments (thousand manats) .....	31
<b>Table 3.5:</b> State budget expenditures (in millions of manats).....	33
<b>Table 3.6:</b> Volume of paid services provided to the population (in thousands of manats) .....	34
<b>Table 3.7:</b> Sources of income of the budget of the State Oil Fund for 2015 (in thousand manats).....	36
<b>Table 3.8:</b> Expenditures of the budget of the State Oil Fund for 2015 (in thousands of manats).....	37

## LIST OF FIGURES

	<u>Page</u>
<b>Figure 2.1:</b> Oil development in the Azerbaijan Republic .....	16
<b>Figure 2.2:</b> Dynamics of poverty reduction in Azerbaijan (in percent). .....	32
<b>Figure 4.1:</b> The shares of the countries in the natural gas import of Turkey (2011 %) .....	80
<b>Figure 4.2:</b> Share of the Countries in the Crude Oil Import of Turkey (January-September 2012 %) .....	81

## **AZERBAIJAN ENERGY POLICY AND COOPERATION WITH TURKEY**

### **ABSTRACT**

My main purpose is to write this thesis on the global energy policy of Azerbaijan and Turkey and to emphasize the impact on global collaboration. In my study, to find the Azerbaijani oil fields "Azeri-Çırac-Güneşli," "Sahdeniz," "Umut" and "Absheron," one of the TANAP and TAP projects, Azerbaijani oil has been found. It is a method of working in big oil-gas pipelines such as Baku-Novorossiysk, Baku-Supsa, Baku-Tbilisi-Ceyhan, Baku-Tbilisi-Erzurum, and is used by one of the world's biggest energy firms, the financial markets.

It should be recalled that the "Contract of the Century," signed in 1994, brought about the country's progress in the field of oil. Due to Azerbaijan's participation in the international affairs system, the significance of energy policy in domestic policy is included in the Azerbaijan State Oil Company's (SOCAR) activity, energy security, and the executive and legislative process. As a result, Azerbaijan's position in the world stage on the energy market, Azerbaijan and Turkey have been given reason to show interest in cooperation.

The master's thesis has been prepared using articles, books and magazines written by energy and diplomatic experts from Azerbaijan and abroad.

**Keywords:** *Oil, Natural gas, Contract of the Century, Energy, Project*

## AZERBAYCAN ENERJİ POLİTİKASI VE TÜRKİYE İLE İŞBİRLİĞİ

### ÖZET

Temel amacım bu çalışmayı Azerbaycan ve Türkiye'nin dış enerji stratejisi üzerine yazmak ve küresel işbirliği üzerindeki etkisini vurgulamak. Tezimde Azerbaycan petrolü, TANAP ve TAP girişimlerinden biri olan Azerbaycan petrol sahaları "Azeri-Çırak-Güneşli", "Sahdeniz," "Umut" ve "Abşeron" un keşfiyle keşfedildi. Bu, dünyanın en büyük enerji şirketlerinden biri olan uluslararası pazarlar tarafından kullanılan Bakü-Novorossiysk, Bakü-Supsa, Bakü-Tiflis-Ceyhan, Bakü-Tiflis-Erzurum gibi önemli petrol-gaz boru hatlarında faaliyet göstermenin bir yoludur.

1994 yılında imzalanan "Yüzyıl Sözleşmesi" nin ülkenin enerji alanında başarısına neden olduğu unutulmamalıdır. Azerbaycan'ın uluslararası ilişkiler sistemine dahil olması nedeniyle, iç ve dış politikada enerji politikasının önemi, Azerbaycan Devlet Petrol Şirketi'nin (SOCAR) faaliyetine, ülkenin enerji güvenliğine ve yasama sürecine dahil edilmektedir. Sonuç olarak, Azerbaycan'ın uluslararası arenada, Azerbaycan ve Türkiye'de enerji sektörü üzerindeki pozisyonu, işbirliğine olan ilginin ifade edilmesine neden olmuştur.

Yüksek lisans tezi, Azerbaycan'dan ve yurtdışından enerji ve diplomatik uzmanlar tarafından yazılan makaleler, kitaplar ve dergiler kullanılarak hazırlanmıştır.

**Anahtar Kelimeler:** *Petrol, Doğalgaz, Yüzyılın sözleşmesi, Enerji, Proje*

## **1. INTRODUCTION**

My purpose in writing this thesis is to talk about Azerbaijan's oil strategy and cooperation with Turkey. After declaring independence, the Republic started working carefully with countries across the world to repair its broken economy. Foreign governments had a strong interest in the new nation state's oil reserves. As a result of the significant efforts of Heydar Aliyev, a deal was concluded with Western countries on the output and sale of Azerbaijani oil. Today, thanks to this, the autonomous growth of the Republic of Azerbaijan, the security agencies and geostrategic place, the advancement of its rich hydrocarbon reserves and the free travel to world electricity market are not only the foreign affairs objectives of our region but also the important topics of modern world globalization and political relationships. Russia, Iran, Ukraine, Turkey, the United States, the United Kingdom, France, Italy, the Netherlands, Poland, Japan, China, and many other nations were especially interested in the oil and gas reserves of the Caspian Sea and its Azerbaijani industry. One of the major reasons is the implementation of a new oil strategy. As a consequence of the tactic, the republic's economy has been incorporated into the world economy. This strategy has led Azerbaijan to extend its relations with other countries and to strengthen its international position as an independent state, to integrate it into the European Union and the global economy overall.

Upwards of 21 decades have gone since the signature of the "Contract of the Century" on 20 September 1994. Despite all the pressures and repressions that have occurred over the years, our republic has consistently pursued its oilfield service policy, practised its rights with its resources, and established equal relations with one of the most developed and technologically skilled countries in the world.

In consideration of the dynamics of the market economy, the growth and development of the national economy in our nation are related not only to domestic incentives, and also to external influences and to the effective use of all modes of foreign economic relations. In addition to the personal factor, it is essential to show

the presence and impoverishment of oil and gas reserves as one of the feels heavy in the expansion of Azerbaijan's assimilation into so it and its transition into a powerful, socially advanced government based on democratic laws.

Natural gas reserves are one of the major elements in Azerbaijan 's economy, human diversity, and the enhancement of the population's socio-cultural well-being. In recent years, the increase in oil reserves, their efficient utilization, the signing of existing deals between the state as well as other regions in this area have helped develop the economy of the country and, at the very same moment, to improve the well-being of the population of a country. Sector centered on oil and gas reserves, which comprise much of the scenic cultural capital, is still a leading segment of our economies. The oil and gas sector, which contributes two-thirds of the fuel and energy complex, is also fostering economic recovery as a key area of the Republic's socio-economic development. At the very same time, the advancement in the economic system of the owned oil and gas complicated has resulted in an increase in oil and gas production. Important measures have been taken by the Government in this region.

Azerbaijan is becoming a geostrategic center in which the aspirations of the United States, Europe, and Asia converge, not only for its oil and gas reserves but also because of its situation in the Black and Caspian Seas. Due to the growth of oil and gas reserves and the execution of big projects to sell them to international markets, the Caspian region has become one of the most important regions in the world in the 21st century.

In recent times, Azerbaijan has reinforced its state autonomy, attained socio-political stability, even farther established democracy and markets are characterized in the economy, created the environment for integration into the global economy, and has begun to do just that.

Since its founding, the Republic of Azerbaijan has been collaborating carefully with Turkey in the application of global energy development. TPAO's nice country business has a stake in the "Contract of the Century" 1 and the "Shah Deniz" natural gas arrangement, which lay the cornerstone for the oil and gas policy. The Turkish business BOTAŞ played an important role in the formation of the main export oil pipeline Baku-Tbilisi-Ceyhan and the South Caucasus Pipeline (Baku-Tbilisi-

Erzurum) through Turkey. TPAO and BOTAS are presently again among firms' stockholders going to lead the procedure of both pipelines.

The first part of the thesis tells about the beginning of the oil history of Azerbaijan and the projects created for the export of oil to the world market.

The second part of the thesis discusses the policy of increasing social welfare from the use of oil and gas revenues in the domestic policy of the country.

The third part of the thesis discusses how Azerbaijani oil revenues are spent on the development of the non-oil sector

In the final part, the thesis will be evaluated. After the collapse of the USSR, Azerbaijan's status in the region became independent and it pursued an independent energy policy. Turkey's role and contribution to this energy policy are not excluded. Turkey is an important partner for Azerbaijan both as a transit country and as an investor. Turkey's dependence on other countries for energy resources and joint projects with Azerbaijan to reduce this dependenc

The master's thesis is completed with the results obtained at the end of the research and the evaluation and the references.

## **2. OIL STRATEGY OF AZERBAIJAN NATURE AND CHARACTERISTICS OF FORMATION.**

### **2.1 Azerbaijan's Oil and Gas Reserves and the Country's Economy its Impact on Development**

One of the main factors that dictate the situation of the oil industry is the supply of reserves. Furthermore, there are diseases connected to the region's availability and health safety. Azerbaijan has a position in that category.

Potential oil reserves in the world exceed 540 billion tons according to experts. More than three-quarters of the world's oil assets have also been confirmed to be in OPEC countries and more than half in Middle East-Saudi Arabia, Iran, Kuwait, and Iraq. Just Saudi Arabia accounts for one-quarter of the world's oil reserves and one-quarter of OPEC shares (Huseynov, 2000).

The former USSR and Eastern Europe's oil reserves are valued at 32.4 billion tons, or 6 percent of total world reserves, according to analysts. According to scientists, leading to technological advancement and innovative developments in the field of geological exploration this number can be substantially increased, given that appropriate investment is made in the field.

Azerbaijan has a share of 0.6 percent of world oil reserves. When we correlate these reserves with the regions of the planet, we realize that their reserves are double the scale of Southeast Asia, Australia, and Oceania reserves and Western Europe resources. According to the State Oil Company of the Republic of Azerbaijan's Geophysics and Engineering Geology Development Association, there are more than 625 anticline-type mixtures in Azerbaijan's land and sea market. Those are very good fields of oil and gas (Dmitry Travın, 2008).

Azerbaijani oil's ancestral origins return to ancient times. Ahmad al-Balaruri (ninth century), an Arab historian, geographer, and explorer, revealed that oil had long been associated with economic life in Absheron (Alirzayev, 2002).

Istakhri (XI-X centuries), Abu-d-Hasan Ali Masudi (X century) He provided details about Absheron's "white" and "black" oil from the oil field of Baku. Italian traveler Marco Polo (XIII-XIV centuries) transported Baku oil to the Middle East, the German ambassador and adventurer Adam Oleari (XVII century) oil wells in Baku, Turkish explorer Evliya Chalabi (XVII century) oil fields, oil fields to Iran, Central Asia, Turkey and He provided details on exports and annual oil revenue brought to India. The inscription discovered in one of Balakhani's oil wells on the stone (35 m deep) is shown to have been drilled and put into service by master Allahyar Mammadnur's son in 1594. according to Amin Ahmad Razi (Iran, 1601), there were around 500 such oil wells and wells around Baku at the beginning of the 16th century, from which both "black" and "white" oil were extracted.

There are several steps in the growth phase of Azerbaijan's oil sector, each of which has its own accomplishments (Atakishiyev, 2014).

Step I began with oil extraction from manually drilled wells in 1847 and proceeded until 1920. Industrially relevant oil was extracted from artificially drilled wells in the Bibiheybat fields and then Balakhani fields in 1847-1848, and the growth of the oil industry in Azerbaijan began that year. Round the beginning of the 19th century, around Bibiheybat, 30 m offshore, oil was extracted for the first time in the world from a hand well sunk in the sea.

Around that time, vacant state-owned property for oil discovery and development of discovered oil fields was leased for 24 years. The lessee has the right to sell his oil and fix the price of its purchase. Net profits from oil income were 14-15 percent for the lessee. In the 1970s, there was just 4 percent net national capital spending in the oil sector. The amount of combined capital with national government representation was roughly 10%. At the end of the 19th century, Azerbaijanis were 49 (24.8 percent) of the 167 oil industry businessmen (Hajizadeh, 1998).

National "oil millionaires" at the time (Haji Zeynalabdin Tagiyev, Isa bey Hajinski, Murtuz Mukhtarov, Shamsi Asadullayev, Seyid Mirbabayev, etc.) had great activities in the oil industry growth. The first joint-stock oil industry-" Baku Oil Society "was founded in Baku in 1874. In 1873, a Swedish citizen, Robert Nobel came to Baku and witnessed the economic crash. The Nobel brothers set up an oil company for oil production and refining in Baku in 1876. A number of oil fields, oil refineries, oil

tankers, barges, railways, hotels, etc. were established in Azerbaijan for the first time in the Caspian Sea. It belonged to brothers Nobel. After the excise tax on oil goods had been abolished in 1876, new refineries were established and brought into service.

In 1878, Russia constructed the first oil pipeline, 12 km long, linking the Balakhani field with the Baku port. The estimated distance of the oil pipelines connecting the oil fields with the refineries at Baku was 230 km in 1898. Within these pipelines one million a year. Transported fuel (Hajizadeh, 1998).

The railway Baku-Batumi was built and put into production in 1883, which was important for exporting oil goods to Countries of Europe. In 1883, Rothschild started financial and credit activities in Baku and started exporting oil. The Caspian-Black Sea Oil Company Rothschild was organized in 1886. In 1890, the Rothschild Bank controlled 42 percent of Baku's oil exports (Atakishiyev, 2014).

11 million tons of oil were extracted in 1901, representing more than 50 percent of world oil production. In 1880, the renowned chemist DI Mendeleev recommended that the Baku-Batum oil pipeline be developed to ensure the availability of Baku oil to world markets. The pipeline's longitude is 833 km, d.-200 mm. The building began in 1897 and was completed in 1907. Phase II started after the nationalization of Azerbaijan's oil industry in 1920 and covers the time of exploration of the Oil Rocks field in the open sea in 1949. Production of oil dropped to 2,4 million barrels in 1921. A number of new oil fields (especially Gala, Buzovna-Mashtagha, etc.) were discovered and put into operation in Azerbaijan in connection with the extension of the exploration work in the second stage, and oil production in 1941 amounted to 23.6 million barrels. Tons, which at the time was 76 percent of the oil output of the USSR.

Phase III began with the development of the offshore oil industry in Azerbaijan in 1950 when the Neft Dashlari field was approved, and lasted until 1969. Offshore geological exploration activities are being extended at this level, a variety of oil and gas fields have been discovered and put into operation (Gum-Deniz, Sangachal-Divanni, Khara-Zira, Bahar, Bulla-Deniz, Darwin's Cup, Mud Pilpilasi, etc.), offshore drilling (including discovery drilling), construction of hydraulic oil installations, and development of offshore oil production infrastructure.

At this point, a number of new oil and gas condensate fields (Kurovdag, Mishovdag, Kursanga, Garabagli, Kalmaz, Garadagh, etc.) were discovered and put into operation on the ground. Through this time comprehensive "Oil Rocks" and other fields were developed and run. On the high seas, a marine community was developed for the first time in world history on the piers of the pier. A significant amount of capital spending has been accomplished as a result of the introduction of advanced technologies and scientific-technical measures, high labor efficiency has been accomplished by saving coal, and the cost of each ton of oil has been decreased.

Phase IV is defined by the high dynamic growth of the oil and gas industry as well as all sectors of Azerbaijan's national economy since 1969 which corresponds with our national leader Heydar Aliyev's first period of management in Azerbaijan. A new stage in the growth of Azerbaijan's oil and gas industry, especially offshore oil production, began during this time.

The Caspian Oil Production Union (PU) was founded in 1970, and the USSR Ministry of Oil Industry performed geological exploration, drilling, production, extraction, and other works in all sectors of the Caspian Sea, taking into account the experience of Azerbaijani oil workers in the Caspian Sea. He assigned the building to the oil workers of Azerbaijan

To date, the engineering infrastructure used in the Caspian Sea has only permitted research in areas with depths of up to 40 m. Back then, nearly every oil and gas field in Azerbaijan's Caspian Sea area was discovered at promising concentrations of close for 40 m. The increase in offshore oil and gas output was due to higher oil and gas reserve depths. As a result of the effort and actions of the Azerbaijani national leader Heydar Aliyev, more than 400 types of excavators, tanks, seismic, tourists, etc. were imported into Azerbaijan in the 70s and 80s. The 2,500-ton crane ship was launched at the Caspian Sea in Azerbaijan. In addition, the development of "Khazar" model self-propelled barges for geological research at depths of 70 m, and later "Shelf" model semi-submersible drilling rigs, which eventually authorized to operate at depths of 200 m, succeeded in rich oil and gas in the deeper areas of the sea. Deposits were established. As a result, in contrast with the late 1960s, 8 major oil and gas fields were found, oil reserves doubled, and gas reserves tripled. In 1975 the total output of oil and gas was 27.1 mln. It provided (conventional fuel). The number of rotating oil refineries exceeded 11 in the 1980s, and as a result in their

use, fields with rich oil resources were found at a depth of 80-350 m (Gunashli, Chirag, Azeri, etc.), which now form the majority of Azerbaijani crude ( Alirzayev, 2002).

During this time, the development of the Deepwater Jackets Factory, which has no analogs in the world, was allocated 450 million manats in the Soviet Union. The allocation of US dollars and the acquirement of such a permit (the plant was intended to be installed in Astrakhan) was the product of the goodwill bravery of Mr. Heydar Aliyev.

Phase V is marked by the fall of the USSR, the advent of a "modern oil policy" spanning Azerbaijan's time of independence, as well as its recent past (Hajizade, 1998).

Azerbaijan encountered many challenges in the early 1990s, after achieving independence. The collapse of economic relations between the former republics of the USSR and the Republic of Azerbaijan, the presence of uncertainty in the republic's territories, the zero reduction of financial and technological supplies have put the oil and gas industry in a deep crisis. Most of these problems did not permit the growth of areas like Azeri, Chirag, Gunashli where political, technological, and other problems were found. In this situation, Mr. Heydar Aliyev, who returned to Azerbaijan's leadership for the second time at the people's invitation, was directly involved in the reconstruction and growth of the republic's oil industry, working under the slogan "Oil is Azerbaijan's national capital." One of two alternatives had to be selected to address the complicated situation in the oil sector and to improve the mineral wealth of the world. The favorable political and economic conditions in our country included waiting for 15-20 years or welcoming foreign oil companies. The Azerbaijani people's national leader agreed to welcome major foreign oil firms into Azerbaijan, and the "Latest Oil Policy" was soon planned. At that period, talks started with international companies on the creation of the Azeri-Chirag Gunashli (deep water) area, by order of the Leader of Azerbaijan. Glorious leader Heydar Aliyev, who has saved Azerbaijan from the imminent catastrophe, has begun to take steps for its economic development. SOCAR's first chair-president, Ilham Aliyev, has been associated with the bargaining process from the very first days and was one of the most influential players in the establishment and effective adoption of the current oil policy (Aliyev, 2002).

As a logical consequence of the Latest Oil Policy being established below the management of president Heydar Aliyev, on September 20, 1994, 11 foreign oil firms comprising seven countries were based in the fields of Azerbaijan, Chirag, and Gunashli in the Caspian Sea region. The contract has been signed on the discovery, growth, and the sharing of income. It's no coincidence that this deal opened Azerbaijan's doors to the entire world, and 32 deals were concluded with 41 oil firms from 19 countries in the following years. Total investment crossed \$60 billion under these agreements. The semi-submersible drilling rig Khazardenizneft was repaired and began a second life under the banner of Dada Gorgud. The Shelf-5 rig was overhauled, equipped with modern equipment, and became one of the largest floating rigs in the world, and in September 1998 it was commissioned under the name Istiklal. The most modern multifunctional self-propelled drilling rigs "Salvation" and semi-submersible drilling rig named after H. Aliyev "Leader" was created, which allow drilling oil wells in the deeper parts of the sea. In the summer of 2002, the first submersible drilling rig was installed in the Caspian Sea on the basis of the latest technologies. "Tofiq Ismayilov" submarine, "Azerbaijan", "Israfil Huseynov" crane ships were repaired and equipped with new equipment. The Chirag-1 offshore platform has been reconstructed in accordance with international standards. 176 km of oil and 48 km of gas pipelines were laid from this platform to the shore at a depth of 120 meters. The Heydar Aliyev Deepwater Jacket Factory was refurbished and active in constructing offshore platforms. The Sangachal terminal, one of the biggest oil terminal in the world, was built. Offshore foundations (Alirzayev, 2002).

in the fields of ACQ have been constructed which follow international standards. In 2002 Sangachal Terminal Expansion Program (STEP) expansion began. At the same time, the country was not left out of significant developments in the oil and gas industry in economic and public administration. Thus, in order to improve the productivity of the administration of the Republic of Azerbaijan State Oil Company during this time, its structure has been modified repeatedly, the current infrastructure has been strengthened.

The introduction of millions of tons of crude oil to world markets in fully free, politically and economically viable options was very contentious and difficult after the signing of the "Deal of the Century" However, thanks to our great leader Heydar Aliyev's courageous and definitive stance, his negotiating abilities, his ability to

persuade his partner, perfect decisions were taken on the transport routes for Azerbaijani oil. In January 1996, the Russian Federation and the Republic of Azerbaijan signed an orderly succession on the transportation of Azerbaijani oil along the Baku-Novorossiysk road, which was placed into service in October 1997. In 1997, the Azerbaijani and Georgian governments made an agreement on exporting oil to the Black Sea along the Baku-Tbilisi-Supsa route. A more important incident in the history of this country takes place on April 17, 1999. With the cooperation of the leaders of Azerbaijan, Georgia, and Ukraine, the 850 km long Baku Supsa oil pipeline, with an annual strength of 5 million tons, and the Supsa export port on Georgia's Black Sea coast is built (Kazımlı, 2001).

Despite all this, though, the question of which countries should move through the main export oil pipeline has not yet been settled as a controversial and divisive issue. Finally, at an OSCE Summit meeting in Istanbul in November 1999, Russia, the Governments of the United States, Nato, Azerbaijan, Georgia, and Kazakhstan reached an intergovernmental agreement on the development of the Baku-Tbilisi-Ceyhan National Pipeline project for Import. The construction of the Baku-Tbilisi-Erzurum gas pipeline and the launch of gas output from the Shah Deniz field was an occurrence that did not lag behind the Baku-Tbilisi-Ceyhan oil pipeline in terms of its historic importance.

It is the logical consequence of this project that today Azerbaijan has become not only an oil exporter but also a gas exporter. The Shah Deniz agreement signed in 1996 is already bearing fruit.

In November 2006, the Leader of the Republic of Azerbaijan, Mr. Ilham Aliyev, signed a Memorandum of Understanding on Energy Relations between Azerbaijan and the European Union, taking the field into line with international norms and being one of the nearest energy independence partners in the EU. The completion of the 2006 Baku-Tbilisi-Ceyhan main export oil pipeline and the early 2007 Baku-Tbilisi-Erzurum gas pipeline dramatically enhanced the country's position on the global energy market (Alirzayev, 2002).

The discovery of a major large gas field in Azerbaijan in 2010-the the Umid field-was one of the most important events in the oil and gas sector. One of the most important successes was the discovery of the Absheron field reserves. Billion cubic

meters. The discovery of this field has taken Azerbaijan's established gas fields to 2 trillion 550 billion cubic meters. The potential of underground gas storage facilities is projected to exceed 5 trillion cubic meters in the near future (Newspaper, 2014).

Over time the continued progress of the Latest Oil Policy has become Azerbaijani state's rapid economic growth. In other words, the key aim of the Current Oil Policy is to maintain energy stability and proportionate economic growth for the region. The most significant aspect that has made Azerbaijan a significant energy provider in Europe is undeniably the productive realization of our republic's rich hydrocarbon deposits. The elimination of this dependence of our republic, which imported natural gas from Russia until 2006, and its transformation into a gas-exporting country in 2007 should be considered as an achievement of energy diplomacy. One of the highlights is the discovery or commissioning of strategically important fields with sufficient oil and gas reserves by Azerbaijani oil workers. One of the first successful steps in this direction was the production of the first gas from the Shah Deniz-1 gas field, discovered in 1999 has been making. The development of this field since 2006 has allowed Azerbaijan to fully meet its domestic gas needs and, for the first time, to export. The field has been playing a key role in supplying Azerbaijan, Georgia, and Turkey with natural gas since 2006.

The development of the Umid field, which is estimated to have 200 billion cubic meters of gas reserves, is expected to bring about \$ 30-40 billion to the country's budget. Umid was the second-largest gas field discovered in the country's independence after Shah Deniz. Thanks to the rich resources of this field, Azerbaijan has been able to meet its natural gas needs for the next 100 years. It should be noted that the Umid gas field was put into operation on September 20, 2012 (Alirzayev, 2002).

On September 9, 2011, a new field with gas reserves of 250 billion cubic meters was discovered in the Absheron block, thus further strengthening the energy potential of our republic. Azerbaijan has become an important country in ensuring Europe's energy security.

In general, Azerbaijan's energy policy has entered a new phase in recent years (the discovery of the Absheron and Umid gas fields, the signing of trans-energy agreements) and the expansion of the geography of transportation of hydrocarbons.

politics and economic life. The increase in gas reserves, the discovery of new fields, the acceleration of production activities also make the issue of diversification of their transportation extremely relevant (Huseynov, 2000).

Its reserves, found in 1999 and produced since 2006, are 1,2 trillion cubic meters of gas and 240 million cubic meters. One of the main gas-condensate deposits presently available in the sea is the Shah Deniz field, measured at more than one ton of condensate. Starting production in this sector has allowed the country to satisfy domestic demand and end gas imports from abroad, and complete energy independence of Azerbaijan has been assured. At the Sangachal terminal, the gas is refined and shipped to Georgia and Turkey via the SCP route Baku-Tbilisi-Erzurum, with an overall length of 997 km and an annual potential of 20 billion cubic meters. In the second stage of field growth, the additional annual gas output is expected to be increased to a minimum of 16 billion cubic meters. Significant work is being undertaken in the form of the Southern Gas Corridor plan to sell the volumes to European countries. The Joint Declaration which was signed in Baku in 2011 laid a basis for a realistic launch in this direction. In general, the aim is to lower the overall gas exportability of Azerbaijan to at least 40-50 billion cubic meters by 2025, much of which will be sent to the European market. Although efforts are being made to increase the SCP's capacity, a new pipeline must be developed capable of ensuring the constant supply of such large volumes of gas to Europe. Azerbaijan's President, Ilham Aliyev, initiated the formation of such an energy transport network and obtained adequate funding for the Trans-Anatolian Pipeline (TANAP) project. The new pipeline would eventually have a capacity of 16 billion cubic meters. Eventually, this volume is projected to increase to 30 billion cubic meters. The Azerbaijani side assumes that the Southern Gas Corridor will be based on this pipeline: it will be produced from the Shah Deniz, Umid, Absheron fields, as well as current opportunities in the first level. The amount of natural gas created in the Basin of the Caspian Sea and other Eastern countries will be transported via this pipeline in the second stage. In other words, TANAP and the Republic of Azerbaijan State Oil Company (SOCAR), which has taken over its operation, will play the role of expanding the Southern Gas Corridor, which is crucial for the European Union (Newspaper, 2014).

In the first years of our freedom, the rise in oil and gas production was seen as one of the key means of addressing the country's impending social and economic difficulties. Limited financial resources in these situations have made it a political imperative to attract foreign companies and investors. However, along with Armenia's hostility against Azerbaijan, internal divisions, instability, and arbitrariness deterred Azerbaijani western oil firms. Around the same time, the economic interests of Azerbaijan have not been entirely achieved (Url-5).

The exploitation of gas and oil assets in the Caspian Sea region of Azerbaijan is expanding every year, and as a consequence, Azerbaijan has totally assured its energy stability. The specific weight and strategic importance of the country in the global energy supply are increasing. Thanks to the development of the gas transport system, in particular the gas pipeline Baku-Tbilisi-Erzurum, Azerbaijan has been an important exporter of Western gas and one of the suppliers of global energy supply (Url-5).

## **2.2 Oil strategy of the Independent Republic of Azerbaijan Formation Factors and Features**

The oil agreement signed at the Gulustan Palace in Baku on 20 September 1994 with Western oil firms opened a magnificent page in the autonomous republic of Azerbaijan's modern past. This agreement, aptly dubbed the "Deal of the Millennium," was in turn etched in sovereign Azerbaijan's oil history books forever.

The agreement and execution of this deal, now known internationally as the "Contract of the Century," is a dazzling realization of the execution of the oil policy established by the great politician Heydar Aliyev, which is the principle of democratic Azerbaijan's economic growth (Hajizade, 1998).

The routes of Azerbaijan's energy resources to the world market can be regarded as one of the key goals of the "Modern Oil Policy," led by national leader Heydar Aliyev. Caspian oil is directly shipped to the world market through three routes: Baku-Tbilisi-Ceyhan, Baku-Novorossiysk, and Baku-Supsa. In order to safeguard Azerbaijan's long-term interests, develop large-scale international economic cooperation, increase oil production in the region, ensure oil supply to world markets, intensive work has been undertaken to execute the strategically important main export pipeline project Baku-Tbilisi-Ceyhan. At a meeting of the presidents of

Azerbaijan, Georgia, and Turkey in Trabzon on April 26, 1998, it was announced for the first time that the pipeline would be carried out as a major export pipeline. Both three presidents made it clear that the largest export pipeline should be the Baku-Tbilisi-Ceyhan pipeline and that the introduction of the pipeline was a policy decision. The original deal on the project was reached in Ankara on 29 October 1998 with the signing of the Ankara Declaration by the Governments of Azerbaijan, Turkey, Georgia, Kazakhstan and Uzbekistan and the U.S. Secretary of Energy endorsing the construction of the main export pipe Baku-Tbilisi-Ceyhan (Url-5).

As a result, a contract was signed at the Ciragan Palace in Istanbul on the transportation of oil via the territories of the Republic of Azerbaijan, the Republic of Georgia and the Republic of Turkey through the main export pipeline of Baku-Tbilisi-Ceyhan on 18 November 1999, during the OSCE summit in Istanbul. The contract had been concluded by H. E. Shevardnadze and S. Aliyev. Demirel: Demirel. In favor of the Baku-Tbilisi-Ceyhan project and participation of Kazakh and Turkmen oil in the initiative, Azerbaijan, Turkey, Georgia, Kazakhstan and Turkmenistan have concluded the Istanbul Declaration. Presidencies H. Aliyev, S. Demirel, B. Clinton, E. Shevardnadze, N. Nazarbayev and S. signed the document. Niazov. Niyazov. Construction of the Baku-Tbilisi-Ceyhan pipeline started on 18 September 2002 in Sangachal as a logical continuity of this cycle. The event was participated by three heads of government-Azerbaijan's president Heydar Aliyev, Georgia's president E. Shevardnadze and Turkey's president AN Caesar and the Caspian Sea Special Representative S. Mann. The ceremony was attended by three heads of government-Azerbaijan's president Heydar Aliyev, Georgia's president E. Shevardnadze and Turkey's president AN Caesar and the Caspian Sea Special Representative S. Mann. Thus Baku-Tbilisi-Ceyhan had become a reality, the most significant achievement of the "New Oil Plan" authored by national leader Heydar Aliyev. Azerbaijani part of the BTC was fused with the Georgian component in October 2004. Azerbaijani oil arrived at the port of Ceyhan on May 28, 2006, and the first tanker loaded with oil departed on July 4. On 13 July 2006, the main export pipeline Baku-Tbilisi-Ceyhan named after Heydar Aliyev, the 21st century's main energy plant, was inaugurated in Ceyhan, Turkey (Kazimli, 2001).

Almost \$4 billion was invested on the building of the 1,774-kilometer line from the Sangachal terminal to the Ceyhan terminal on the Mediterranean coast of Turkey.

The project director is bp. BTC Co., created for pipeline construction and service. The company's owners are BP (30.1%), SOCAR (25%), Chevron (8.9%), Statoil (8.71%), TPAO (6.53%), ENI (5%), and Total (5%). ), Itochu (3.4%), INPEX (2.5%), KonokoPhillips (2.5%), and Amerada Hess (2.36%), collectively (Url-5).

The BTC pipeline is designed to carry 50 million tons of Azerbaijani oil per annum.

While the oil sector in the Soviet Union operated under a single trade-transportation network, parts of this network were strategically important in the republic's territory. That's no coincidence that, under the Century Agreement, the first oil was exported to world markets by the Baku-Novorossiysk pipeline, which has worked ever since.

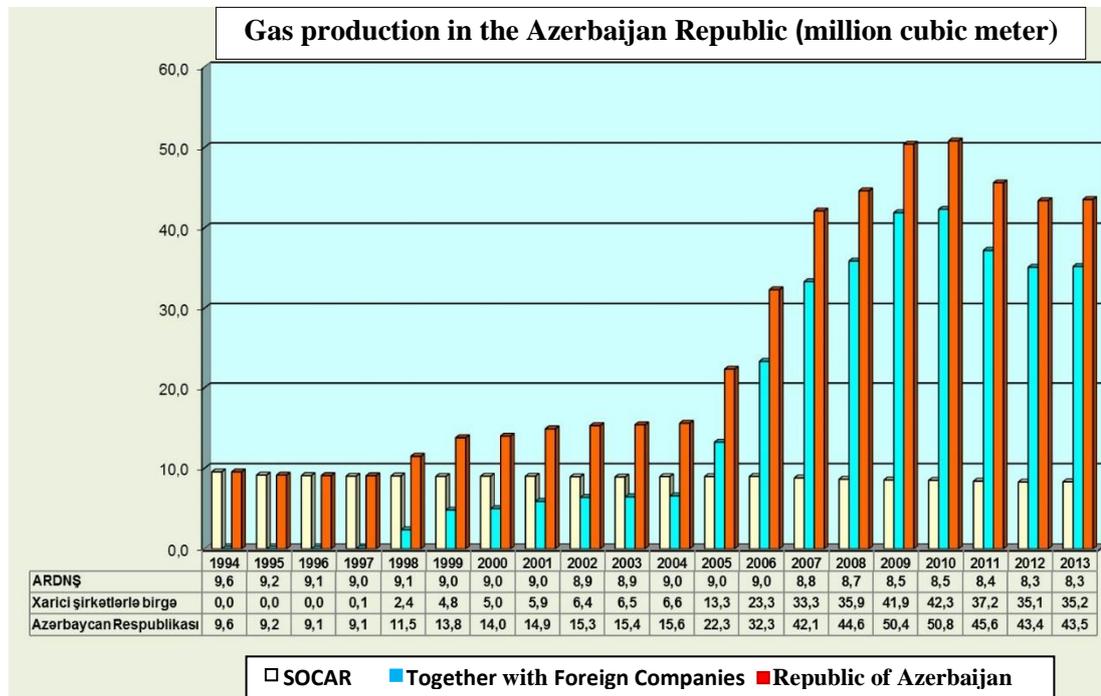
This deal was signed in Moscow on 18 February 1996 on the transport of Azerbaijani oil via the territory of the Russian Federation to Novorossiysk Black Seaport. The tripartite deal negotiated by AIOC, SOCAR, and Transneft includes both legal and technical issues related to oil transport to Novorossiysk harbour. Russia objectivized its position in this agreement and agreed in clause 2 of the agreement that it is not the owner of Azerbaijani oil and that Azerbaijani oil possession belongs to the seller. This can be seen as a significant achievement of the Latest Oil Policy for Azerbaijan. On 25 October 1997, Azerbaijani oil entered the world market via the northern pipeline in compliance with the initial conditions of this agreement. The Baku-Novorossiysk oil pipeline has a total length of 1,330 km and the Azerbaijani territory is 231 km long (Huseynov, 2002).

One part of the oil policy of the national leader was to arrive at an alternative to oil routes. In addition to reducing Azerbaijan's economic dependency on any power, the alternative of the oil routes was in our country's national interest. In the face of all these factors, despite constant scrutiny, state leader Heydar Aliyev made a wise and far-sighted decision. On 8 March 1996, Azerbaijan's President Heydar Aliyev and Georgia's President E. Shevardnadze agreed to build the oil pipeline Baku-Supsa in Tbilisi (Georgia). Azerbaijan provided for the transportation of primary Azerbaijani oil from the Azeri, Chirag and Gunashli fields via the Baku-Supsa pipelines in the trilateral arrangements among AIOC, SOCAR and the Georgian Government.

On April 17th, 1999, the first Azerbaijani oil was shipped via the Baku-Supsa pipeline. The greatest advantage of this route is the export of Azerbaijani oil in pure form to the world market under the Azeri light brand. At the same time, another

advantage of the pipeline is that transporting oil to Supsa is cheaper than transporting it to Novorossiysk. In the west, the Baku-Supsa oil pipeline is 837 km long and 530 mm in diameter (Kazimli, 2001).

About the advantages and pitfalls of both pipelines, Azerbaijan's national leader Heydar Aliyev later, as time has shown, made a wise and the only right decision and found it necessary to export oil via both pipelines. This included the building of a large oil-export pipeline. That need has increased in light of Kazakhstan and Turkmenistan's prospects of transporting their oil reserves through Azerbaijan. Considering all of this, national leader Heydar Aliyev began working on enforcing the Baku-Tbilisi-Ceyhan project, which is the main export pipeline.



**Figure 2.1:** Oil development in the Azerbaijan Republic

Source: (Url-5)

The transformation of BTC from myth to fact not only provided unregulated quantities of oil from an additional source of energy to the world's customers, but also ended the monopoly on the world's crude oil supply. At the beginning of the new century, the discovery and commissioning of the Shah Deniz sector uncovered another importance for the BTC. Therefore, the South Caucasus Pipeline (SCP) was constructed in conjunction with the expertise acquired during the construction of the BTC, which serves the purpose of transporting Shah Deniz gas.

The 690 km long Caspian Sea South Caucasus Pipelines (SCP) gas from Shah Deniz area is ready for transport in the Azerbaijan market via Georgia to Georgia-Turkey.

The South Caucasus Pipeline (SCP) is a gas pipeline built to transport gas across Turkey from Shah Deniz's Caspian Sea gas field. The pipe travels on the same road to the Turkish border as the Baku-Tbilisi-Ceyhan (BTC) oil and gas pipe in Azerbaijan as Georgia, and is linked to Turkey's gas pipeline network.

The pipe has the capacity to transport up to 20 billion cubic meters of gas. Delivery of the first volumes of gas to Turkey began in September 2007. In the same corridor as the BTC pipeline, the SCP was built using the same integrated project team to minimize environmental and social impacts. At the construction phase of the combined projects, about 22,000 employees were employed.

The installation and maintenance of the pipeline is usually the obligation of the South Caucasus Pipeline Company (SCP Co.) It is a subsidiary formed by seven investors and identified as a company controlled by the main investors, BP and Statoil.

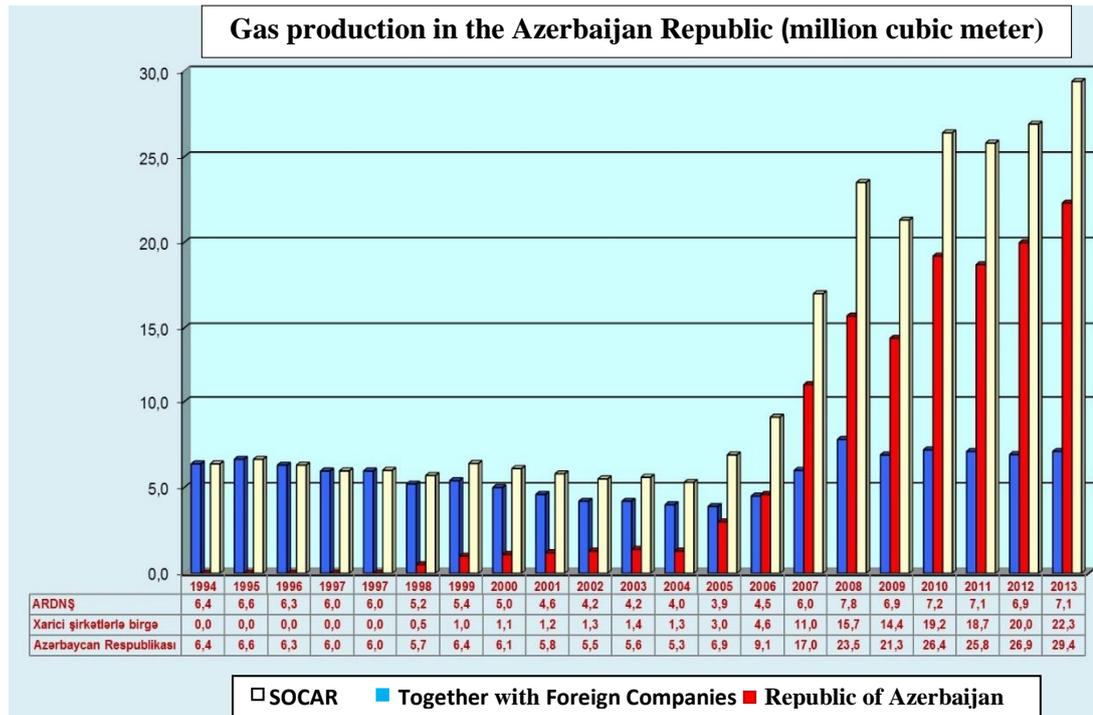
- Public Investment Program (PIP) — A total of \$25 million was spent on BTC / SCP CJSC integration in Azerbaijan, Georgia and Turkey. In Azerbaijan, \$8 million of this amount has been started investing.
- Enhances the influence of BTC/SCPs and raises the participation of those in need in each community. These ISPs are areas such as healthcare, college, company, maintenance and repair.
- South Caucasus Pipeline Extension-South Caucasus Pipeline Expansion is part of the Fully developed Campaign of Shah Deniz. This expansion would include building the new pipeline in Azerbaijan, and installing two modern compression stations in Georgia. This will increase the production capacity of gas through pipeline to more than 20 billion cubic meters per capita.

The pipeline will be related to other modern pipelines on the Georgian-Turkish border to carry gas to Turkey and the Eu. (Hajizadeh, 2000).

In recent decades, the growth of the gas reserves in Azerbaijan has enabled the development of a secure gas pipeline service an objective necessity. As always, in picking strategic pipelines our government has kept in mind the variables of economic performance, political convenience and safety. At the same time,

recognition was also granted to the geoeconomic desires of Azerbaijan, Georgia and Turkey which collaborate closely in the oil and gas sector (Hajizade, 1998).

The signing of the final deal between Turkey and Azerbaijan on the Trans-Anatolian Gas Pipeline (TANAP) project on June 26, 2012, in general, It was an incredibly important occurrence for Countries in Europe. The TANAP project will move Azerbaijani energy from Turkey's eastern border to its western border and maintain reliable transit in the region. The expense of the scheme, which is estimated to be achieved over 5 years, is \$7 billion. The project's first stage, to be introduced in four steps, will end in 2018. The site's first stage, to be executed in four steps, will end in 2018. The ability of the pipeline will reach 16 billion cubic feet per capita in 2020, 23 billion in 2023, and 31 billion square meters in 2026. Originally, 16 billion cubic meters of Azerbaijani oil to be transported through the TANAP pipeline will be sold to Europe for 10 billion cubic meters and to Turkey for 6 billion cubic meters. The gas designed for Europe will be provided at the Turkish-Bulgarian or Greek-Turkish border. The operation start date is arranged for 2017, which corresponds with the start of oil production on the project Shah Deniz-2. The 80 percent stake of SOCAR in TANAP reveals once again the strategic significance of the venture for our region. The plan has offered new prospects for the Trans-Caspian gas pipeline to be achieved. So if Kazakhstan and Turkmenistan join the plan in the future, Azerbaijan will also become an important gas transit area. In particular, the function of Azerbaijan in the creation of the East-West energy corridor would enhance, thanks to the TANAP venture (Hajizade, 2001).



**Figure 1.2:** Gas production in the Republic of Azerbaijan

Source: (Url-5)

For Azerbaijan 2013 is essential as concerning the productive adoption of the Shah Deniz optimum. The group stated on June 28 last year that it had identified the Trans-Adriatic Gas Trans-Adriatic Pipeline (TAP) as a plan to move Azerbaijani gas into Europe. TAP South Reiteration of the Caucasus Gas Pipeline (Baku-Tbilisi-Erzurum) and the Trans-Anatolian Gas Pipeline (TANAP), Shah Deniz-2 gas pipeline to Greece and Albania, Southern Italy, the Adriatic Sea and South-West Europe. During the first stage, the pipeline is expected to perform 10 billion cubic meters of gas, and then around 20 billion cubic meters (Hajizadeh, 2000).

In general, adopting TAP will help Azerbaijan grow Shah Deniz, Umid, implying creating a massive communication infrastructure that will allow the transportation of coal from the Absheron, Alov, Inam, and other wealthy fields into Europe. The project opens up large opportunities in the Caspian region for power collaboration.

The final asset accord for the second stage of the Shah Deniz project was ratified on 17 December, regarding the historic contract on the purchase of coal to Europe underneath the Shah Deniz-2 venture on 18 September 2013. Besides being chosen for its tactical role and pinning it on the map of the modern world, this contract has also laid a foundation for the conclusion of other essential trans energy channels.

Owing to its geoeconomic value and center of gravity for the world energy atmosphere, the final policy decision for the second phase of the Shah Deniz field expansion project is termed as the most important element of the Century Contract. The project will serve to widen the South Caucasus pipeline throughout Azerbaijan and Georgia, induce the execution of the Trans-Anatolian and Trans-Adriatic gas pipeline design plans, and open a new gas corridor to Europe. The scheme proposes digging 26 underwater wells, building two platforms to be attached to the bridge, and constructing additional storage and accelerator equipment in Sangachal (World Bank, 2014).

With the signature on September 20, 1994, of the oil agreement under the 'Deal of the Century, Azerbaijan became the first country in the CIS to negotiate a large-scale contract with 11 transnational oil corporations and laid the foundations for foreign collaboration in the Caspian Sea. The creation of this pact, that foresees mutual development of the fields of Azerbaijan, Chirag, and Gunashli, is not only for our Republic; A number of prominent Western countries, as well as the South Caucasus and Central Asia, have provided a successful example in implementing many global energy and interaction ventures, and the political improvement of Azerbaijan's ties with western nations has begun. The performance of the current oil plan has expedited the cycle of inclusion of Azerbaijan into the Euro-Atlantic area and provided a substantial investment recovery in our nation (Kazimli, 2001).

This pipeline will not only allow Azerbaijani oil to be manufactured to global markets in the future but will also be the primary pipeline of the Silk Road and the Turkish speaking countries. Selecting the Baku-Tbilisi-Ceyhan route is a luxury of our political leader Heydar Aliyev's great policy, and also that pipeline has joined the pipeline system as the world's To Azerbaijan, Georgia, Turkey, and the region, Europe and the world as a whole, the Baku-Tbilisi-Ceyhan pipeline would be of major cultural, political, and power security value as well as stopping Turkey from overburdening the Black Sea Straits ( Huseynov, 2000).

The Head of state of the Republic of Azerbaijan Ilham Aliyev spoke of the promises to the Republic of Azerbaijan and its residents to infer these contracts: "The petroleum plan introduced in recent times has demonstrated once again that this is the right course. But it doesn't mean we want to only link our future with fuel. For us,

an oil variable is an object. Perpetuating our independence is a device for improving our economic system. That is, we will use this tool.

The oil price is when growing, storing, purchasing, and making money from it. Under the soil and underground, there is no premium for discarded petrol. Some claim it's our cultural icon; let's not damage it, let's leave it for years and years to come. This is a rather misleading, authoritarian belief (Hajizade, 2002).

I revisit: for us, oil is a device. I think we can make really good use of the device. Azerbaijan already is known all over the world. It also has spent more than billions of dollars in our region. Some oil-related parts of Azerbaijan's economy benefited greatly. In spite of facilities and resources, Azerbaijan has made significant progress. Thousands of our young people have developed their education in foreign countries or in courses conducted by Azerbaijan-based foreign companies. In regards:

- The energy sector infrastructure will be drastically replaced throughout the execution of the agreements and a modern, strong network for our oil industry will be formed;
- Business investment to certain economic parts of the world should be maintained;
- The creation of new, advanced technology in Azerbaijan;
- A wide number of new companies will be formed in Azerbaijan, supporting global oil firms;
- Great traction for the growth of the banking and insurance enterprises;
- A large node of investors would be established to operate under free society legislation;
- International corporate tax revenues will increase substantially;
- It would generate thousands of new employees in various industries and facilities;
- Azerbaijan would generate billions of dollars from oil sales, enabling it to enact large-scale public programs, increase salaries and benefits, and give sufficient aid to households, war old people and migrants;

As an outcome, a strong economic capacity will be developed which will allow the country to protect and develop its sovereignty further.

I can inform Azerbaijan's oil future is very positive. I think our nation is going to spend the revenue from that correctly and thus all sectors of our economy are going to acquire.

These contracts have greatly affected the further strengthening of our democracy, autonomy, independence, public safety, expanding the incorporation of the national economy into the global economy, increasing asset movement, and the international reputation of Azerbaijan. Billions of foreign capital have been attracted to the development of the country's oil reserves thanks to the negotiation of deals with international oil companies. The launching of the deal reconfirmed the rights of individuals who own their own resources and, at the very same time, once more confirmed that the Azerbaijani industry is opened to the globe (Hajizadeh, 2000).

The signature of global oil contracts has provided a strong foundation for creating good and economically rewarding coordination with the participating countries in oil contracts, even farther boosting the geopolitical prosperity of the business and speeding it up of integration into the global economy. Today Azerbaijan is among the world's leading nations and the oil variable plays a significant role in economic growth. Oil reserves are already tailored toward its implementation of the non - oil, meaning that now the world's economy as a whole is prospering (Aliyev, 2003).

### **3. OIL IN THE SOCIO-ECONOMIC DEVELOPMENT OF THE COUNTRY THE ROLE OF STRATEGY AND OIL REVENUES EVALUATION**

#### **3.1 The Current State and Dynamics of Socio-Economic Development of the Country**

Contemporary Azerbaijan has come to a fairway at the same moment, over decades of its sovereignty. The complete deterioration of the soviet economic system in the middle 1990s and the fall of a small country such as the USSR, along with other sub-Soviet countries, ended in democratic chaos, stagnation, and societal breakdown in Azerbaijan. Moreover, Azerbaijan's territorial intervention at the time - the seizure of 20 % of the country's territories as a part of the Armenian nationalists' invasion and colonization strategy, the deportation of one million Azerbaijanis - exacerbated the crisis (Huseynov, 2002).

Notwithstanding all these problems, our nation has slowly begun to resurrect and take assertive steps to combat the final problems since the mid-1990s, under the governance of great president Heydar Aliyev. First of all, the foundation of political unity within the government was established in order to sustain the integrity of our State freedom.

Throughout that period the framework for the utilization of Azerbaijan's hydrocarbon capital in the good of the people was placed with the signing of the "Bill of the Century," while at the same time large-scale economic reform begins to be enacted (Huseynov, 2000).

Significant austerity measures in the context of removing the bureaucratic control of the Soviet period with new free competitive relations, deliberate strategies for establishing a commercial economy, privatization of government land And in those years the foundations were set for substantial gains, such as the development of new property relationships and economic reforms (Hajizade, 2002).

The multidimensional, sustainable and well-thought-out policy direction of the government of the country of Azerbaijan Ilham Aliyev assured the stable socio-economic growth of Azerbaijan, the greater development of the health of the people, and a substantial rise in our country's foreign prominence and Azerbaijan has become one of the most powerful countries in the world. The logical result of an intelligent street lighting strategy is the successful integration of the republic 's economy into the national market, greater development of connections and beneficial trade interaction with global bodies, as well as securing the stability of sustainable growth. As a part of purposeful interventions in the sector of fuel and energy complex in conjunction with the Development Plan 'State Fuel and Energy Complex Development System in the Republic of Azerbaijan (2005-2015)' and 'Azerbaijan 2020: Plan for the Future,' substantial improvement in GDP has also achieved, Azerbaijan has not only maintained its energy stability but has also become one of the keys to global protection. Environmental sustainability of the republic economic growth, along with the oil and gas sector, was ensured in 2014 as in prior eras as a result of these challenges asked to take in the energy and oil complicated, as in all sectors of the nation's infrastructure.

**Table 3.1:** Industrial production market composition, proportional to the sum, based on real prices for the relevant years, (as a percentage).

	2009	2010	2011	2012	2013
The whole industry	100	100	100	100	100
Mining industry	76.7	78.9	80.5	78,8	77,2
Crude oil and natural gas production	74.5	76.4	78.0	76,2	74,1
Extraction of metal ores	0.03	0.2	0.2	0,2	0,2
Stone, sand, gravel, salt and other mining products extraction	0.2	0.2	0.2	0,2	0,2
In the field of mining industry provision of services	2.0	2.1	2.1	2,2	2,7
Processing industry	17.3	15.9	14.3	15,3	16,5
Food products Production	1.9	1.5	1.5	1,5	1,7
Beverage production	0.7	0.6	0.5	0,5	0,7
Manufacture of tobacco products	0.1	0.08	0.1	0,06	0,04
Textile industry	0.16	0.1	0.2	0,2	0,2
Manufacture of clothing	0.1	0.1	0.1	0,11	0,13
Manufacture of leather and leather products, footwear	0.08	0.08	0.06	0,1	0,1
Wood processing and production of wood products	0.05	0.05	0.04	0,04	0,05

**Table 3.1: More**

Manufacture of paper and cardboard	0.05	0.04	0.1	0,05	0,06
Printing activities	0.1	0.1	0.1	0,13	0,15
Production of oil products	8.6	8.2	7.4	7,3	7,6
Chemical industry	0.62	0.45	0.6	0,6	0,6
Manufacture of pharmaceutical products	0.0	0.0	0.01	0,01	0,01
Manufacture of rubber and plastic products	0.3	0.2	0.2	0,2	0,23
Production of construction materials	1.7	1.7	0.8	1,0	1,2
Metallurgical industry	0.4	0.5	0.6	1,1	0,9
Manufacture of finished metal products other than machinery and equipment	0.5	0.5	0.3	0,5	0,3
Manufacture of computers and other electronic equipment	0.2	0.2	0.2	0,2	0,3
Manufacture of electrical equipment	0.2	0.3	0.5	0,6	0,6
Manufacture of machinery and equipment	0.4	0.6	0.5	0,5	0,8
Manufacture of cars and trailers	0.0	0.01	0.01	0,01	0,02
Manufacture of other vehicles	0.1	0.04	0.03	0,03	0,04
Manufacture of furniture	0.2	0.2	0.14	0,13	0,14
Machinery and equipment installation and repair	0.8	0.3	0.3	0,4	0,6
Electricity, gas and steam production, distribution and supply	5.4	4.6	4.7	5,3	5,6
Water supply, waste treatment and treatment	0.6	0.6	0.5	0,6	0,7

**Source:** (Huseynov, 2002)

Evaluation based on experimental data shows GDP production reached 53.7 billion in 11 months of 2014. Manat, 2.2 percent more than last same time. The per GDP Per capita stood at 5710.7 manats. Demand in the sector's non-oil business rose by 6.6%, while output in the oil and gas industry declined by 3.0%. 70.4 percent of the manufacturing output was generated in mines, 23.4 percent in storage, 5.5 percent in power, gas and steam generation, and 0.7 percent in water supply, waste treatment, and processing. The production volume in the energy sector over the period of 11 months of 2014 amount to 21.0 billion. Manat, integrated oil companies-2417.7 mln. Goods manat worth was generated. The production volume in the energy sector over the period of 11 months of 2014 amount to 21.0 billion. Manat, integrated oil companies-2417.7 mln. Goods manat worth was generated. All throughout 11 months of 2014, 1639.2 mln were created by countries in the area of energy, oil, and steam development, transmission, and distribution. The manat significance of products and services was generated, which is 5.2 per consistently greater than the same period in 2013.

Our nation's energy and oil complex serve an essential and resolute part in expanding Azerbaijan's economic and political power and world influence. The large-scale developments in the oil and gas sector and the use of new technology in the period ending have ensured stabilization in oil survival and consequently in broadening, as well as amazing accomplishments in the relevant area in the state overall. The removal of decreases and the reestablishment of expansion in oil production is tied directly to the principled position of President Ilham Aliyev over global firms able to operate in our world in the field of hydrocarbon reserves. The Leader of the Republic of Azerbaijan's economic and political status has led to increased stability in the activities of international firms and the introduction of new measures. The companies have implemented a range of additional strategic and technological steps over the period in order to fulfill their obligations to our firm to achieve sustainability in oil production and to increase gas output (Huseynov, 2002).

**Table 3.2:** Production of basic products in natural terms.

Indicator	2009	2010	2011	2012	2013
Crude oil (million tons)	48353.7	48580.9	43445.6	41014.5	40726.3
Gas condensate (thousand tons)	2062.2	2257.3	2180.6	2360.3	2731.1
Gas field gas (natural gas) (million cubic meters)	11517.7	13943.0	12371.0	13217.2	15300.4
Oil from gas fields (associated gas) (million cubic meters)	12079.8	12370.0	13359.9	13578.6	13944.2

**Source:** (Url-3)

In 2014, the republic generated 42.160.7 thousand tons of oil, against such a forecast of 41.184.6 thousand tons. 31,436,700 tons of ACG versus 30,614,500 tons of oil extracted, 2,324,0 thousand tons minus 2,270,100 tons of expected oil Of Shah Deniz's 8,300,000 tons (condensate) versus the prediction, 8,400,000 tons collapse to SOCAR. The oil output exceeds the estimate for SOCAR by 100,0 thousand tons, for ACG by 822,2 thousand tons, for Shah Deniz by 53,9 thousand tons (condensate). During 2014 the republic transported 35,040,100 tons of oil. The Group includes 33,374.3 billion tons of oil generated and 1,665.8 thousand tons of SOCAR.

All throughout the nation the steps envisaged in the "Government energy and oil Complex Development Plan" have been fully deployed. Discovery of new fields in

the oil sector, building of structural institutions to ensure flash hider and network production, expansion, and rehabilitation, as well as projects of great significance, are continuing. All through 2014, a series of indicators were begun taking to diversify and restore the nation's current gas transit system and to make sure demand-driven gas supply. "Socio-economic development of the regions of the Republic of Azerbaijan is officially being fully deployed in 2014-2018 (Huseynov, 2002).

Gasifier task on enacting Baku's "government program" and "government plan on Socio-economic Development as well as its resettlement in 2014-2016" is proceeding effectively. Baku sponsored the Caspian Oil and Gas, optimizing and petroleum International art show and convention on 4-7 June 2014, the best crowd in the oil and gas industry in the country. This global activity was also a very effective way to develop productive meetings and chats and address beneficial trade ideas for new partnerships with relevant experts and main stakeholders in the five oil and gas industry abroad. Only at 21st Global Exhibition of Caspian Oil and Gas, Mining and Petrochemicals, witnessed by 386 firms from 28 nations, 30 percent of the respondents were economic organizations. The government conducted depth conversations with some of the attendees. In 1994 the moves made from time - to - time to implement the gas pipeline Corridor schemes were published as a product of the political will demonstrated President Ilham Aliyev by opening a new section of Azerbaijan's energy policy. "Opens endless potential for the Baku-Tbilisi - Ceyhan Project to duplicate its performance. The practical significance of these initiatives, one of Azerbaijan's next accomplishments in energy strategy, is there rich European energy safety concerns, in specific the Caspian Sea's energy supplies. Europe has selected the Southern Gas Corridor as a key focus project for a Caspian gas pipeline into the European Union. Shah Deniz 2 or Maximum Scale Field Development by Azerbaijani Gas Transit by Turkey (Bogdanchikov, 1999).

This will fill European markets with gas and improve energy safety. The EU accelerated pipeline building in Southern Europe with a commitment to acclimation gas pipelines in Southern Europe with other European nations' energy networks. By 2018 the project is expected to install 2 additional oil fields, put submarine pipelines, and finish the growth of the Sangachal terminal technology area. The economic and operational renovation will be taken out at construction sites in Baku for the building

of the platform and submarines, and the economic and operating capacities of many ships conducting underwater operations will be enhanced. "beneficial progress is being made in all fields of major gas growth and export ventures, such as the construction of the Shah Deniz-2 and the South Caucasus pipe. All ventures are progressing on time and research on both construction and support sites near Baku has already started." The Azerbaijan Gas Distribution Business must control both the gas sales and successfully launched. The Azerbaijan State Oil Company and the German business RWE Dea have made an agreement to evaluate the nature of hydrocarbons in the Caspian Sea, in the southern part of the Absheron Peninsula, together. The intent of the collaborative work is to undertake a geological and geophysical investigation to assess the promise of new exploration. SOCAR owns 66 percent of the shares of DESFA, the operator of the Greek natural gas transportation network. DESFA is actually rolling out the transport and storage of oil and gas in Greece, as well as the creation, distribution, and activity of the gas distribution system of the country, supplying all areas with natural gas, which will establish a comfortable climate for the distribution of natural gas to many other European countries. Azerbaijan not only is a dependable oil producer and also a deserving gas exporter with the designing of the Shah Deniz field. Today we sell gas to Georgia, Turkey, Russia, and Iran, and we play a crucial role in the power generation of the region. Together with the SCP, that holds Shah Deniz gas all along Baku-Tbilisi-Erzurum route, the same volume of SOCAR energy is transported in three directions via key pipeline projects: In the northeast direction-Hajigabul-Shirvanovka; in the western direction-Hajigabul-Gazakh; in the southern direction, the major gas pipeline of Hajigabul-Astara is related to Russian, Georgian and Iranian gas transportation networks. In the very same period, a new era of innovative Oil and Gas Processing and Petrochemical Complex (OGPC) is being built that can generate goods to satisfy modern standards. At the very same time, a new decade of competitor Oil and Gas drilling and Petrochemical Complex (OGPC) has been constructed that can generate products that meet today's standards (Bogdanchikov, 1999).

The Ministry of Energy of the Republic of Azerbaijan has planned the "Energy Minister's action plans for 2015-2020" and the actual plan for such years on related priorities and objectives to meet the targets set out from the master plan for

"Azerbaijan 2020: Strategy for the Future" and authorized by a range of 5 December 2014 No 39 ( Hajizadeh, 2001).

The personnel of the Republic of Azerbaijan's energy system fully conform with the Decrees and Orders of the Leader of the Republic of Azerbaijan, Diplomatic and Policy Programmes, and also the Cabinet of Ministers of the Republic of Azerbaijan 's decisions and will proceed to accomplish the duties emerging from its requests in a prompt and good quality way with achievement.

The economic policies enforced in the Republic of Azerbaijan have created an opportunity for attracting foreign capital to the nation and pleasurable the increasing socio-economic needs of social structure in an investment policy economic system. Investment 's motivation and position is crucially important for sustainable growth.

**Table 3.3:** Investments in the economy

Investments on all sources (including foreign investments):	2009	2010	2011	2012	2013
mlyn.manat	10 475.0	14 118,9	17 048,8	20 251,1	21 974,2
mlyn.dollar	13 033,50	17 591,4	21 588,9	25 777,8	28 010,5
Foreign investments:					
mlyn.manat	4 395.1	6 619.7	6 849,8	8 102,7	8 269,3
mlyn.dollar	5 468.6	8 247.8	8 673,9	10 314,0	10 540,9
Domestic investments:					
mlyn.manat	6 079,90	7 499,2	10 199,0	12 148,4	13 704,9
mlyn.dollar	7 564.9	9 343,6	12 915,0	15 463,8	17 469,6

**Source:** (Url-3)

World research tells that a country's socio-economic connected devices on one component only an economy's reliance on one component itself is not convenient and produces a danger of recession (Dutch syndrome). The country's dependency on the oil market would be significantly diminished as a result of maintaining the dynamic growth of the non-oil market.

The country's dependency on the oil market would be significantly diminished as a result of maintaining the dynamic growth of the non-oil market. The non-oil sector, along with the petroleum & energy factor, also has specific effects on the financial possibility and its hopeful regions. The most mainly developed of our nation's non - oil is the tourist industry and agricultural production.

In our world, the economic opportunity for tourism growth is very increasing. There are positive signs for the promotion of the economy in our nation, depending on the climate as well as the natural-geographical position. The State System implemented for tourism growth in our country can be evaluated as support rapid. Major tourist costs are delaying its development. This condition is found in every part of the country. The impoverished unable to go to those destinations, and the wealthy go for entertainment to other overseas nations. This condition is also noted in the dynamics of visitors entering our nation and entering and then (Kazımlı, 2001).

Agricultural production was its second most prominent development for the non-oil sector. In the first years of democracy, farming, like other industries of the country, witnessed a time of decline. A few developments have also been produced in this field to develop. An illustration of this is the privatization of property. It will not refer to all agricultural areas, however. Thus, the commoners started to be using the property they obtained to make efficient use of it in full compliance of their own reasons of course, and new practices of farming started to disappear.

Examples here include plantations, farmland, farms for tobacco and tea, rosemary, and aubergine vines (Huseynov, 2002).

Money invested in these fields will ensure agricultural production and will establish a base for capital inflows into the nation. This area is of significant significance to the French state. Thus the French company has spent and accomplished certain achievements in order to cultivate distilleries and grow new varieties in the Goygol region (Hajizadeh, 2000).

The economic policies undertaken in our country have created an ideal environment for increasing the continent's level of socio-economic development, productive use of labor capital, regional and international innovation creation, and various areas of the economy. In this respect, the study of the ways for increasing our republic 's economic potential or ensuring sustainable socio-economic development should always be at the center of focus.

In this respect, the analysis of the ways for increasing our republic 's economic capacity or maintaining sustainable socio-economic development should always be at the center of focus (Huseynov, 2002).

A more educated, established, economically sustainable community contributes to greater growth and community growth in the early days of the 21st century. Essential measures have been taken to enhance the asset environment of the country and global governance has also been renegotiated in touch with contemporary requirements.

The electricity generation of the country has also been made sure as a result of the global economic policies put in place, and Azerbaijan has now become a renewable power exporter and the most essential transit center in the region. Large-scale projects directed at extracting and delivering hydrocarbon energy to European markets have established incentives for.

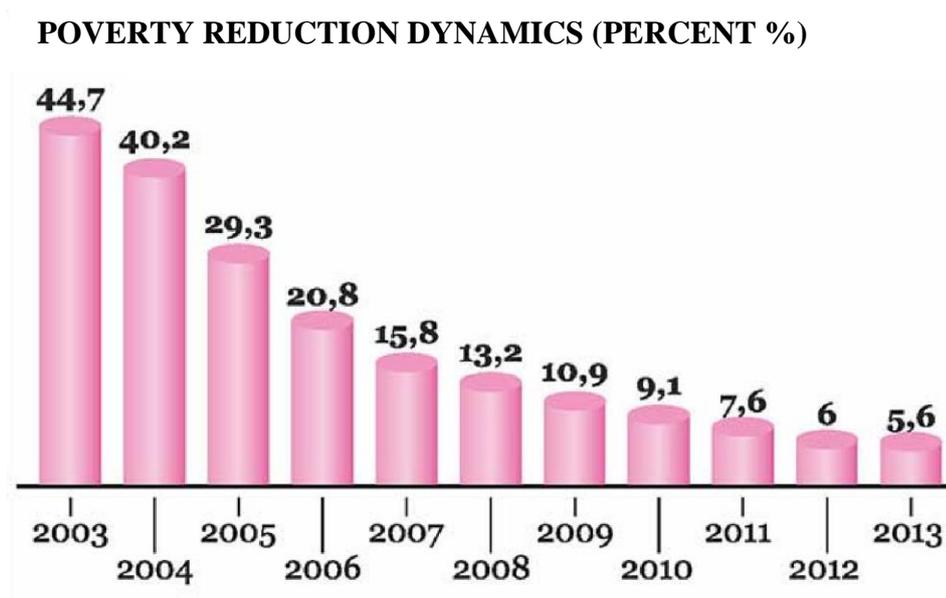
Azerbaijan to assume a significant role in the production of Europe's oil and natural gas. The dynamics of productivity expansion, which brought significant motivation by accomplishing large-scale natural commodity export, the development of the Azerbaijani economy in 2009, even in the wake of the international financial crisis, is an expression of the effective implementation of operational duration selected.

**Table 3.4:** Fixed capital investments (thousand manats)

Indicator	2009	2010	2011	2012	2013
Fixed capital investments from all financial sources (thousand manats)	7724944.8	9905665.8	12799061.3	15407274.4	17850815.7
Investments in fixed assets of state-owned enterprises and organizations (thousand manats)	4548738.0	6000899.0	7924918.1	9420640.0	10647434.5
Capital investment investment in non-state - owned enterprises (thousand manats)	3176206.8	3904766.8	4874143.2	5986634.4	7203381.2
Investments in construction of production facilities (thousand manats)	3522058.9	4821024.8	6033002.7	7187757.7	8781648.6
Facilities by service areas					
Investments in construction (thousand manats)	4202885.9	5084641.0	6766058.6	8219516.7	9069167.1
Foreign investments in fixed assets (thousand manats)	1645023.0	2406492.4	2600083.0	3258917.9	4671947.7
Investments in the oil sector (thousand manats)	2058349.8	2958491.7	3070236.0	3854477.8	5094617.8
Fixed capital investments in the non-oil sector (thousand manats)	5666595.0	6947174.1	9728825.3	11552796.6	12756197.9
Volume of investment per capita (manat)	875.1	1108.7	1413.8	1679.1	1920.1
Domestic investments in fixed assets (thousand manats)	6079921.8	7499173.4	10198978.3	12148356.5	13178868.0

**Source:** (Url-5)

At the very same moment, with the transmission of oil income to the non - oil, substantial progress has been achieved in the development of this sector, with an annual growth rate of 11% for the non - oil over the last century. Opening new containers and creating more jobs in the non - oil, production and transport sectors and the levels with different of communitarian facilities, the invention of contemporary welfare systems, as well as the building of new educational, health and athletic venues, provided the basis for the sustainable and inclusive growth of the nation as a whole throughout that period. It is acknowledged that it is built by international standards for the productive acceptance of social problems, nail repair, health, and very well-being. A new pension scheme has been introduced, a program of focused state additional funding and social services has also been identified and established. European infrastructure investment bank inequality in Azerbaijan is declining rapidly:



**Figure 2.2:** Dynamics of poverty reduction in Azerbaijan (in percent).

**Source:** (Url-5)

Biennial growth of Azerbaijan 's accomplishments against the backdrop of socio-economic progress, together with the improvement of people for all sections of the population opens new opportunities for the successful implementation of new measures in this path. The poverty rate for 2014 is 5,3 percent.

As the republic's growth value grew, desirable characteristics were formed for national healthcare growth and the issues of defending the population's health start to

be resolved. Over the past 10 years, public health care budget allocations have expanded upwards of 10 times, but now surpass 650 million manats. Throughout that time frame, over 400 medical facilities are located or overhauled, which are mostly situated in the parts of the country, and all health personnel was equipped with the latest industrial machinery (Hajizadeh, 2000).

**Table 3.5:** State budget expenditures (in millions of manats).

Indicator	2010	2011	2012	2013	2014
Economy (million manat)	4889.9	6803.2	6960.7	8207.5	7596.6
Education (million manat)	1180.8	1268.5	1453.2	1437.7	1553.9
Health (million manat)	429.2	493.4	609.4	618.9	665.3
Science (million manat)	92.8	106.1	116.7	117.0	124.2
Legislative and executive power, maintenance of local government bodies (mln. Manats)	303.0	281.9	342.3	349.3	449.7
Profit, deficit (million manat)	362.9	303.2	135.0	352.8	298.7
Culture, art and mass media and sports (million manat)	168.4	189.9	240.8	274.9	294.0
Social protection and security (million manat)	1123.0	1495.4	1769.5	1750.3	1971.2
Law enforcement. Maintenance of court and prosecutor's office (million manat)	668.5	710.3	929.2	1049.3	1103.6
Repayment of foreign debts of the state (mln. Manat)	84.9	223.6	185.9	617.3	0.0
Repayment of domestic debts of the state (million manat)	6.9	120.2	26.5	110.9	0.0
Other expenses (million manat)	2818.5	4048.8	4782.2	4610.2	4940.8
Expenses - total (million manat)	11765.9	15397.5	17416.5	19143.5	18699.3

Source: (Url-6)

A variety of significant elements were introduced to preserve the population's health and enhance the quality of healthcare care. Significant advances have been made in the war against bacterial infections and as a focal area of functional safety, this sector is still in the focus of attention.

Huge progress in modern decades in the area of learning is intimately associated with the socio-economic policy modernizing our nation. Initiatives have been taken out to update the content of education, and important steps are taken to incorporate Azerbaijani schooling into the European learning setting.

Accomplishments in the socio-economic domain are also mirrored by international credit rating agencies (Fitch Ratings, Moody's, Standard & Poor's) during year-on-

year evaluations of the Azerbaijani economic system. Azerbaijan has enhanced its stance in the Doing Business study commissioned by the world bank and international investment fund and has become a leader among the Commonwealth of the Independent States and the nations of a region in the Global Competitiveness Report of the World Economic Forum (Huseynov, 2000).

According to the Per head of population Gross National Income categorization of the World Bank, Azerbaijan decided to enter the group of "upper-middle-income" nations quicker than any other CIS nation, while at the same time, according to the 2010 report of the United Nations Development Program on Human Development, leaving the team of "cognitive evolution" nations, it joined the "high raise community" bunch of nations.

Working to improve the populace's living conditions will widen the use of public facilities (Huseynov, 2000).

The establishment of a democratic society, a framework of transparent public affairs in Azerbaijan has been the main direction of government policy and during decades of freedom and democratic elections in the country has taken its place as a necessary basis for social progress (Hajizade, 1998).

Creating a national system of democracy-based public affairs has resulted in major improvements in the framework of society, creating conditions for citizens to play a more notable proportion in socio-political systems.

**Table 3.6:** Volume of paid services provided to the population (in thousands of manats)

Indicator	2009	2010	2011	2012	2013
Volume of paid services provided to the population, in thousand manats (thousand manats)	4088188.1	4724490.0	5332371.2	5828068.4	6527282.2
Volume of paid services provided to the population by legal entities, in thousand manats (thousand manats)	3278228.5	3680332.2	4096066.2	4407965.0	4879757.7
Volume of paying services provided by individuals to a public, in thousands of manats (thousand manats)	809959.6	1044157.8	1236305.0	1420103.4	1647524.5
Volume of state property in the volume of paid services provided to the population, in thousand manats (thousand manats)	1138445.9	1271704.4	1358104.0	1409878.9	1512871.3
Volume of non-state property in the volume of paid services provided to the population, in thousand manats (thousand manats)	2949742.2	3452785.6	3974267.2	4418189.5	5014410.9

**Source:** (Url-6)

The public world is going undergoing a period of rapid growth inside the nation. Upwards of 2,700 NGOs (non-governmental organizations) have been recorded in Azerbaijan in the areas of social security, education, health, culture, economy, social problems, environment, gender, and other fields and their number is growing constantly. Critical measures were taken in the past 10 years to improve the regulatory system for the formation of NGOs and the efficient usage of their assets, and NGOs have been equipped with the required legal structure for access investment resources. At the same time this morning in the Republic of Azerbaijan an available, modern secular media is being established according to sophisticated global standards.

All of this has been necessary because a well-thought-out and purposeful policy has been continuously applied. State policies, definitions, and services extend implemented at the level of leadership of the country, their functional application as a framework for enforcing this strategy is essential. That is enough to claim there are currently about 60 Policy programs and strategies and that principle is in practice, which is also essential for the growth of all facets of our state's national life.

The President of the Republic of Azerbaijan, by his attempt, commanded the growth of the development model "Azerbaijan 2020: new vision". The need to establish a framework likes this is attributable to the fact which the nation is beginning a new wave of development. The accomplishments enable for specific ideals for Azerbaijan and define duties that emerge from such goals.

### **3.2 Strategy for the efficient use of the country's oil and gas revenues and features of its realization**

Standards, and has accomplished many accomplishments that serve to promote Azerbaijan's reputation on the global stage. Due to the charter of SOFAZ, resources from the Foundation will be used to build and rebuild critically important infrastructure facilities, as well as to solve important society's problems. The top focus in 2001-2009 was the growth of both the oil sector and infrastructure and the non-oil sector of the country. Some significant Irrigation and Transportation programs are presently being supported.

The main aims of the State Oil Fund are to prevent the "Dutch syndrome" by putting the money and resources of the Country internationally to mitigate the negative

effects on the economy, to ensure the retention of resources for coming generations, and to promote existing socio-economic mechanisms inside the nation. The main aims of the State Oil Fund are to help stop the "Dutch syndrome" by placing the assets and assets including its financing overseas to reduce the negative effect on the economy, to make sure the aggregation of funds for coming generations and to assist current socio-economic processes inside the country.

**Table 3.7:** Sources of income of the budget of the State Oil Fund for 2015 (in thousand manats)

Queue No	Sources of income	Amount of income (thousand manats)
2.1.	Operating earnings from the purchase of hydrocarbons in the Republic of Azerbaijan (with the exception of transport costs for hydrocarbons, banking, passport control, impartial regulate (surveyor), advertising and health coverage, and also in initiatives in which the State Oil Company of the Republic of Azerbaijan is an entrepreneur, investor or spouse with the exception of earnings from its capital expenditure or shareholding	9741175,6
2.2.	An expenditure paid by shareholders for the usage of the project area in regard to hydrocarbon asset production	1568,4
2.3.	Revenues from the transportation of oil and gas through the territory of the Republic of Azerbaijan	9410,4
2.4.	Income from the national oil bank 's characteristic and control of foreign exchange assets	494 357,5
2.5.	Other income and receipts in accordance with the legislation	100,0
	Total	10 246 611,9

**Source:** (Url-6)

The State Oil Fund funding for 2015 has been authorized by the Decree of the President of the Republic of Azerbaijan, Mr. Ilham Aliyev, traced 19 January 2015.

According to the Oil Fund's budgeted amount, revenues from the Fund are anticipated to be 10,246,611.9 thousand manats in 2015 and expenses-11,813,909.2 thousand manats

Because of the preceding profits, earnings from the spending plan of the State Oil Fund for 2015 are supposed to create:

Expenses from the budget of the Republic of Azerbaijan's State Oil Fund for 2015 are geared towards the specified objectives (Url-5).

**Table 3.8:** Expenditures of the budget of the State Oil Fund for 2015 (in thousands of manats).

Queue No	Expenditure directions	Amount of expenses (thousand manats)
3.1.	Funding of some measures related to social and housing issues of refugees and IDPs	150000,0
3.2.	Transfer to the state budget of the Republic of Azerbaijan for 2015	10388 000,0
3.3.	Financing of Samur-Absheron irrigation system reconstruction project	90000,0
3.4.	Financing of the new Baku-Tbilisi-Kars railway project	111487,0
3.5.	Financing of the State Program on education of Azerbaijani youth abroad in 2007-2015	44 088,0
3.6.	Financing the share of the Republic of Azerbaijan in the Southern Gas Corridor projects	997 016,2
3.7.	Expenses related to the management of the State Oil Fund of the Republic of Azerbaijan	33318,0
	<b>Total</b>	<b>11813 909,2</b>

**Source:** (Url-6)

The Republic of Azerbaijan State Oil Fund notes that even in 2014, the Oil Fund 's funding receipts contributed to 12,731.0 million manats, and discretionary expense belonged to 10,117.2 million manats.

State Oil Fund profits for the execution of oil and gas agreements in 2014 equates to 12,343.8 million manats such as 12,319.8 million manats from revenue oil and gas sales, 1.7 million manats per acre payouts, 8, 9 million manat transportation revenues, pay packages contributed to 13.3 million manats, 0.1 million manats of the objective of transforming by international investors.

Profits from the fund's investment control accumulated to 387,2 million manats. During the fiscal quarter, within the execution of the Oil Fund 's 2014 budget, 9,337.0 million manats were transported to the budget deficit. 300.0 million manats were designated for the adoption of initiatives to resettle refugees and IDPs and enhance their job and living standards, 80,2 million manats for the rehabilitation of the Samur-Absheron irrigated areas. 57,1 million manat has also been assigned from the Oil Fund to fund the Baku-Tbilisi-Kars new railway project.33,5 million manats It is targeted at funding the "State Program on Education of Azerbaijani Youth Abroad in 2007-2015". The Star integrated oil powerful was assigned 223,5 million

manats and the Southern Gas Corridor scheme was allocated 40 million AZN. In 2014, expenditure based on oil financial services contributed to 45,9 million manats.

Extra-budgetary spending by the Fund due to exchange rate fluctuations contributed to 1,611.9 million manat.

As of 1 January 2015, the investments of both the Fund amounted to \$37,104.1 million, a rise of 3.42 percent equivalent to early 2014 (\$35,877.5 million). Presidential Decree No. 128 of 27 September 2004 authorized the strategy for managing the petroleum & energy profits. The Technique emergence says the following.

In the latest days, economic and political stabilization has been established in the world as a result of the reforms introduced in the Republic of Azerbaijan, systemic economic changes have strengthened, and desirable characteristics for the development of the economy have been created. Coherent research in all areas has provided a powerful boost to the country's socio-economic growth, like improving population welfare. The Republic of Azerbaijan is going to enter an objectively new phase in the production of oil and gas fields, thanks to an establishment of the national Oil strategies followed since 1994, A huge level of funds has been drawn to the economy of the country, achievements were made in transporting Caspian hydrocarbon wealth to world markets through Azerbaijan, and since 1999 the region has maintained a steady foreign exchange outflow as a consequence of selling income oil under the Contract of the Century. On the one hand, a marked rise in oil revenues since 2008 given the large-scale oppression of hydrocarbon reserves in Azerbaijan, and, from the other hand, the likelihood of exhaustion of established oil reserves over a fairly short period, the preservation of economic stability in the world throughout the event of strong foreign exchange inflows, In addition to saving some of the proceeds for coming generations, using them to enhance the well-being of the present population, promoting the development of the non-oil market and ensuring sustainable economic progress also increased the need for a long-term strategy for managing oil and gas revenues. The lengthy-term plan for handling oil and gas sales spans the years 2005-2025 and establishes the basic concepts of using those proceeds and the medium-term budget policy throughout that time. This plan foresees, as per the mentioned details, the administration of taxes obtained from the sale of oil and

gas in the State Oil Fund of the Republic of Azerbaijan and the Government budget (Aliyev,2002).

### **3.2.1 Long-term forecasting of oil and gas revenues**

The Republic of Azerbaijan's lengthy-term volume of oil and gas revenues is calculated based on the likely prices of the authorized oil reserves of the world. Amount of oil and gas deposits from Azeri-Chirag-Guneshli, fields of Shah Deniz, certain fields covered by revenue-sharing arrangements, and the State Oil Company of the Republic of Azerbaijan and this is estimated based on the estimation of the projected oil and gas reserves from of the fields controlled by the strategic partnerships formed by its formation. Estimates for Azerbaijan's oil reserves are being confirmed as new fields are being discovered. Rates of oil and natural gas are forecast in a pessimistic situation (just under expected in the base case) (aim scenario is the oil and gas value estimate for the agreed timeframe). Carbon and gas income streams are:

- a) Benefit oil per portion of Azerbaijan and other revenue streams of the State Oil Fund of the Azerbaijan Republic developed by the statute in conjunction with the output sharing agreements;
- b) Profit money levied to the state budget by producers under the production-sharing contracts;
- c) Tax revenues of the National Oil Company of the Republic of Azerbaijan relevant to oil and gas production and other transfers to the national budget;
- d) Payroll taxes to the budget deficit of strategic partnerships involved in oil and gas production, formed by the State Oil Company of the Republic of Azerbaijan.

### **3.2.2 Principles of long-term use of oil and gas revenues**

The guidelines for the lengthy-term use of the income from oil and gas are:

- The theory of fixed actual costs shall be taken into account when forecasting long-term oil and gas expenditure, and the yearly budget limit anticipated for the span protected by this policy shall be set;
- whenever the profits from oil and gas reach critical mass, not less than 25% of it is aimed toward more collection;

- the acknowledged principles of expenditure of oil and gas revenues stay intact during the relevant period by the long-term strategy of oil and gas managerial accounting, and the predicted actual value founded on the assumption of fixed true costs is identified;
- The medium-term level of expenditure shall be calculated based on the non - resource deficit (the difference between receipts and expenses of the country's combined budget, except the oil sector), keeping into account the long-term limitations. A sharp increase or decline between spending for next year and spending for the current year is considered undesirable and a rapid shift in the non-oil surplus is not permitted;
- Investment-oriented spending is conducted within the context of the annually planned medium-term capital expenditure plan

Currently reaching Azerbaijan's high investment requirement would eventually raise prices, but it will also contribute to the emergence of the non-oil sector and the country's incremental reliance on revenue through oil and gas. The non-oil sector 's lengthy-term development via oil and gas revenues will substantially reduce the country's foreign debt requirement.

### **3.2.3 Medium-term policy on management and spending of oil and gas revenues**

Medium-term policies are based on guaranteeing economic growth and organizing primary concern expenditure through oil and gas revenues. Real expenditure can in the medium term surpass the lengthy-term limit. Though that will increase non-oil sector growth and lead to increased deflation in different periods, the established non-oil deficit limits must be taken into consideration in the average revenue expenses. The current total value and the non-oil surplus are estimated as per the long-term limit. If the non-oil deficit amount increases, the particular factors for the shift are noted (Abdullayev, 2000).

### **3.2.4 The main directions of use of oil and gas revenues**

The petroleum & energy income method encompasses the main major aspects, which are based on sustaining economic growth:

- Creation of the economy, regions, small and medium-sized enterprises, outside of the oil and gas sector;

- Large-scale infrastructure growth:-implementation of poverty alleviation initiatives and other social issues;
- activation to raise the level of an economy's intellectual and technological center;
- Production of 'human resources' (teaching of skilled people (including those in overseas nations), increasing the standard of personnel professionalism);- strengthening of defense capacity in the nation;
- Introduction of reconstruction initiatives for the occupied areas and the relocation of IDPs to their ancestral territories (Huseynov, 2002).

The future within each nation-state is calculated not only by the abundant natural resources it lacks but also by its science, social and educational capacity and social resources which surpasses all this. Economic objectives have been specifically known since day one for all the "African American gold" profits to satisfy the nationwide resurgence. One of the major functions is to establish a long-term plan to maximize oil royalties properly. Critical matters such as developing a long-term business model in the oil and gas sector, taking action to ensure directed use of money earmarked from the State Oil Fund within government budget expenditure to ensure transparency are also main goals. The sharp rise in petroleum & energy revenues since 2008 due to the extensive development of the hydrocarbon reserves in Azerbaijan, as well as the risk of potential depletion of existing oil and gas reserves, preserving the country's macroeconomic stability in the view of large foreign exchange inflows, retaining a remainder of potential generations' revenues, stimulating growth, securing sustainable economic growth and controlling oil and gas revenues (Huseynov, 2002)

Has needed implementation of the strategy. Despite the prevalence of their natural resources, currently, Azerbaijan has preferred a focus pattern of organizational progress based on the non-oil market. In our nation, all possibilities for the growth of the non - oil, the organization of manufacturing units, the epiphany of the aim of empowering Azerbaijan from a commodity-exporting republic it into production company of science-based industry and information systems were organized. In our country, all opportunities for non-oil growth, industrial system organization, the eureka moment of the goal of empowering Azerbaijan from either a commodity-exporting republic it into science-based company manufacturing business and

information technology were coordinated. It is no chance that Azerbaijan is defined as a country with strong investment appeal and macroeconomic peace in the country even by the world's leading financial and national economies, namely powerful credit ratings that focus on the process which takes place in the geopolitical room in the South Caucasus. The accomplishments are also tightly linked to the continent's socio-economic development. The government programs enacted for rural development in the last 10 years, covering the decades 2004-2008 and 2009-2013, have removed the problem of massive unemployment in the areas.(Hajizade, 2002). The non-oil sector has matured 2.7 times, the gross domestic product 3.4 times, and government revenue 8 times more than 10 years as a consequence of the rural development policies undertaken. The average growth rate in the country's budget revenues since 2003 has reached 20-30 percent, which is one of the highest in the region, according to IMF estimates. The budget deficit for Azerbaijan in 2003 was around \$1.5 billion, but now it's \$25 billion. The government's budget costs rose 16-fold in 2014 compared to 2003. Our country was listed 90th in the globe on Gdp growth in 2003. Around that point, it's per capita GDP in Azerbaijan was in nominal dollars just 873 manat (about \$1,100), but this amount is now reaching \$8,000. The country's GDP grew by an average of 13.6 percent per year for the period from 2003 to 2013 and decreased predominantly by 57 billion manats. In marginal terms, that means the Gdp growth reaches 6,200 manats.

In 2003, the value of tactical foreign-exchange reserves, one of Azerbaijan's most significant macroeconomic indicators, was about \$1.6 billion. The unique geographic foreign currency reserves exceeded 10 times per year on average during 2003-2013. The unique geographic foreign-exchange reserves attained \$54 billion in the first quarter of 2014 (the central bank's total resources and the State Oil Fund). Tactical foreign-exchange balances are currently one of the best 3-year import and service indicators (Bogdanchikov, 1999)

The tactical foreign-exchange resources in Azerbaijan presently take more than 10 times the debt. The central bank 's finances alone surpassed \$14 billion, which should be enough a year to buy goods and services. The proportion of strategic foreign-exchange resources of the nation to GDP is up to 70% and is one of the best measures for developing nations. In terms of the ratio of tactical foreign-exchange reserves to GDP, our nation is one of the top 15 nations in the world.

The useful consequence is the rising function of the oil factor in building strategic foreign-exchange resources for Azerbaijan. The actions aiming to enhance the non-oil market yield concrete results. For instance, the non-oil and gas sector expenditure earned 2 billion 51 million 396.5 thousand manats in January-June 2014, which is 15 percent more than last year's similar period. The 10 percent development of the non-oil sector during the first half of this year also unquestionably reflects the effectiveness of the financial inclusion initiatives (Tsalik, 2003).

The greatest responsibility in defining people's capabilities rests with both the school sector. We 're not only thinking about the education system, but we 're also talking about some kind of education. Education, as one of the key factors for improving the populace's standard of living, the index of social progress, has a comprehensive effect on the country's expanding economic socio-economic development. That is why Mr. Ilham Aliyev says the special priority should be paid to increasing the educational level in an economic system, and the plan of trying to turn "black gold" into "human gold" should proceed.

### **3.3 Oil Revenues to the Socio-Economic Development of the Country Impact Assessment**

With the active introduction of the National Oil Policy, the joint production and export of hydrocarbon reserves with international companies are expanding year after year, and as a result, the foreign exchange earnings of the country are extensive features. In pursuit of economic growth, Azerbaijan is the first in the world to become the originator and person involved in essential European and global projects. In the economic activity, the standard procedures in the case of oil managerial accounting have been implemented as a consequence of convergence into the world economic system. In this respect, the State Oil foundation was launched in 1999 by the Decree of the great leader Heydar Aliyev to make sure the catalog and intentional need for large oil income coming to Azerbaijan, as a logical continuation of the oil tactic. Only with the establishment of the Oil Fund, a fair pledge was created for the equitable distribution of oil wealth among decades and their secure and meaningful management.

Because of the country 's rising financial capital, conditions were created in the country to fund important projects, like regional community-based projects. Within

the scope of state programs and measures introduced in recent times under the governance of the President of the Republic of Azerbaijan Ilham Aliyev, different implementation projects implemented in all regions of the world, and the building of educational, social as well as other facilities has been successfully pursued in Baku. Essential work was done to enhance the standard of living and cultural quality of individuals, to resolve the situation, to eliminate inequality, and to increase the revenue of the community (Kazımlı, 2001).

As a consequence of the rise of the economic development in the country, an advantageous basis for enforcing targeted initiatives to make the non-oil sector has also been created. In this respect, the growth of the non-oil sector in Azerbaijan, along with the oil sector, is given particular attention today as a primary consideration of the investors sought by President Ilham Aliyev.

To this give up, the nation funds significant system and facilities projects at the cost of growing oil income, including the wealth fund, as well as the position of the State Oil Fund in enhancing the economic growth of the country, funding strategically significant state projects and programs, and also guaranteeing investment in the country.

A strong base for our nation's economic development is being developed thanks to the active introduction of infrastructure programs and rural development programs. Throughout every region of Azerbaijan new, modern equipment is being formed, power stations are being built, gas and water pipelines have been carried out and roadways have been built.

Consequently, intentional actions taken to update and expand capacity are a crucial component of socially-minded initiatives for people's pleasure and social stability.

As oil profits increase, various measures are taken to enhance the health and living livelihoods of the people, immigrants, and internally displaced people, mainly on social legislation, and the very first State Oil Fund funds have been used to fund those very initiatives. To this give up, a few Orders and State Programs have been introduced by the President of the Republic of Azerbaijan and resettlement have been built for migrants and IDPs in different parts of Azerbaijan with the required infrastructure, in order to comply with these choices, the very last Galagay campsite

in the Sabirabad country was liquidated at the end of 2007 and IDPs allowed to settle into settlement expansion (Huseynov, 2002).

At the very same moment, strategic infrastructure spending of global significance is being successfully implemented given the country 's burgeoning financial resources, which create the conditions for revitalizing transportation infrastructure not just in Azerbaijan but in the region as a whole. Building new Baku-Tbilisi-Kars rail line, one of those initiatives run by the State Oil Fund, will strengthen the political power of Azerbaijan in the region, and also the implementation of the country into the West and the existing political and economic (Kazımlı, 2001).

interactions between Azerbaijan, Georgia, and Turkey. Are creating conditions for building relationships. The new railway from Baku to Tbilisi to Kars is already of international significance and will become a reporting system that connects Asia and Europe. This project is planned to serve regional market growth.

Today, part of the oil income can also be used to resolve drinking water issues, such as the development of a water pipeline from the Oguz-Gabala corridor to Baku and the restoration of the Samur-Absheron drainage system, among projects funded by the State Oil Fund. Will actually occur and these designs are likely a logical reiteration of the oil tactic. Subsequently, the profits from the sale of oil exported through the major export pipelines Baku-Tbilisi-Ceyhan, which will guarantee oil exports, will be used to introduce water and other public works projects and therefore the use of oil income to improve people's excellently-being is made sure.

At the very same time, essential steps were taken today to boost the human wealth of the state, at the cost of oil income. As one of these initiatives, as a result of the work of the "State Program for Azerbaijani Youth Abroad 's Education in 2007-2015," authorized by the President of the Republic of Azerbaijan Ilham Aliyev, funded by the government Oil Fund, the new generation's quality of awareness can be doubled and decided to bring to the international stage. The funding of this system is a strategic step towards the realization of the idea of "trying to turn black gold into capital investment," mainly at the cost of the State Oil Fund (Huseynov, 2002).

#### **4. SOCIO-ECONOMIC OF THE COUNTRY AT THE MODERN STAGE INCREASING THE ROLE OF OIL STRATEGY IN DEVELOPMENT DIRECTIONS**

##### **4.1 Goals and objectives of the new oil strategy of Azerbaijan at the present stage**

The creation of today's modern oil policy, developed by our national leader Heydar Aliyev, confirms the foresight of the great leader in this region, as in all fields, and arouses great pride in each of us' hearts. According to the national leader, "Since 1994 the country of Azerbaijan has enacted its huge oil tactic and the primary point and core tenets of this strategy are to make more effective use of abundant natural resources of Azerbaijan, such as oil and natural gas, for the advantage of the Azerbaijani people.

Starting in 1993, taking charge in both the political and economic spheres under the governance of our potential president, Heydar Aliyev. As a result, Azerbaijan nowadays became one of the world's most economically developed countries and plays a significant role in maintaining the power security of Europe. The oil and gas projects in Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum have become a dream.

In 1993, Azerbaijan was allocated a grant by the Japanese government to finance a study to develop a gas project. The new gas proposal aims were as follows: to maximize the output of natural gas usage, to improve measuring devices in compliance with global standards; to commercialize gas use procedures by installing sensors and revolutionary equipment; to detect a leak of gas pipelines; to determine gas resources and to fund the cathode protection program, etc.(Bogdanchikov, 1999).

Of sure the signature of the "Contract of the Century" in 1994 was trying to turn point in the development of the oil and gas industry. As President Ilham Aliyev said, Azerbaijan was a new educated state and had not yet been able to bring itself to the world: "Our nation was at the same 's time the direction of future growth. How is Azerbaijan going to develop into a nation? Normally, our principal potential, oil, was to represent the country 's sustainable growth. International counterparts have had to

spend in Azerbaijan for that. Because the economic means for Azerbaijan during the period were very small. We helped to accomplish that. Within a short time, various large-scale businesses happened to come to Azerbaijan and invested heavily. Thus Azerbaijan's effective people adapt. It was in 1994 that the oil tactic was announced by the great president Heydar Aliyev which persists unabated. In 2003 the foundation was laid for the Baku-Tbilisi-Ceyhan oil pipeline. The pipe was active in 2006. This pipeline has changed fundamentally the region's energy map, and maybe the country as a whole and. This refinery has been very crucial, even see not only to sell Azerbaijani oil to international markets but also to open a new corridor. The Baku-Tbilisi-Erzurum pipeline project was formed in the next stage after the designing of this passageway to brought the oil deposits of the large Shah Deniz sector to the global market. The signature of the agreement for Shah Deniz took place two years after the Azeri-Chirag-Guneshli deal was formed. There was no data in the world about Azerbaijan's gas possibility then. Because our gas potential was not explored during the Soviet era. Our geologists and specialists, of course, knew that we have rich gas reserves. But Azerbaijan has never been of interest to foreign investors as a gas country. However, after the discovery of the Shah Deniz gas field - one of the largest in the world - of course, more attention has been paid to this area. Consequently, as a part of completing the correct tactics, opening the tunnel, developing the Baku-Tbilisi - Ceyhan oil refinery, we have decided to open a large door, having started from the window. Both political and economic terms have been able to achieve great success "(Bogdanchikov, 1999).

Since before the creation of the oil human society, the possibility of oil and gas reserves has been considered a major strategic diplomatic and military force in global politics, a source of political and economic tactic, an important aspect of national strength. Oil and gas are the key part of electricity of the manufacturing possibility, and in contemporary days are the required manufacturing and mature financial. The society, as in all economic sectors, offers the required infrastructure and environmental services as per this resource that has significant cultural effect and accumulation effect. The oil and gas complicated is the most potent and pleasant industry which offers the economic system with asset temperature (Kazımlı, 2001).

The heritage of the use of oil and oil funds in Azerbaijan is a century later. In the area of Absheron and Shirvan oil too has old-time been used widely in the residential

and economic health of people. In addition to the increase in the analytical needs of people, the rapid industrialization of the 19th century dramatically altered the use of oil. A modern manufacturing model derived from the economic power resources developed in association with the advent of internal-combustion engines, advances in the fracturing process, increased frequency in the mining sector, and other revolutionary factors. In turn, all this led to the establishment of the great age of oil. A modern manufacturing model derived from the economic power resources developed in association with the advent of internal-combustion engines, advances in the fracturing process, increased frequency in the mining sector, and other revolutionary factors. In turn, all this led to the establishment of the great age of oil.

In the late 19th century 20th centuries, Azerbaijan, with its huge resource funds chosen to represent the city of Baku, was among the primary energy areas of the advanced industrial global economy, with a significant cultural tradition of oil and gas production. Upwards of half the world's oil produced between 1898-1901 has been generated in the Baku oil country, but it is no surprise. The objective is to meet economic growth out the front of Azerbaijan, almost every green region, and this compilation, which averaged nearly 10 million metric tons per year. Even after the end of World War II, the oil production in the world and during the exact lifetime was a primary source of giant state generation, the USSR business, armed forces machinery, and large scale equipment. Baku stayed one of the world's major oil centers. In all stages of development of the Soviet economy, Azerbaijani oil as a whole has become distinguished by its energy resilience and has concentrated on enhancing the Union state. In particular, the people of Azerbaijan have been mostly exempted from the management of oil and gas and related income during this period of two hundred years of tradition and do not appreciate their natural rent (Huseynov, 2002).

For the first time, the people's ownership of the oil and gas resources through the establishment of Azerbaijan's labor freedom was completely ensured and very desirable characteristics were created for their broad use in the interests of the nation-state (Bogdanchikov, 1999).

On this grounds, this study refers to the conceptual pervasive norms of the national petroleum tactic, an understanding of existing energy industry potential growth, and

supporting evidence of the National Petroleum Strategy method objectives for the relatively close and midterm point of view.

There has been an enduring mark on the road, conditions, and terms leading up to the 'Contract for the Century' and the history of its signing. So in the mid-90s in Azerbaijan, in which geography we belonged, we experienced a difficult geopolitical situation. Azerbaijan was seen as a very risky territory, only just recovered its independence. Cautious approaches were taken to conclude large investment contracts in the disciplines of Azerbaijan's the Caspian Sea, for these and other justifications. This main agreement was signed on 20 September 1994 on the basis of joint development of the Azeri-Guneshli region by world-leading nations and worldwide oil companies, nevertheless, with a commitment of National Leader Heydar Aliyev and his successful oil politics.

Astounding asset flow to the republic was supplied by the "Contract of the Century" as the rail car of the new phase of our oil industry, followed by various contracts. Azerbaijan has rules indicate 33 Agreements on the strategic partnership of the oil-gas fields in more than 30 companies in 20 countries such as the Century. In all of this, major infrastructure growth and adjustments were made to speed up the petroleum industry growth in the area (Tsalik, 2003).

Particularly, the first logistics projects for Azeri Light Azerbaijani high-value oil exposure to global markets, local (Sangachal, Dubandi), and global (Novorossiysk-Russia and Supsa-Georgia) oil terminals were reconstructed, Baku-Supsa, Baku-Novorossiysk oil wells were launched. The deal on the Baku-Ceyhan path for the transportation of oil products through Azerbaijan, Georgia, and Turkey on 18 November 1999 at the Ciragan Palace in Istanbul, in conjunction with the Ankara Declaration, was another major moment in the oil history on just this eve. » Was identified. Furthermore, other large-scale initiatives to introduce oil-related plans have been introduced within the country. So the new modern sailing mining rig Istiklal, Dada Gorgud, Kurtulush, and Lider, which captured the Caspian Sea's considered a critical component, were put into operation (Huseynov, 2002).

The Baku-Tbilisi-Erzurum pipeline project was built in link with the entrance and procedure of the Shah Deniz associated gas field, substantial policy interventions were managed to carry out, the SOCAR government was determined in a new mobile

framework and the national authority oil fund was formed with high investment security-SOFAZ. All of this formed the basis for the oil strategy goals and objectives, which became the state oil strategy to implement the "Contract of the Century" and future oil contracts. This strategy has, as can be seen, been targeted not just nationally but also regional level and globally. From this viewpoint, the national oil strategy initially describes development outlines in three sources-political, cultural, social, and technological in the near and medium and long term.

Bolstering states' rights, ensuring national stability, and increasing global trade through oil policy were the political context. The main focus of the economic context is the transition from either a market economy to a liberal economy, ensuring financial security, and, on that basis, bolstering public safety in all areas. The social background is oriented to academic success in the fields of national welfare, science, education, health, and other international crises. Finally, the analytical perspective covers the full institution of national renewable energy through the restoration of the Fuel and Energy Complex (FEC) infrastructure, transportation alternatives to global markets for oil and gas reserves, the building design of naval, rail and other transport communication systems within a new information system. All of these norms are integrated, and their implementation was largely accomplished in the last century, except for certain specifics (Aliyev, 2003).

Oil and gas production has also led to the establishment of its ideological genotype in metal values, in the long-term culture of the geography in which we reside. Oil has consistently been one of the fundamental sources of revenue in the country's economy since the period of industrial development. It persists " one of the most important determinants of energy century in the effort to strengthen our country.

The rise in hydrocarbon possibility, the growth processes occurring in this direction, the introduction of energy security as being one of the major global challenges find it essential to create additional modifications to the material and unity of the national oil strategy, rationalizing its short- and medium-term model objectives (Hajizade, 2001).

- Future prospects of economic development of the Republic of Azerbaijan. Considering the current financial framework of the government, it is essential to enhance the creation of a factory city, in specific the institution of Free

trade agreements, in terms of developing particular areas. The organization of SEZs on Republic territory should be considered as a preliminary option on Azerbaijan-Georgia and Azerbaijan-Turkey territory. As a consequence, there will be economic growth in these regions, broadening the economic relations of the nation and, at the very same period, further bolstering the economic and political scenario of Azerbaijan in the region (Tsalik, 2003).

- The Republic of Azerbaijan has extraordinarily favorable conditions for the development of the health and hospitality system on a wide scale. Local employment resources are useful to improve this region. Fast return on investment is one of the key characteristics of the tourism sector. The existence of health destinations is one of the critical topics for the nation's large-scale development of this field.
- Our country has all of the possibilities for economic growth. This encompasses both natural and geographic phenomena, and economic factors as well. First of all, its true value and efficiency should be studied in terms of developing the tourism sector in the areas. Carefully considering all the variables (natural-geographic circumstances, climate extremes, therapy, and mineral waters), investing in this area can collect a small economic investment.
- The development of the agriculture industry and the enhancement of their task require the establishment of new manufacturing facilities in the groups depending on the preservation of agriculture.
- Establishment of innovative production areas and application of new industrial technology; There are huge opportunities within the economic system to create and develop the tangible and scientific base. At about the same time, a suitable material and technological basis must be created to keep the goods produced at the level of modern requirements. Provincial storage of agricultural products and in addition to the provision of market infrastructure and the expansion of wholesale service providers, it is important to develop business-services, textiles, reproducing, storage and other indicators inside the country. Firstly, domestic and international businesspeople have to put money in the this area for this (Hajizade, 2001).

#### **4.2 Directions to diversify the country's economy and increase the role of oil revenues in the development of non-oil industry**

As we are conscious, Azerbaijan became one of the fastest-growing nations. This was accomplished through market policies through the growth of the non-oil sector and external trade. Overall, the steps are taken to build a flexible economic structure in Azerbaijan, create an enabling environment for entrepreneurship, make productive use of abundant natural resources and local capacity, develop the non-oil market, further develop the economic outlook, enhance the growth of fresh produce has assured economic growth for the country. As a consequence, the country's economy quadrupled in the past 10 years, the economy varied and contemporary socio-economic equipment was created. Presently Azerbaijan is planning to invest actively in new economic sectors. For instance, one of the key areas as defined in the role of information and communication technologies.

By efficiently having to spend foreign currency reserves form of the purchase of rich oil reserves, the Azerbaijani government has succeeded in creating an advantageous basis for the massive expansion of all economic sectors, and now the non-oil sector has become a tactical unit that can bring exchange rate. Non-oil industries, with monetary capacity, had also laid a depth framework for successful economic development as part of enforcing greater revenue programs. In recent years the Azerbaijani economy has expanded foreign investment in construction, energy, communication and information, and other non-oil sectors.

Guaranteeing that the non-oil sector starts to develop is a primary concern in Azerbaijan's socio-economic development strategy defined by President Ilham Aliyev. The non-oil sector 's share of the state's financial development dynamics has matured in recent years as a result of the constant state custody for the growth of the sector. The non-oil sector has matured by 2.6 percent over the past 10 years. It is heartening that perhaps the non-oil sector's contribution to The GDP in the country has already surpassed 55 for every cent of the oil industry (Tsalik, 2003).

Under President Ilham Aliyev's leadership, our nation pursues a strategy of successfully directing oil royalties to the construction of new, innovation-based, science-based industries. In recent years, a piece of outstanding equipment has been designed to ensure the intensive development of this sector, some existing

commitments have been reconstructed on the start of information technology, and useful measures were taken to create new performances with regional raw resources and export possibility (Alirzayev, 2002).

Currently, it could be said that Azerbaijan's market economy can be an illustration of a lot of nations experiencing the global financial crisis. The growth in population capital expenditure and non - oil growth recommend the government is making very effective use of oil income. That is, having financial capital for national economic growth doesn't mean progress, the main question is how to use resources. Speaking of our country's great business-building legislation, the existence of a solid legislative structure, for this reason, needs to be emphasized. In maintaining with President Ilham Aliyev's powerful democratic will on building modern industry in our country, useful steps have been taken to ensure the legitimate justification for non-oil sector growth. In order to build favorable opportunities for sustainable and regional development, to encourage investment and to focus on target areas, to create new jobs, to implement modern practices, to provide competitive goods and services, the President signed a decree on the establishment of economic zones in 2007.

In our country, different legislation on economic zones has been embraced. In addition, the "Model Rules on Industrial Parks" was adopted by a declaration signed by the President on 24 April 2013. This document is a very important basic text on issues related to the creation, administration, and implementation of entrepreneurship development in industrial parks (Alirzayev, 2002).

Thus, we can assume that an objectively new phase of industrial development has begun in Azerbaijan. In accordance with the above-mentioned Order signed by the President, the State Plan for Economic Growth 2015-2020 has been formulated in our region.

A state program has been established. The program is focused on the long-term directions for the development of the industry identified in the development concept 'Azerbaijan 2020: a new vision.' At current, as per the Action Plan accepted for the current year, relevant measures are being taken to improve the economic potential, increase competition in this area, enhance organizational preparation, and improve empirical backing. Thanks to the successfully implemented financial inclusion policy in our nation under President Ilham Aliyev 's management, the republic 's factory

map became even wealthy, and the areas are becoming an aspect of economic might rate (Hajizade, 2000).

Given the ongoing world crisis in recent times, Monetary policy in Azerbaijan is sustained, the country's economic competitiveness is increasing and all planned social programs are being successfully introduced. There really is no doubt that the socio-economic policy pursued with great forethought by President Ilham Aliyev, and also the economic transformation and is one of the priorities of this strategy, play a decisive role in ensuring our inclusive development. As just a result, economic development over the past five years has been driven largely by non-oil sector growth, which has developed from 47 percent to 59 percent of GDP. The non-oil sector in the country has grown upwards of 2.5 times in the last 11 years, as per official statistics and economic factors. The actions are taken to strengthen the economy at the cost of the rest of oil income allowing access to an important part in the development of the non - oil ( Huseynov, 2000).

To diversify the economy and establish a framework for non-oil sector growth, President Ilham Aliyev signed decrees and approved growth projects to help small and medium-sized enterprises, providing soft loans to those engaging in these operations, subsidizing agriculture, and rebuilding transportation and communication networks. They spent billions of dollars. This has led to a large resurgence in the country's economic non-oil sector. Actually, non-oil products manufactured in Azerbaijan are exported to different regions, namely rotating equipment and equipment, their pieces, industrial products, building materials, completed textile manufacturing, etc. (Aliyev, 2003).

As can be seen, Azerbaijan, which recently achieved the transformation economy, was able to effectively diversify the economy and reduce its reliance on oil through the intentional use of its resources. The building, education, agriculture, energy, computer, and communication technologies sectors continue to grow consistently as a result of the strategy. As a result of this shift, over the previous 11 years 1,360,000 jobs were created in the nation, the large percentage of which fall to a non - oil. According to the State Statistics Committee, the economy's non-oil sector continued to increase by 7 percent in 2014, its contribution to The GDP went up from 56.6 per billion in the preceding year 60 percent. At a conference of the Cabinet of Ministers on the outcomes of socio-economic development in 2014 and the activities for 2015,

President Ilham Aliyev commended the remarkable growth of the non-oil sector, and is one of the successful results of the economic development:

"Although oil prices dropped steeply at the end of each year, the economic system of Azerbaijan began to grow by about 3%. The most satisfying point is that our non-oil sector has matured by 7%. This is a prime example of the job made in previous years, a symptom of our legislation. The non-oil sector will make sure the economic growth of Azerbaijan to a larger extent in the future. Non-oil business growth helps us to expand the nation's infrastructure and secure the sustainable growth of our economy.

The country industry's non-oil sector grew by 6.9 percent annually. As a result of the effective execution of the food security tasks identified by President Ilham Aliyev as one of the country's socio-economic development priorities, food supply rose by 1.4 percent and last year beverage output by 8.1 percent. In the duration of each year, businesses involved in foodservice manufacturing possible to ensure worth 2.7 billion manats. At the very same time, companies employed in the production of textiles, clothing, leather, leather products, and shoes that are other essential non-oil sector sectors compensated 97.5 million manats in the trying to report year, 325.2 million manat in the energy industry and 458.3 million manats in building materials. Million manats, 413,1 million manats in the steelmaking sector, and 401,7 million manats in plant and transport manufacture rate (Huseynov, 2000).

Last year, companies in the manufacture, distribution, and generation of power, gas and steam, another essential non-oil industry, fabricated products and services products and services 1.8 billion manats, a rise of 6 percent over the previous year. The scale of output and service providers in the non-oil company's drinking water, waste management, and structuring grew by 7 percent from the previous year and added up to 231,8 million manats.

By the way, the "State Industry development plan for 2015-2020 in the Republic of Azerbaijan," authorized by President Ilham Aliyev late that year, will unquestionably bring change to the rapid growth of the non-oil industry in the near future.

The primary concern areas in the growth of the non-oil sector in Azerbaijan are agriculture, tourism, information and communications technology, and the manufacturing sector. The share of tourism and tourism in Azerbaijan is highlighted

by international financial institutions. Around 44 percent of the world's employed workforce is actually working in agriculture. It is for this purpose that the introduction of coherent state programs for agricultural development in Azerbaijan, the involvement of a number of initiatives and new technologies is accelerating. It is no accident that President Ilham Aliyev said at a briefing on the results of the first year of the third regional development program: "... the agriculture sector is a priority, it is a social, economic sphere, supporting the development of the non-oil industry" (Aliyev, 2003).

The rate of growth of gross agricultural output in Azerbaijan has been 2.5 percent over the past three years. Concrete work is currently getting made to create agriculture, which is a crucial component of the country's economy, and the development and adoption of essential government programs. As a consequence, the agricultural sector in the country generated 5 billion 225.8 million manats in 2014, which is 2.6 percent higher than the previous year. Agriculture potential in Azerbaijan is very high and the State is taking effective action to exploit those opportunities. Such initiatives have culminated in 40 chicken farms in 19 regions in recent years, 20 livestock farmers in 13 locations and dairy complex in 8 regions, 7 meat slicing and storage companies in 6 regions receiving AZN 240 million in providing loans, which has increased production and significantly reduced beef and beef exports.

Consequently, AZN 171 million in providing loans to 33 rigorous gardening and grapes farms in 20 regions, 37 greenhouse structures in 9 regions, and 16 fruit processing businesses in 11 areas, along with meeting domestic consumption through domestic producers, also allowed the importation of these products. The designation of 2015 as the "Year of Agriculture" in Azerbaijan by President Ilham Aliyev 's decree gives reason to say that essential work will be done in the near future to mobilize the existing agricultural potential, which will provide impetus to the development of the non-oil sector in the region (Huseynov, 2002).

As we have mentioned, tourism is one of our nation's key indicators for the non-oil sector. In terms of revenue, the area is quite attractive. That is why large-scale measures should be taken in recent months to completely mobilize our nation's existing tourist destinations, successful tourism facilities have been built and made operational in Baku and also in the areas and the level of services in this area is

enhancing. There was also a substantial rise in transport, information, and interaction last year which should be considered a valuable contribution to non-oil sector growth. Taking full part of the company 's potential for the tourist industry will result in GDP growth. Among, the rich tourist industry of Azerbaijan and the rapid development of the country's tourism network in recent times promise big benefits to the public in this non-oil sector region (Url-1).

In recent years Azerbaijan has taken massive initiatives to strengthen ICT (ICT) technologies. The official statement, by President Ilham Aliyev court order, of 2013 as the "Year of ICT" in our nation also confirms this. In 2014 Azerbaijan produced 225.9 million manats worth of machine, electrical & electronic equipment. By the way, the launching of Azerbaijan's satellites into orbit over the past 2 months is considered a crucial accomplishment in the sector of ICT for our nation.

Future economic progress for Azerbaijan, in general, the development of the non-oil market, is dependent on private economic sectors. In recent times, the favorable business environment created in Azerbaijan has led to the rapid development of entrepreneurship through increasing state support for the private sector. In accordance with last year's Presidential Decree "On Additional Measures for Entrepreneurship Development," construction began further to boost the organization's business and investment environments, such as simplifying protocols, increase the reach of e-services, stopping unjustified intervention and other areas. At the very, the oil sector in sales in 2011 was 95.3 percent, 94.1 percent in 2012, 92.4 percent in 2013, 90.1 percent last year. This trend will continue over the near future and hit 81 percent in 2017, according to economists rate Conversely, the quantity of non-oil product lines being outsourced to global markets from our nation will rise. It will be feasible thanks to the growth of Azerbaijan's non - oil, which would be a predictable result of economic development (Alirzayev, 2002).

It should be remembered that the usage of oil income for development, taking into consideration the country's geographical conditions (localization in the region, energy wealth and climate), the level of economic growth, the social situation, the existing degree of fiscal, social and political organizational progress. Should have been:

1. Development of the chemical industry: strength and conditioning of highly skilled management teams and technicians, revitalization of the scientific and technical grounds of the petrochemical industry, technological modernization of the chemical industry in Azerbaijan, industrialization of the oil engineering field in Azerbaijan and growth of export capacity, regional oil companies to become a center of development
2. In the education field: the teaching of skilled professionals in the world's leading academic institutions in information can help to the main directions of Azerbaijan's potential financial development, training of scientific and technological specialists meeting modern requirements in Azerbaijan, setting up of specialized vocational schools to train highly skilled workers for different Indus
3. In the field of health: the transformation from a disease-oriented medical system to a disease-prevention system; the training of medical management specialists; the industrialization of health infrastructure facilities; the establishment of an accurate health care system; and the growth of a pharmaceutical and hygiene sector.
4. Development of transportation infrastructure: infrastructure plan reinforcing Azerbaijan's role in regional oil and gas transportation, goods and services, the transition of Azerbaijan into a provincial vehicle center, infrastructure development, exchange development in the country.
5. Development of agriculture: pervasive application of microfinance, bolstering of the material and scientific basis, the institution of education and business services to help new farmers become more involved in exports, efficient organization of trying to bring to
  - Azerbaijan worlds greatest farming techniques, creation of required requirements for the production of food and light industry.
  - Tourism development: modernization or introduction of facilities that are important in the development of tourism in the country (aviation transportation system, road transportation infrastructure, rail transportation infrastructure, energy infrastructure, mailing, and telecommunications network), tourism potential in Azerbaijan through diplomatic missions, government organizations and large-scale companies

Formation of future technology manufacturing in Azerbaijan and strong relation to Azerbaijan's international business services market: the growth of the electronics sector, growth of the biotechnology industry, trying to set up ICT manufacturing facilities, training of necessary specialists, creation of relevant infrastructure (Abdullayev, 2000).

### **4.3 Energy Security and its Supply in Azerbaijan**

For the very first period in history, full ownership has been guaranteed of Azerbaijan's oil and gas resources. After reestablishing state autonomy, the country has enacted a major oil strategy under President HA Aliyev 's management, which started with the "Contract of the Century". Over the past couple of years, great and beneficial work has been done to enact the oil tactic, particularly multi-billion dollar investments from developed economies, multinational oil producers in the national oil industry, the oil and gas intricate equipment has been rebuilt, and Caspian oil has access to the international markets. The development of the primary export oil pipeline Baku-Tbilisi-Ceyhan has begun and the plan for the Baku-Tbilisi-Erzurum gas pipeline has reached the stage of commercial implementation. Within the structure of economic changes, even so, the Ministry of Fuel and Energy was formed to organize the energy industry, the SOCAR government was determined in the latest smartphone genre, and a suitable "Oil Fund" was formed with linked to the company. There is a prospect of going ahead with further work. In contemporary days, the geophysical revenue stream of energy resources is of great importance and is viewed as one of the key parts of ideological trade and political power. Based on that truth, the economy's building's energy and thermodynamic saving in the world today has become an important determinant of the state's level of economic development. The Republic of Azerbaijan is also one of the regions with an excess of hydrocarbon energy resources in terms of prospects. The total combined volume of energy resources on the Caspian rack, which by itself resides to the republic, is approximated at 3-4 billion tons, and even 5-7 billion tons, as per brain's ability. Add to this the average of 1 billion tons of solid fuels found on land and possibilities deposits, and the population size has an equivalent of 1,000 tons of per capita hydrocarbon reserves (Url-5).

In relation, this graph places Azerbaijan among the world's ten most powerful leading oil and gas countries. Other organic energy sources in the country are however adequate and encouraging, about oil and gas resources. The sunny, windy area offers ample opportunities to design alternative sources of energy as a foreign source of energy. This possibility can be logically improved using the rivers' hydropower funds. Adequate resources provide justification for the total supply of the household interests of the community all throughout the twenty-first century, but also represent as invaluable wealth, a great base of capital expenditure to ensure sustainable urban growth as a total export. Our republic has a different position in the geopolitical aspect, advantageous geographic area and setup of adequate human capital along with adequate potential energy. Each of these facts, which are economically important in large change, require the formulation of an energy strategy in the country as an essential part of the state 's financial mission for the upcoming years. The primary objective of the energy policy is not only to continue pursuing an ideal economic plan but also to build an open and effective economy to make sure that Azerbaijan has a more dignified place among global community countries. The perceptual bases and fundamental principles of this strategic plan derive from the trade policy and oil growth agenda by the president of the country. (Abdullayev, 2000).

Both federal agencies and scientific researchers are placing forward useful findings in the creation of energy policy. Ten years ago, scholar AH Mirzajanzadeh stressed the need to build an appropriate strategy through scientific analysis and research to effectively tap the nation's oil and gas potential. The essential instructions and curves of this tactic are obviously and clearly set out in the scientist's studies. Also widely reflected in the author's research are the current accounts of energy strategy. Energy strategy isn't a creation of new entities. At a time the economy of the planet is in the midst of electricity, similar tactics have emerged in a number of different countries, constantly evolving. In the Soviet Union, the focus of the model was continuously developed, implemented, and revised under a different title. Each nation is bound to devise and enforce a clear energy strategy in order to guarantee its energy security, irrespective of the variety of available energy supplies. The optimal form of energy policy has been commonly used in Russia since 1992, with that we have specific similarities. Even so, in the next stage, new truths governed the alteration of this

tactic. In a much more ideal content and essence, a new energy strategy covering the time the 2020s has been developed and discussed by the State Duma and authorized by the Cabinet of Ministers. The country 's educational and macroeconomic institutes, and also fuel and energy experts were associated with the implementation of the energy strategy, and the Ministry of Fuel and Energy formed a special research center called "Energy Strategy." At about the same time, a monitoring system for analyzing an ever-changing economic and energy scenario and implementing active regulatory mechanisms was created. Renewable energy independence and renewable energy (Hajizade, 2000).

Safety continues to be a powerful challenge for our country. This importance is reflected in the CEC 's role in the power generation and consolidation of all viable sectors of the economy, as well as the new geopolitical situation, the increasing influence of foreign troops, and the globalization of world energy markets. On the other hand, it is also relevant in this context to adjust the country 's ancient electricity system, which has provided intensive oil and gas exploration for even more than 130 years, to enhance the environmental background, and to increase social welfare. The energy plan reflects the influence of the state in creating a sustainable energy market and the intention to establish liberal administrative institutions that exercise antitrust, rates, taxes, custom strategies, and supreme surveillance in establishing normal economic relations. This method focuses on improving the sectoral legislative regime, optimum state regulation of energy sector optimization, and license fees (Huseynov, 2000).

Before the realistic implementation of the nation's energy strategy, an evaluation of its energy potential is expected. Oil and gas resources assure 70 percent of Azerbaijan's territorial waters. Thus the oil and gas industry is the foundation of the economy of the world. There have been 71 oil and gas reserves found in the world so far, and 54 of which are in service. 21 global oil contracts trying to cover the Caspian rack and monarchy-owned offshore oil and gas territories have been indicated, such as the "Contract of the Century." Manufacturing will attain its apex in the area affected by all these contracts in the next 10-12 years. The Azeri-Guneshli and Chirag platforms alone could deliver 1 million barrels per day and 56-57 billion tons a year at the end of the century, and that magnitude will be comparable to \$9 billion annually in terms of revenue. The uncovered and encouraging possibility for fossil

fuels in the area is considered at 1-2 trillion m<sup>3</sup>. At present, however, the local requirement for natural gas is met by 50 percent. Thus gas is being distributed to Baku, Sumgayit, and 48 regional regions at present. The volume of gas supplied to the areas is very small and is about 200-250 million m<sup>3</sup> per capita. There is also an inadequate amount of natural gas supplied to Baku in the amount of 9.3-9.7 m<sup>3</sup> per day. This should be remembered that Azerbaijan will not only fully satisfy its household requirements 4-5 years after the completion of the Shah Deniz project, but will also be one of the nations that successfully sell natural gas to the European market (Kazımlı, 2001).

The technology diffusion also eventually helps the destination of oil and gas refining manufacturing plants, basic services of natural gas, crude oil, and oil products, or further restricting failures. And although total production in the field of oil drilling is fairly adequate, in the future there'll be an issue with the development of suitable power plants in case of environmental gas usage. Offshore oil and gas factories however need during use to improve the efficiency of production. The circumstance has become crystal clear within the transportation system. If growing export pipelines are put into effect, there will be a rational spike in the facilities for oil and gas production. There are currently 6 thermal power plants (TPPs) and 5 hydroelectric power plants (HPPs) in Azerbaijan with a total capacity of 5,000 megawatts, and 4,000 megawatts of electric power are generated yearly. For instance, Georgia and Armenia get a total electricity capacity of 1,700 megawatts. Given all this, the republic is not fully provided with electric power, and in some instances electric power is imported from other countries, including the Nakhchivan Autonomous Republic. SOCAR did receive 992 million kilowatt-hours of electricity from Russia in 2002 in the quantity of \$25.8 million, as per statistics. The country is taking reasonable action to ensure that electricity generation is growing. Lately, a \$600 million lender has been used to restore power stations in Azerbaijan. The scenario concerning payouts for gas and energy is not considered adequate. The correlating catalog is 50 percent from both angles. Non-payment for electric power alone in 2002 was \$230 million. All hydrocarbon resources, however, are defined by failures, from production to distribution, which exceeds contemporary national standards and performance regulations. Energy loss levels in Azerbaijan were set at

7-9 percent, and in the Caucasus during the Soviet period at 13 percent. These failures are actually over 20 percent at the present time (Hajizade, 2000).

In addition to the identification of household possibility, the creation of the energy development tactic involves evaluation of the procedures having to take place in the global world, the future direction of the world energy equilibrium and the rate of growth of the usage of human energy. The nutrient mining industry is the world economy's key location for factory output and energy. The uncertainty of raw material consumption and production impacts not only the socio-economic situation in global trade but also the world's largest commodity arsenal from a wider perspective. The latest data show that on a world basis, 13-14 billion tons of resources are transformed into fossil energy each year. Petroleum and natural gas resources play a major role in power use. The leadership role of oil and gas resources also impacts the complexities of their drilling and development. Technological advances took the recovery factor ratio closer to the world average of 40 percent. The advancement of oil and gas reserves in the high oceans is becoming a truth in areas initially thought theoretically unusable and uneconomic, and the commodity area is actively committed to geographical and statistical changes. The World Economic Forum's investment specifications are estimated at around \$1 trillion. Even so, there are significantly less relevant resources in the global financial market to guide the CEC. Thus the economy tends to attract deposits and corporate bonds in national banks in several nations. It should be mentioned that direct investment in the oil and gas sector depends on oil price levels (Url-4).

Each year, the development of ever more natural assets fuels global growth, and new areas of energy potential have become a source of consumption. The usage of oil and gas is steadily increasing, and it is an undisputed truth that the vital importance of these resources is unparalleled in maintaining the harmony between nature and society in modern civilization. It is also a concern as they are located so far as efficient usage is concerned and are depleted in traditional areas. Academician AH Mirzajanzadeh reports that, given the conflicting facet of the resource scarcity factor, "biodiversity loss as a virtually effective system is continuously and intentionally promoting the upkeep of the evolution and society equilibrium. Although there is a contradictory pattern: the higher the resource scarcity, the deeper and much more

dangerous the downturn. On the contrary, the higher the supply of natural resources, the more their degradation becomes intensive and sustainable (Dobronitskiy, 2003).

There are many more than 200 major countries, small and big, recognized and unacknowledged, and in numerous economic data, Azerbaijan has many good characteristics. Provided that the world's oil resources are projected at 141 billion tons and the energy resources at 155 trillion m<sup>3</sup>, the comparable possibility of Azerbaijan is comparable to 6-7 billion tons of hydrocarbon reserves, we see that the republic share of world oil and gas reserves is 4-5 percent. Not to undervalue this picture on the earth's energy map.

A technically fundamentally informed energy strategy would allow the full use of these resources in accordance with national interests (Url-5).

The design of the energy surveillance system in Azerbaijan was developed in the early 1970s by Heydar Aliyev, a member of the Republic of Azerbaijan. The good president Heydar Aliyev reinforced the oil and gas industry and the energy sector and during the 1970s and 1980s, mainly through the implementation of modern techniques and facilities to establish a powerful energy policy system for the country of the economy at the moment of Azerbaijan. In order to create and improve strategic oil stability, Heydar Aliyev firstly began to buy and bring to Azerbaijan the most essential equipment required for the designing of oil and gas reserves found in the Caspian Sea in Azerbaijan. At that time, final permission from the former USSR leaders and assigning adequate funding was very challenging. Heydar Aliyev, with his wisdom and ability, managed to solve the financial dilemma by expressing the nature of the issue to the new Soviet government. As a consequence, the excavator ship "Azerbaijan" with an expansion rate of 2,500 tons was managed to bring into the Caspian Sea republic for the very first time in the USSR. At that period started prices the valuation was 350 mln. Only one in Europe, the Baku Deepwater Jacket Plant, was built, and the Shamkhor HPP was put into service. In Shirvan (formerly Ali Bayramli), and Mingachevir, high-capacity thermal power plants were reconstructed. Heydar Aliyev 's genius, who carried out all of this work, seemed to see Azerbaijan's present. He knew this work would serve the independent Azerbaijani state and people in the future. One of Heydar Aliyev's first tasks, which assumed power at the assertion of the people in 1993, was to save it from the tough position the energy security system he once laid the groundwork for. In 1994, as a result of the

commitment of the national leader, solid domestic and international policy, the "Contract of the Century" was concluded. The "Contract of the Century," agreed to sign out of the inborn ability and fantastic ideological ability of Heydar Aliyev brought up the credibility of Azerbaijan in the world. Azerbaijan has also concluded international projects, backed up by powerful states, such as the Baku-Tbilisi - Ceyhan oil refinery and the Baku-Tbilisi-Erzurum gas pipeline. All financial, technical, geographical, and ecological problems of these ventures have been accounting graduates to the leadership of the government leader Heydar Aliyev. So Azerbaijan has become the first country in the CIS to incorporate its independent oil and gas tactic after the collapse of the Soviet Union. Because of the national significance of sustaining, broadening the energy resource security system in Azerbaijan's first decades of freedom, and joining the world's largest strategic energy policy constitution, Heydar Aliyev expertly grabbed the opportunity and included Azerbaijan in the coaching team in this field. Such a flexible and sustainable policy has also reinforced the geopolitical position of Azerbaijan in the context of new world events in history. Those who admired Azerbaijan and attempted to disrupt his work by trying to say "the reserves of oil and natural gas will soon be drained" were in poor taste.

It should be mentioned there were 2.0 trillion cubic meters of oil deposits that can be obtained in Azerbaijan in 2005. About 7 billion cubic meters, and reserves of oil-7 billion. Over a barrel. Taking into consideration the future reserves of hydrocarbons in the newly discovered and commissioned oil and gas fields, the figures for 2005 that raise 1.5 times. Presently, the characteristics of oil and gas production in Azerbaijan are providing grounds to think that Azerbaijan will retain its governance in the strategic energy policy system, at least in the South Caucasus, over the next 100 years. As for energy resource security, Azerbaijan is actually a key western ally in the South Caucasus. The President of the Republic of Azerbaijan Ilham Aliyev, a fitting tribute of national leader Heydar Aliyev, head of the order to prepare and signing of the "Contract of the Century" and other big projects said: "With the designing of oil and gas pipelines on projects designed by national leader Heydar Aliyev, strategic foundations will be established for the citizens of Azerbaijan to rise geometrically for today, tomorrow and the future." Heydar Aliyev considered taking

a special position amongst these world's countries and expanding the strategic energy protection network, completely satisfying the needs of the Azerbaijani people.

In his sermons, President Ilham Aliyev repetitively said that Azerbaijan has an energy resource surveillance system and the selling of energy carriers in international markets (Kazımlı, 2001).

Azeri-Chirag-Guneshli and other areas to be explored in the potential should proceed for the next 100 years, and Azerbaijan should contribute to the energy protection network of the world, and also the supply of electricity to adjacent and other nations. At the same time, Ilham Aliyev said that in his speeches that our oil reserves, which can be mined only in the Azeri-Chirag-Guneshli fields, are 1 billion cubic meters. tons. Merely 630-640 mln. The heaps will find common by the International asset manager of Azerbaijan until 2025, under the deal made. The sleep 350 mln. loads of crude and 100 bln. SOCAR generates upwards of one cubic meter of gas per se. Our country's strong integration into European structures is very important for the development of the Azerbaijani state. Azerbaijan not just to gets its fuel into the Odessa-Brody-Polotsk-Danzk pipeline (Travın, 2008).

It would be able to export to the Black and Mediterranean Seas and to the Baltic Sea market. "politicians besides accomplishing energy supplies by President Ilham Aliyev are very evident. He rejects the use of power in world politics: "We strongly believe that only the shared values of producers and consumers can profit. In view of all these facts, true political and 's richest indicators, it is safe to assume that Azerbaijan is the world's largest producer of energy. It has a dominant position in the surveillance system and this role will be retained for many years to come." SOCAR is working to implement a number of projects in the country's areas to complete natural gas. At the very same time, the President of Azerbaijan pays special attention to the further growth of the energy program's material and scientific situation, which is one of the major sections of enhancing tactical energy security. Thus, and over the past couple of years, Azerenergy has built customizable solar power plants in different regions of the country, and as a result, today Azerbaijan not just to fully needs to meet its energy demands, but also impose costs to neighboring nations.

In the geostrategic literary works, each nation's energy safety is valued as one of the essential aspects of its public safety. Energy independence means protection of the

entire world, its residents, society, and economy from threats by fuel and energy supply. Potential risks include geostrategic, international macroeconomic issues, and inner security issues that are clearly relevant to the global energy industry in the region (Hajizade, 1998).

Carbon security core principles are as continues to follow:

Existing risk stockpile of authority to important and strategic facilities;

- The resupply of stocks of used fuel;
- Liquidity of various fuel types and energy;
- Taking the quality standards into account;
- Functionalized of ineffective use of energy resources;
- Open trade conditions for effective energy resource production and effective export in domestic and international markets etc.

The roots of Azerbaijan's energy security strategy and the principles of its implementation are reflected in the new product plan that began with the signing of the "Deal of the Century" and was enforced from 1994. In relation, many state's official files implemented in 2003-2014 reinforce Azerbaijan's transnational and household energy policy, measures being taken in this field, tasks conducted and other concerns aimed at ensuring energy supplies. Amongst them is the Law on electricity of the Republic of Azerbaijan, the State Program on the Use of Alternative and clean energy Energy Sources, the State Program on Fuel and Energy complicated Development of the Country in 2005-2015, the Shah Deniz 2 natural gas project, etc. It can be seen.

The state of Azerbaijan is actively pursuing an adaptable economic plan with a perspective on developing a central energy industry autonomous of external factors and ensuring sustainable urban growth. The objectives of this legislation are safe and effective use of the country's natural energy supplies, growth of the national energy sector, filled and viable provision of household and economic supply for oil, gas, electricity and other energy providers, international, regional and local energy interests in the Caspian region. And connecting security with the republic's strategic interests, addressing other strategic concerns emerging from power security in that region. A number of social and institutional steps have been taken in the country . over the years to ensure Azerbaijan's energy supplies and it's still being properly

represented. These include modernizing the fuel and energy building's industrial capabilities and facilities, trying to develop and leveraging fuel and energy assets to world standards, augmenting oil and gas producer's environmental protection and cost prosperity, etc. In the field of energy security the main tasks of Azerbaijan's domestic issues can be categorized as follows:

- Define and ensure that the fuel and energy complex evolves in line with current criteria;
- Taking appropriate research, technical and organizational measures to enhance the efficiency of the fuel and energy industries;
- Ensuring the application of effective technological protection measures to manufacture, procedure, transport, store, pay and consume energy resources;
- Creating a healthy competitive environment for the fuel and electricity sector;
- Raise the amount of fuel and energy complex development investments;
- Aimed at ensuring the energy and oil complex's environment protection;
- To make more accurate compensation for the use of energy and energy services, etc. (Dobronitskoy, 2003).

The State of Azerbaijan has also carried out systematic work with the transnational and regional world in the form of international policy in the country in order to make sure energy stability, and has undertaken the following key measures in this direction:

- Organisation of active activities in the field of production and selling of energy supplies, using the opportunities of foreign investors in the Azerbaijani sector of the Caspian Sea, production of competitive products to establish a deserving position in the global energy and oil market;

Maintaining good regional security of the country's petroleum & energy output and exports and obtaining foreign assurances in this respect;

Establishes a regional fuel and energy balance in Azerbaijan and eliminating the domestic electricity supply from foreign dependency;

Aimed at ensuring agile science, technology, and innovation activities in the oil market, globally application of advanced technological innovations and etc. (Huseynov, 2002).

The vibrant economic growth that Azerbaijan has proved in recent times has significantly increased the country's particular energy needs resources. This, in the switch, causes the creation and revitalization of a cost-effective and dynamically developing fuel and energy complex that meets environmental standards, products with sophisticated innovations, and highly skilled staff. The long-term and stable availability of all types of energy to the economy and the country's people are closely tied to science-based energy policy. The key aim of this policy is to use natural energy and oil resources effectively for economic development and to improve the populace's standard of living (Aliyev, 2003).

Making sure energy supplies for Azerbaijan includes holding out the assigned objectives on a long term basis at state scale:

- Environmentally support requirement of energy supplies to the nation's infrastructure and populace at affordable prices;
- Leads to a reduction of dangers in the area of energy supply of a country and preventative measures of possible crises;
- Effective use of energy supplies and loss-prevention;
- Reduction of loss and during production, extraction, processing, and transport of oil and gas from electricity generation;
- Increase performance in the utilization of energy sector possibility;
- Loss of man-made environmental impacts on energy by modern technological processes etc. (Huseynov, 2002).

The oil and gas sector officially has a huge effect on our country's macroeconomic indicators, in specific the economic growth rate, the volume of factory output, exports, and investment opportunities, the country earns. Economic growth focused on revenues from oil and gas provides a strong impetus for the renewal of regional infrastructure, the development of the non-oil industry, and new employment creation. Azerbaijan used a little or less half of all its 28 billion cubic meters of gas per year, upwards of one-fifth of the more than 50 million tons of oil to meet domestic needs, and the rest to also be shipped. The present crisis in both directions is fully controlled by the country and almost nonexistent is its dependence on foreign geopolitical influences. This should be remembered which since then there have been 71 oil and gas fields put into service in Azerbaijan. 43 are situated on land, and 28

are situated in the Caspian Sea huge amount. Actually, work is underway to commission 54 fields, including 36 offshore wind and 18 offshore fields, and 9 fields are under investigation. Since the start of field performance, Azerbaijan has produced 1,5 billion tons of oil (including compressor) and over 480 billion cubic feet of gas, excluding 0,5 billion tons of oil (such as condensate), and 352 billion cubic feet of underwater gas (Aliyev, 2003).

In order to further improve the country's energy and oil system, the following work throughout the area of oil and gas production is planned in the coming years:

- Problem and discovery of new fields;
- Appointing of found areas in full-scale development;
- dredging of wells drilled and incarcerating non-active wells in existing fields;
- Use of new knowledge and tools to boost the oil recovery factor in structure;
- Design, restoration and revitalization of systems for oil and gas production, transportation and refining;
- Extensive use of scientific, technical, and best practices, etc.

One of the primary duties of the Republic of Azerbaijan 's power government is to create the country among the most essential export markets of electricity in the South Caucasus and the Caspian Basin. To this effect, it is planned, on the one hand, to raise electricity production in the country, from the other, to reconstruct or establish a system for exporting this power for foreign countries. The primary connections of Azerbaijan's power system to overseas nations are presently Russia (330 kV "Derbent-Yashma" line), Georgia (500 kV "AzDRESMukhranis Veli" line, 330 kV "Agstafa-Gardabani" line), Turkey (154/220 kV "Igdir-Babek" line) and Iran (230 kV "Imishli-Parsabad," 220 kV "Astara," 132 kV "Araz," 132 kV "Julfa" line and 11 kV cable line). Renovation of countless innovative heat and hydroelectric power plants in the country's electricity system since 2003, renationalization of current power stations, need for alternative energy sources (small HPPs, wind, solar, thermal water, etc.) is projected to reach 6500-7000 megawatts. This will adequately achieve household requirements and raise the quantity of energy sold overseas a few times.

Given the increasing deterioration of traditional energy sources in the contemporary world's developed countries as well as a large amount of damage to the environment all through their use, use of environmentally friendly (renewable) sources of energy

(water, solar and wind, thermal water, biomass) is expanding from day to day. Inside this area, the United States, Canada, Germany, Finland, Norway, Denmark, Spain, Japan, and China lead. It should be noted that in developed countries (including hydropower plants) the share of renewables resources is 13.5 percent of total energy output. Its advantageous geographical position and environmental conditions allow the pervasive use of eco-sustainable, alternative (clean energy) sources of energy in both Azerbaijan and the advanced nations. In terms of saving large quantities of oil burned at thermal power stations, this represents a large decline in the cost of harmful emissions into the atmosphere. Using the environmental potential of the country, the involvement of alternative energy sources in heat and power generation allows for progressive changes in electricity production. Wind power is regarded more cost-effective, environmentally sustainable, and limitless than electricity from renewables, hydropower, geothermal, and biofuels, other alternative energy sources (Travin, 2008).

Research tells that in many areas there are exciting opportunities in that path for the use of air and other renewable power, the organization and utilization of new facilities. Bringing these perspectives and existing opportunities into consideration, in 2008 the Government of Azerbaijan adopted and is actively implementing a special government Program for the Use of renewable energy sources. According to forecasts, owing to its geographical location, natural conditions, and economic resources Azerbaijan has an estimated wind power capacity of about 800 MW. This balance is equal to 2.4 billion kWh of electricity each year. It, in effect, actually saves some 1 million tons of fossil gasoline per annum and, most importantly, avoiding large amounts of waste, including greenhouse gases, which is harmful to the atmosphere (Aliev, 2003).

Over the period considered, joint manufacturing of Azerbaijan's rich hydrocarbon reserves in the Caspian Sea with the world's largest manufacturers' new technologies and autonomous paths to the world economy has led its global recognition for renewable energy and its participation in the process energy system. This has reinforced global recognition for the provision and preservation of energy security in the country. The main oil pipelines Baku-Tbilisi-Ceyhan and the fuel transfer pipeline projects Baku-Tbilisi-Erzurum have provided emphasis to the institution of an energy resource partnership between the major powers and Azerbaijan and,

reducing inventory, its economic growth. The application of world energy initiatives in the Caspian Basin, even so, has had a significant impact on energy safety not just for Azerbaijan but also for the Eurasian region, the global community, and the transnational world, and has served to establish successful international oil and gas output partnerships. As a consequence of the huge attempts of Azerbaijan, a system of productive use of the Aegean region's rich energy supplies, multinational influence over it, stable delivery of oil and gas to global markets has been created, which has expanded the geoeconomic role of not only Azerbaijan but of the whole Caspian region. Having played a major role in the modern energy security system in Europe, Azerbaijan has become a desirable and reliable partner for developing and implementing transnational social ventures. The construction projects together with these member states would enable the construction of oil and gas pipelines to expand its export and supply lines, the populous economic, social, and other requirements. Created the necessary opportunities to more fully fulfill their needs (Tsalik, 2003).

Azerbaijan, which pursues a policy of diversifying transnational exports of energy to supply oil and natural gas from the Caspian Basin to ports in the Black, Mediterranean and Baltic Seas, surrounding regions, and Central Europe, is currently working to establish multivariate routes and pipelines for exports. It not only provides the independent foreign strategy and export protection but also supports the needs of the region's oil and gas countries and the foreign stability of Europe. Today, Azerbaijan is one of the two countries in the region without any external energy dependence, able to fully meet its energy needs in all areas at the expense of domestic resources. Its current energy policy aims to further increase the country's access to world markets and create an alternative source of energy for the world. The substantial bolstering of its mass and role in the global energy sales industry in recent years has further stimulated the popularity of European countries in collaboration with Azerbaijan. At present, the developed worlds and major international organizations recognize Azerbaijan's important role in European energy security unanimously.

The Azerbaijani county's diversifying of oil and gas pipelines not only provides the energy stability of the nation but also creates positive a more efficient and effective institution of transnational gas exports. Today, Azerbaijani oil is shipped to the Mediterranean and world markets in three directions-via Baku-Tbilisi-Ceyhan, via

Baku-Supsa and Baku-Novorossiysk sections to the Black Sea ports and European markets. The next step is to expand the Baku-Supsa line via the Odessa-Brody-Polotsk-Gdansk road into Eastern Europe. To this give up, the existence of a strategic alliance called Sarmatia also implies that the method will be speeded up in the coming years. After this, it is expected to take concrete action to introduce alternative routes to European markets for the transport of energy supplies of the Caspian Sea (Kazımlı, 2001).

Today, the diversifying of means of providing oil and gas from the Caspian Basin to global markets meets the standard US and Western strategic interests. They found it necessary to release the Odessa-Brody oil pipeline in the Eurasian upstream petroleum rail line system to have sent oil to European markets, to proceed projects to create the Caspian-Black Sea and Caspian-Baltic Sea Energy Transit Area for convenient and stable transport of hydrocarbon resources in the region. Besides that, Western smooth integration that the public transport of Caspian Basin hydrocarbon reserves to European markets would have a massive effect on further enhancing international integration, guaranteeing the mutually advantageous aspirations of the global energy producers, consumers, and transit countries. These people accept Azerbaijan policy regarding trying to seek different paths to the European and global energy sectors and expanding exports to Nabucco, Georgia, Turkey, Romania, Bulgaria, and others. fund efforts to establish new oil and gas export routes through the territories of a secure, independent destination country such as.

The West's acknowledgment of Azerbaijan as being one of the key guarantees of its renewable energy has raised ties between both the EU and Azerbaijan to a tactical level. As a consequence, as stated earlier, on 7 November 2006 the Republic of Azerbaijan and the European Union signed a Special Memorandum of Understanding on Strategic Energy Cooperation. The implementation of the Turkish-Greek gas pipeline on 18 November 2007, which will produce Azerbaijani gas to European markets, introduced a new path for collaboration among our country and the European Union in the area of energy safety as well as electricity transit. The pipe is of great strategic significance to Azerbaijan, Turkey, and Greece, and sets the basis for the region 's new transnational energy cooperation. EU-Azerbaijan cooperation is starting to yield results with the release of a Turkish-Greek gas pipeline. As a part of the European Union, Greece collaborates with Azerbaijan in

the field of oil. It is expected that other EU countries will enter cooperation in the near future. Since in a way of maintaining energy supplies, this problem needs to meet the strategic goals of EU member states. A document to expand the pipe from Greece to the Italian border has already been signed (Hajizade, 2002).

In relation, the AGRI project has achieved Azerbaijani gas by pipes to Georgian Black Sea ports in compliance with the terms signed by the heads of state of Azerbaijan, Romania, Georgia, and Hungary in Bucharest in April 2010 and in Baku in September 2010 Then to Hungary, Bulgaria and other European countries. This path and the Trans-Anatolian Pipeline (TNAP), the construction and export of which was agreed between Azerbaijan and Turkey in 2012, are planned to export between 20-30 million cubic feet of liquefied natural gas per year to the European countries.

Provided that since 2005 Azerbaijan has been trying to export gas to Turkey and Georgia via Baku-Tbilisi-Erzurum pipeline project, and since 2009 via the Baku-Mozdok and Baku-Astara pipeline projects to neighboring countries Russia and Iran, full access to international markets and clean energy for Azerbaijan to distribute its gas individually is made permanent. The signing in December 2013 of the final equity investment on the production, distribution, and export of natural gas under the Shah Deniz-2 task in Baku with top oil companies worldwide and several European countries. Is going to play a significant role in guaranteeing energy supplies. The Shah Deniz-2 project will help to expand the South Caucasus pipelines through Azerbaijan and Georgia, boost the implementation of the Trans-Anatolian and Trans-Adriatic gas pipeline construction plans, and opening up a new gas route to Europe.

Energy independence is not a recurrent problem that requires months. This is a state and national problem that embraces long-term goals. The effective utilization, usage, improvement, and transition of energy resources for future generations is very essential and vital. The research made compared to the world alternative energy market offering that the use of nuclear power will play a more significant role in Azerbaijan's comment-oil time period in the context of future renewable energy through the creation of a nuclear power station. Also, the idea of a nuclear power station for Azerbaijan is not a recent concept. It is known that the building of nuclear power stations here was among the grand schemes of the national government at a moment when Azerbaijan was part of a great USSR, and considering the large tectonic situation, this tactic was deemed okay. The International Atomic Energy

Agency (IAEA) experts also received a good opinion on the development of nuclear power stations in our region at the organization's 49th session in Vienna in 2005, in the new epoch-making stage.

Once more, the company has begun collaboration with the Ministry of Industry and Energy on a collaborative operation called "Calculating Azerbaijan's power mix and defining viewpoint direction" to investigate if any source of energy fits the region. Once more, this perspective method corroborates the formation and implementation of Azerbaijan's future economy in the nuclear power plant strategy (Aliyev, 2002)

The assessment is based on the idea that the preceding renewable energy enhancing objectives must be included in a viable global energy security strategy: Further to determine if the energy source is suitable for the country, the Republic's Agency for Business and Energy:-planning of an optimal long-term fuel and energy equilibrium;-introduction of organizational, technological energy-saving measures and rational use of energy supplies in all economic sectors, energy efficiency principles;

- Growth of a dependable and encouraging center of natural resources and a global exchange-energy terminal;
- Guaranteeing the succession of energy resources by assigning a substantial portion of the Oil Fund's resources to renewable energy and nuclear production areas;
- Perform systemic restoration to enhancements of the Fuel and Energy Complex and restrict its harmful environmental effects;
- Create market relations and perfect energy sector institutionalization underlying emergence;
- Expand use of renewable sources of energy and establish a post-oil notion;

The suggested objectives for the strategic plan for national renewable energy do not contain all of the appropriate strategic initiatives in full. These objectives will be sensitive to more basic economic rationale in the field of practical implementation, and a more rational scientific remedy will be discovered for the creation of a distinct and alternative system in tune with the prevailing economic and political conditions (Url-4).

The fuel companies are so closely linked to other segments of the republic's economy it would be ineffective to implement economic reforms in turn of form and content here. From such points of view, it is important to define the general concepts of market policies throughout the republic economy as a whole their application, taking into consideration their characteristic in the fuel market (Huseynov, 2000).

There's no denying the state's role in the economy. It is a reality that the state has been a gauge of economic development and has controlled the economic system at all phases of history, whichever method of manufacturing. The energy and oil complex, as an important factor in the country's macroeconomic security and independence, must be substantially under the State's command and protection in the current tough position. There are a number of problems today that underline a need for actual financial reforms. First of all, this should be recognized that capitalist market principles get a direct effect on the business activity of companies located in the complex, and economic reforms in the field should be identified in each path to minimize that impact. It should be mentioned that the fuel companies have powerful constructive and public systems over the years. Today, the development of the solid distribution, equipment, transport, and energy sectors is required in order to increase production efficiency in the region. Each one of these areas does have its own attributes and financial change objectives, with the long term to be controlled by applicable laws and regulations. The EC legislation should, even so, take into consideration not only the primary manufacturing but also the tasks of the sectors that also serve it under price partnerships circumstances. In this link, the course of market policies in the oil and gas sector varies depending on the state's financial reform strategies and planning. In a context, using the made business used in countries with well - developed fuel and energy complexes, taking into consideration the particularities of the republic, quoting experience in the real world, is the way out from the scenario. This should be remembered, mostly on one side, that perhaps the key reason for the change in implementing market policies in the EU is the lack of capital funds required for this sector. The solution to this issue necessitates the restoration of the complex as per market economy criteria and the application of thorough market policies. Relevant work was being done on the tactic of intensifying policy changes in different CEC structures. In this area, practical and theoretical work has expanded, particularly in the context of offshore oil and gas production. At

sea, the economic reforms of the OGPU are linked to improving the management system in line with market principles, modernizing the complex with modern technologies, increasing service sector efficiency, and increasing financial flexibility (Aliyev, 2002).

Other places of the EC were visited by positive developments. Everywhere, positive trends in deepening reforms are gaining momentum. The former Soviet Union took certain steps in the 1960s and 1970s to reform its market and get out of the difficulties created by the planned system and the methods of administrative command. Specific companies' rights were extended and incentives were given for them all to operate on the benefit of using e and self-financing standards. A range of financial studies, though those who led to certain positive early-stage adjustments, were not compatible with both the actions taken throughout these years. So because actions taken did not foresee progressive policy reforms. It was not feasible to fill in the gaps through unspecific initiatives to surmount the strong contradictions within the economy. The curious thing is that today, to get out of a state of stagnation the economy of a big country like the USSR has gradually turned to raw resources. This is why the purchase of oil products overseas was granted a special place in combating the country's economic crisis.

Productivity is among the message sender in the energy industry 's strategy of market reforms during the existing transitional phase. In the dense the solution to the problem of employees to rate on both positive and negative factors. It would be a failure to deny that objective factors play a significant part in the CEC 's modern stage. Thru the years, nevertheless, productivity growth in the complex has declined many occasions, both in production and in distribution, and the demand for labor also declined appropriately. The existing issue in the fuel industry in the near future will become one of the most difficult, complex, and culturally valuable areas of economic change. The correct tactical implementation of this work does not depend solely on the enterprises that contain the complex. Nonetheless, the existing opportunities for industrial development and social capital and innovation should be used in addressing the job issue. The application of policy changes also entails the process of job commodity creation. Even so, the tasks done in this complexity in terms of modern criteria in the business system are weak and its solution involves radical changes in the business management practice (Huseynov, 2000).

In the fossil fuels industry, the major focus of electricity produced in the republic sector is used. Considering the significance of this area, its electric grid has long been virtually unrestricted. The energy efficiency problem at the facility was therefore put into the past. Data showed that many of the rented facilities, especially in the oil fields, do not accurately account for energy. As is known, the electricity available to OGPD is used by other commercial institutions. At about the same time, there had been cases of illegal access to the transmission lines of existing residential homes, secondary farms, and commercial structures in the minefields. In many of these companies, devices are not installed or are not in working condition. Legal subscribers will not compensate in due time to their debt. Those liabilities are currently numbering several hundred billion manats. Outstanding debt of debts to the energy sector limits the rehabilitation of the power system, the renewal of machinery has a negative impact on the industry's competitive development. The laws of the market economy demand that firms who do not pay their bills do not provide one service or another. Energy use is a concern in all developed world nations. It's no coincidence that the World Bank, the European Bank for capacity building, and other big credit organizations around the world find it prudent to implement programs that help establish order in the newly independent, like our nation. Indeed the European TACIS initiative has offered these companies expertise in improving gas and oil service customer support.

Some of the main factors in creating a strong framework for the reforms to be intensified and enhanced. One of the most important questions is to pay closer attention to the operations take place in this work. Today the Azerbaijan energy complex is beginning a new level. Our analysis, observations, and knowledge of official materials show yet again that importance should be provided to the task of allowing rational and proper use of our people's oil resources. Currently, the oil issue has led to the emergence, in international relations, of a policy dubbed "energy policy," which has assumed a political character, moving from economic parameters. The Republic of Azerbaijan contains many company businessmen. Most of them seized the opportunity to revive a much-declining oil industry. The lack of a real regulatory framework and the former Soviet Union 's bureaucratic totalitarian regime ignored those steps. Even nowadays, the mere attitude towards such measures has not been eliminated completely. Within a rigid system of planning, initiatives were

not allowed to get common. There are favorable opportunities for relevant work in the current situation, and it is time to defend those programs. The realization of these concepts would undoubtedly bring great economic benefits and will stimulate the country's entrepreneurial development. The government, which has physical supply and energy carriers, is responsible for making sure that these resources are effectively utilized and used. The state has to get its amount of government rent in this phase. The International Energy Association national governments and a range of others are utilizing licensing and concessions methods in hydrocarbon deposit exploration and production. For places that are electricity generation users, the authorities perform appropriate regulatory work expressing strategic interests in the growth of the sectors. The economic rent adjusts accordingly, after a long process. Principles that adapt quickly to variations in product energy consumption prices must be given priority in this phase (Bogdanchikov, 1999).

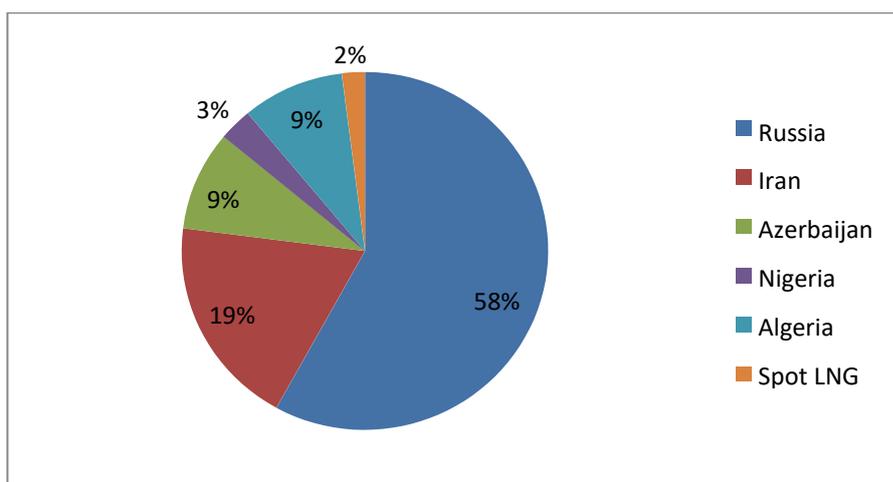
## 5. COOPERATION WITH TURKEY IN AZERBAIJAN OIL STRATEGY

Ever since inception, the Republic of Azerbaijan has joined forces with Turkey in establishing appropriate energy projects. TPC firms from 1 friendly country have a proportion in the "Contract of the Century," which forms the foundation of the tactic for oil and gas, and 2 in the Shah Deniz gas field contract. POTC played an important role in the development of the main export oil pipeline Baku-Tbilisi-Ceyhan and the South Caucasus gas pipeline (Baku-Tbilisi-Erzurum) thru Turkey. TPC and POTC are presently again among shareholders of the involved in managing the procedure of both pipelines.

Such a question comes up during the Master's thesis examination. What interests Turkey with Azerbaijan on partnership in the production and consumption of oil and natural gas?

It is possible to illuminate this with the following:

1. Azerbaijan is one of the most politically stable countries.
2. Azerbaijan is one of the economically developing countries.
3. Azerbaijan has rich hydrocarbon reserves.

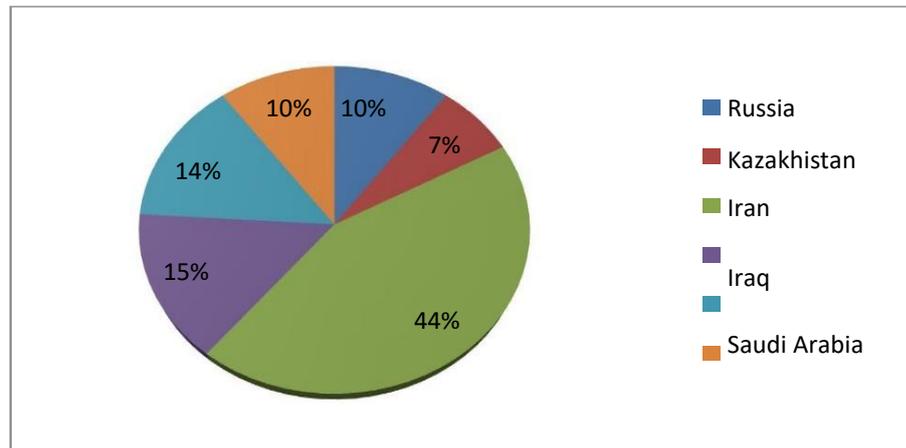


**Figure 4.1:** The shares of the countries in the natural gas import of Turkey (2011 %)

Source: (Url-2)

Turkey has also established energy relations with Azerbaijan to reduce its energy dependence on Russia and other countries. These relations have contributed to the economic independence of both countries.

The chart below shows Turkey's oil and gas imports from different countries as a percentage.



**Figure 4.2:** Share of the Countries in the Crude Oil Import of Turkey (January-September 2012 %)

**Source:** (Url-2)

As can be seen in these figures, Turkey is highly dependent on Russia and other countries in the energy sector. To reduce this dependence, Turkey has established energy relations with Azerbaijan and create projects through the following energy sources.

Nabucco; In February 2002, the Nabucco initiative was developed as a consequence of negotiations between gas companies from Turkey, Bulgaria, Romania, and Austria to enhance Europe's energy supplies. By that time, through such a pipeline, Iraq, Iran, and the Middle East were termed Europe 's main gas suppliers. Azerbaijan at the moment was not recognized for its gas potential. It couldn't even encounter its household requirements and it transported natural gas from abroad. It's only with the start of Shah Deniz gas output in 2006 and the designing of the Baku-Tbilisi-Erzurum pipelines that Azerbaijan came into the forefront as a new source of gas supply. On the other side, the unstable military-political condition in Iraq and the tension over Iran's nuclear program with the United States have prevented these countries from acting as gas suppliers for the Nabucco plan.

The inability to accept deciding action to manage the financial, technical, and other issues that come has postponed the implementation process. An international consortium established in 2007 to build the Nabucco pipeline was set up only after lengthy discussions. The conglomerate consists of 6 members, with an equity amount (16.67%)-German RWE, Austrian OMV, Turkish Botas, Bulgarian Bulgargaz, Romanian Transgaz, Hungarian MOL.

Although the State Oil Company of Azerbaijan (SOCAR) demonstrated a desire to join the task in Europe, it was still unclear whether SOCAR will become an investor in Nabucco, as it was not evident what stance Azerbaijan had on energy supplies through the pipeline.

Even so, the US government, which roading its geopolitical goals in the Caspian region, has made significant efforts to join the task with not only Azerbaijan but also with Turkmenistan. Consequently, in a June 2008 letter to President Ilham Aliyev, US President George W. Bush said: "As Azerbaijan is beginning to boost oil supplies to global markets, the US and its European partners are planning to add gas production in Azerbaijan, too. We assume this would enhance Azerbaijan's strategic importance and strengthen its ties with the Euro-Atlantic Union through the operation of the gas pipelines Turkey-Greece-Italy and Nabucco. "Azerbaijan will play an important part in exporting Central Asian gas to European markets in the future."

The substantial geopolitical location of Azerbaijan in the Eastern-Western passageway of transport facilities and its leadership for mutual cooperation with both the region and the West strengthened its faith (Huseynov, 2000).

The expulsion of supplies of natural gas to European countries has resulted in the "gas crisis" between Russia and Ukraine in January 2009 has decided to make the Nabucco project more important. Russia was getting \$150 billion a year at the period. During the cold days Europe, which needs to import more than just a cubic meter of gas, experienced serious fuel shortages. Because Russia accounted for over half of the foreign-made Western gas. This reflected 30 percent of the market of Europe as a whole.

The "gas crisis" prompted debates on the Nabucco project, which bypasses Russia. It also should be noted that in the Nabucco task, all member countries would have their

own aspirations. Every nation was attempting to make the most of that proposal. The negotiation process is prolonged by challenges in trying to reconcile interests

Southern Gas Corridor. On 13 January 2011, a "Joint Declaration on the Southern Gas Corridor" was signed in Baku by President Ilham Aliyev and European Commission President Jose Manuel Barroso. Consequently, a significant political deal was made for Azerbaijani gas entry to the European economy. Born of mutual interests, this memorandum has opened a new part in the evolution of collaboration.

The implementation of the gas export task to Europe was dependent on the results of the negotiation process with Turkey. Eventually, a host of deals were signed on 25 October 2011, during the Azerbaijani President Ilham Aliyev 's trip to Turkey, which concluded the volatile negotiations so far. Thus, the notarized documents controlled the conditions for gas buy and transit, create a favorable legislative structure for Azerbaijani gas transportation to Turkey and to Europe (Hajizade, 2002).

Turkey would obtain \$6 billion from the Shah Deniz-2 program, according to the arrangements, which are assessed as "a transaction that would change the current balance in the country." Cubic gas meters. He was granted the chance to sell that gas (re-export) to third countries. A maximum of 10 billion cubic meters of gas to be transferred was to be transported to Europe.

One of the important aspects of the contract is the article authorizing the building of a new gas pipeline. Renovation of this gas pipeline was planned from Azerbaijan and Turkey. The work was planned to conclude by the end of 2017 (Kazımlı, 2001).

TANAP; The two countries have therefore decided to launch the building of a new pipeline project, lay the groundwork for the Trans-Anatolian Gas Pipeline (TANAP) idea. This is really seen as creating a diagram of the region's new energy.

It was of necessity a brave decision Azerbaijan provided. Lack of gas supply to fill the Nabucco pipeline brought major financial constraints. Such issues led to lengthy discussions and delays in the decision to construct the pipe. For instance, it was again decided in October 2011 to delay the pipeline design and construction from 2017 until 2018.

Under those situations, Azerbaijan took the chance, and together with Turkey accepted credit for the development of the TANAP pipeline. Therefore, the Shah Deniz field 's second stage of growth will have to be put off again. That has been a

severe blow to Azerbaijan's values and interests. Therefore, the scenario had to be thoroughly vetted and an organizational decision made. Azerbaijan and Turkey have managed to reach a conscious choice to fund the building of a new gas pipeline-TANAP.

To start gas exporting on time, the development of the pipeline needed to proceed in parallel. The documents signed in Istanbul on 26 June 2012, with the involvement of Azerbaijani President Ilham Aliyev and Turkey's Prime Minister Recep Tayyip Erdogan were relevant in this respect (Kazımlı, 2001).

The development of the project has been assessed as a significant step to improving Azerbaijan and Turkey 's energy stability, as well as Europe. It can be recalled that the TANAP project emerged from long-term futile talks between European countries around Nabucco as a plausible result. President Ilham Aliyev said: there really is no accident. "We've seen these conversations go on unhindered and there's no outcome," he said. As always, we decided through bilateral discussions that Turkey and Azerbaijan should take a lead in this issue and collectively enforce this project. That is a Turkey and Azerbaijan project

The gas pipeline 's initial ability was projected at 16 billion cubic meters per capita and later-24 billion cubic meters and much more. The proposal might charge \$7-10bn.

As part of the Southern Gas Corridor, TANAP made possible Azerbaijan's direct exposure to and improvement of global markets through Caspian gas transport to Europe. At the very same time, the design of the system has improved the financial potential, clean energy, and central importance of Azerbaijan and Turkey.

TANAP could also gradually become an important factor in Europe's gas supply and energy security as a whole. Thus, this pipeline has enabled the route of power carriers' imports into Europe to be diversified. This has played a major role in shaping the geopolitical situation of contemporary days (Hajizade, 2002).

Mentioning that TANAP would profit not only Azerbaijan and Turkey but also Europe, US magazine Forbes noted that "the advantageous geopolitical location and the name of a trustworthy partner have enabled Azerbaijan to allow successful use of its gas resources."

The development of a new gas pipeline project through Turkey has led to improvements in the Nabucco project and its transformation into the Nabucco West option, which began at the Turkish-Bulgarian border.

Work was carried out rapidly on the execution of TANAP, a personification of mutual cooperation between Azerbaijan and Turkey. The existence of the legal basis of work has made it necessary to transfer immediately to the phase of development.

Under a preparatory implementation deal made with SOCAR in Baku on 18 December 2012, BP decided to join the TANAP task with 12 percent of the shares. Work was ongoing on the finished product of the agreement, mirroring all the conditions of the deal. The entire outcome of this problem was agreed to sign in Turkey on 13 March 2015. As a consequence, SOCAR (58 percent), Botas (30 percent), and BP (12 percent) were project shareholders. Although other firms have shown attention in the pipeline, they have not decided to join the respondents.

It should be mentioned that the presence of BP, the operator of the Shah Deniz plan and the South Caucasus Pipeline, and other TANAP firms, enhances the effectiveness of the pipeline, which has been seen as an expression of financial and political aid for its lengthy-term service.

TAP. During the heavy work on the TANAP task, Azerbaijan was confronted with the critical and challenging option of determining one of the main pathways for hauling natural gas from the Turkish border to Europe – Nabucco and TAP. This was no doubt just an economic issue. Geostrategic and political factors that may influence decision-making are becoming more prominent (Kazımlı, 2001).

In mid-June 2013, the Nabucco conglomerate put out a press release stating that its members accepted the views expressed by the Presidents of Austria, Bulgaria, Hungary, and Romania in assistance of the task. According to the study, the presidents of these countries pledged their gratitude for the development of the Nabucco gas pipeline in a letter to President Ilham Aliyev. Turkey has also taken part in this action plan (Aliyev, 2003)

Azerbaijan had similar political and economic relations with these countries. In recent times, during the consecutive trips of the Presidents of these states to Azerbaijan, the priority was on projects in the area of oil. However, the decision of path could be premised on Azerbaijan's best interest, taking into consideration

technical and economic circumstances, commercial profit margins, and economic events.

Eventually, on 28 June 2013, the long-awaited deal was reversed. The Shah Deniz partnership reported that it has selected the Trans-Adriatic Pipeline (TAP) to export Azerbaijani gas to Europe (Huseynov, 2002).

As a consequence, it became evident that Azerbaijan's gas will be transferred to Europe for the first time via TAP. At the very same time, the TAP pipeline connecting Turkey, Greece, Albania, and Italy was an important element in the development of the Southern Gas Corridor. The pipeline would also have a role to play in Bulgaria's gas supply.

The release of the Southern Gas Corridor would promote the rapid production of new gas fields in the Caspian Sea and increased expenditure in Azerbaijan, and support the economic growth and energy security of the countries via which TAP travels.

The preference of the Shah Deniz consortium for the TAP project has been approved in the united states, the UK, and the European Union. That is, although Azerbaijan's strategic choice did not coincide with the Western countries' initial expectations, it was in their interests at the end.

The decision of TAP by Azerbaijan has been attributable to both economic and political factors. Second, construction costs will be smaller, as the TAP is 442 km shorter than the 1,300 km long Nabucco West. In the Greek and Italian markets where TAP will be initiated, gas prices have been higher than in Central and Eastern Europe, too. From a commercial perspective, this was deemed more profitable for Azerbaijan. At the very same time, there was a huge market in those economies for Azerbaijani gas. Therefore, it is 3 times more than the volume to be shipped at the initial level, which is to say 30 billion. Plans for buying a cubic meter of gas were made.

At the very same time, processing sensory that external considerations were also influential in choosing the path. According to them, given the Russian factor, Azerbaijan did not allow potential conflicts of interest with its neighbor to the north by selecting the TAP route, instead of Nabucco West, which is under Gazprom 's strong control (Url-3).

The ongoing sequence of action also demonstrates this idea to also be true. Because TAP needs to carry 10 billion. The cubic meters of gas did not present such a danger to the ambitions of Russia. So Russia did receive the TAP project more politely and did not cause friction in bilateral ties with Azerbaijan

It should be noted that the specialists rightfully said that the major people in the Shah Deniz conglomerate, BP and Statoil, were rational in their friendships with Russia. Confronted with Russia on the European market, they couldn't risk successfully spread the message with this country.

The Shah Deniz partnership thus managed to reconcile economic and political interests while making its ultimate ruling on the TAP project (Abdullayev, 2000).

Regarding this, on September 19 in Baku, very significant treaties were made which prepared the basis for the formation of the Shah Deniz-2 project. Azerbaijan has been exporting 10 billion cubic meters of gas a year to European countries for 25 years according to the long-term gas supply agreements negotiated between the Shah Deniz group and 9 European firms. They with more than a cubic meter of gas to market.

The quantity stated 2 billion cubic meters of natural gas. Cubic meters had to be exported equally to Greece and Bulgaria, with the remainder of Italy and the markets around it. The gas that was to be manufactured under the Shah Deniz-2 task in 2018 was permitted to begin the European market in 2019.

After the pertinent decisions are taken to recognize all of the modules of the Southern Gas Corridor, the work needed to implement them as needed. The Shah Deniz-2 project was launched in Baku on 17 December 2013 as a rational result of the measures taken so far. The making financial decision was approved ceremony held (Aliyev, 2003).

The SOCAR presidents and the Shah Deniz group reached a making financial contract on the second step of the Shah Deniz venture and the South Caucasus Pipeline expansion. Coordination between Azerbaijan, Albania, Croatia, and Hungary, the Southern Gas Corridor, and the Memorandum of Understanding on the Southeast European Corridor also was agreed to sign at the ritual.

Along with these countries, the involvement of Georgia, Turkey, Great Britain, the United States, Bulgaria and Italy national leaders, officials as well as other high-

ranking officials, and also the EU Energy Commissioner, reiterated the importance of the sworn statements (Hajizadeh, 2000).

Noting the value of the full-scale development of the Shah Deniz region, President Ilham Aliyev called the plan a "contract of the XXI century." Because of its hydrocarbon reserves, geoeconomic and political value, the Shah Deniz project can be compared to the first oil contract on the Azeri-Chirag-Guneshli fields. Thus, the President of Azerbaijan rightly stressed: "This project would shift the energy map of the region and Europe."

To the countries of the region, the Southern Gas Corridor was of a great political, cultural, social, and smart building. Firstly, the program's launch prepared the path for large-scale investments in those countries. the economic. Together, investment levels were estimated at \$45 billion. It in turn created over 30 000 jobs along the path in the countries. 10,000 of that had fallen to Azerbaijan.

Concurrently, Azerbaijan has easy access to the European marketplaces and expands in many other gas fields- "Absheron," "Umid," "Babek" and others. Had the opportunities to begin generating heavily. The project's scope was to provide new momentum to the gas industry and network growth.

The application of the Southern Gas Corridor project has allowed Georgia, a transportation country, to generate money without spending the cash, meet its wants for natural gas and move forwards in solving complex issues through new jobs.

Turkey, in the switch, bought gas from Azerbaijan at a cheaper price, removed the need for natural gas, as well as a significant platform impacting socio-economic growth. According to Energy and Natural Resources Minister T. Yildiz, Turkey alone will obtain \$4 billion from the TANAP oil pipelines on its own. The financial boost would be. This is due to the economic and logistics capabilities, working population, trade network, etc. that would be shown in operation in the region.

In relation, the successful progress of the system should be considered to be a factor that plays an important role in enhancing Azerbaijan, Georgia,, and Turkey 's geopolitical roles (Kazımlı, 2001).

For European countries, the Southern Gas Corridor was also of wonderful economic and political significance. Consequently, on the Azerbaijan example, they had risen to a special gas source. Gas shipped from the Caspian Sea areas will lead to

increased energy security for Europe. This idea was highlighted at the ceremony in Baku in the sermons by leaders of European countries and the United States.

Albania had a special position amongst the nations. It would be feasible to begin the process of biogas of Albania owing to the pipeline, the source of which did come from Azerbaijan (Atakishiyev, 2014).

Since reaching the final agreement on the Shah Deniz-2 project, the Azerbaijani government focused on implementing the Southern Gas Corridor project in a prompt and good quality way. To this end, on February 25, 2014, the President of Azerbaijan issued a bill "On some initiatives related to the original step of the Shah Deniz gas condensate sector and other initiatives for the institution of the Southern Gas Corridor" to formulate appropriate mitigation plan and provide funding.

The declaration ordered SOCAR to create a public joint-stock company for the efficient leadership of Southern Gas Corridor based tasks. The allowed capital amount to 100 mln. The state-owned 51 percent of the company 's shares and 49 percent controlled SOCAR.

If the Shah Deniz-2, SCP, TANAP, and TAP joint-stock firms, which are part of the western Gas Corridor, took control steps in line with their strategies and preferred to preserve business interests in the first place, then the countries involved in these projects tried to make sure productive and long-term. Effective implementation of the Southern Gas Corridor however has been in the interest of the parties. In this respect, the grand opening for the Southern Gas Corridor on 20 September 2014 at the Sangachal Terminal near Baku was of high significance as the start of a substantial phase of a Project.

Speaking at the ceremony, high-level representatives from different countries underlined the Southern Gas Corridor's role in European countries' energy security. Noting that the gas crisis of 2009 had severely impacted Bulgaria, President Plevneliyev said: "Our country depended on one pipe, and we had no option. Hundreds of millions of euros per month lost to the Bulgarian economy. New methods have been a symbol of significant benefit to us and diversifying the energy route has been a primary concern.

The Southern Gas Corridor would signal the end of all these reliance years. It will put our area and the broader world-Europe open. "indicating that the design of the

system is a vital problem for the country, President Plevneliyev said that the renovation of the gas pipeline linking Bulgaria with Greece would be finished by 2016 and that they would soon be working towards to the development of the Bulgarian-Turkish pipeline.

Expressing the function of the European Union, Barroso's views are additionally noteworthy: "This task is now not simply a pipeline, however a vital strategic energy hall of the XXI century. It will be a real, geostrategic project" (Hajizadeh, 2000).

But the reality that the Southern Gas Corridor 's groundbreaking ceremony aligned with the 20th anniversary of the Century's contract was also significant. The first oil agreement in all ways, and the going to lay of the Southern Gas Corridor foundation, which can be likened with BTC's important role in the region, prepared the path for the start of the gas time period in Azerbaijan.

However, the accomplishment has created fear among some communities in European countries, which use various justifications to hinder it. The key arguments, as during the building of the BTC, were ecology, environmental protection and the safety of historical monuments. This moment, the same investments were directed toward the last segment of the Southern Gas Corridor project, the TAP pipeline in Azerbaijan (Abdullayev, 2000).

The success, however, has caused concern among some societies in European countries, which are using various explanations to affect it. During the construction of the BTC, the main points were biodiversity, environmental conservation, and the preservation of historic sites. At this present time, the same investment decisions were directed toward the TAP pipeline, the last section of the Southern Gas Corridor Project (Atakishiyev, 2014).

Given erasing barriers, the installation of different options might hinder the Southern Gas Corridor's performance and future development. At a certain time, due to pressure from the European Union, the development of the South Stream pipeline from Russia to Europe via the Black Sea, Turkish waters, and Bulgaria was stopped. Russian President Vladimir Putin said on his trip to Ankara in early December 2014 that the South Stream project would not be quality characteristics to Bulgaria's refusing to support construction.

Conversely, Gazprom started to consider broadening the pipeline to Turkey through the Black Sea, and gas sales to European countries from the Turkish-Greek border. In this scenario, the serious contests could be formed by the so-called "Turkish Stream" pipeline which reaches the same economies as the Southern Gas Corridor (Hajizadeh, 2002).

Nonetheless, the government of Azerbaijan has begun taking the appropriate precautions to ensure the timely construction of the program on the Southern Gas Corridor. On 12 February 2015, the first ministerial meeting of the Southern Gas Corridor Consultative Council was held in Baku on the initiative of President Ilham Aliyev. Energy ministers from the involved nations, the EU, the United States, the United Kingdom, and leaders of financial institutions attended the meeting.

As a private venture, Azerbaijan did not contact the Southern Gas Corridor just. The fall in global oil prices below \$50 a barrel in 2015 created financial difficulties for energy projects. However, the plan was completed possibly by the strategic will of Azerbaijan and its partners, despite the sharp decline in oil prices at a period when the design of the BTC Export Pipeline was being solved. Thus, at the Munich Security Conference, President Ilham Aliyev said that, even though having fallen energy prices make it hard for the Southern Gas program to implement to be industrially viable, it should be seen as a concept that provides the energy supplies and, inevitably, the global defense of the involved nations (Hajizadeh, 2002).

Retaining a pragmatic and meaningful stance on the resolution of the concerns, Azerbaijan has been in pursuit of the willingness and accuracy of the participating countries in the execution of the Southern Gas Corridor.

Speaking at the first conference of the Consultative Council, the European Commission Vice-President for Energy, Mr. Shevchovich, accepted the lack of adequate electoral backing and effective coordination for the Nabucco project and said that it is now needed to fix the errors. He rationalized the significance of the Southern Gas Corridor: "Today, and according to our computations in the European Union, 65 percent of the gas we use and 90 percent of the oil we import will be transported. In the future, the volume of gas we import into the European Union will be 84% and the amount of oil will be 94%.

Firstly, taking into consideration the intensity of the matter, M. Shevchovich suggested catching up on a road map and emphasized the importance of working in order to comply with this timetable (Hajizadeh, 2002).

The viewpoints of BP Regional President G. Birrell were also encountered with benefits at the conference of the Advisory Board. Noting the value of the project, he said: "This project is a mega-project in the oil and gas business. It is potentially one of the 3rd or 4th biggest energy projects in the world at the moment. This is a new source of energy for Europe and Turkey. "The conversations in the corporate environment have therefore provided an emphasis on the execution of the Southern Gas Corridor Project.

A couple of weeks after the ministerial conference in Baku, a grand opening for the Trans-Anatolian pipes occurred in the Turkish region of Kars on 17 March, with the involvement of the Presidents of Turkey, Azerbaijan, and Georgia.

This laid the groundwork for the transition to the new stage of collaboration between Azerbaijan and Georgia and Turkey. Regional ties in the areas of production and transportation and communication were further reinforced and established. The format of the partnership was general. Advantageous prospects have been created for other nations to join this format-Greece, Albania, Italy, and Bulgaria. The policy stance of the US Government has also played an important role in the destiny of TANAP and other projects. State Department former ambassador A. Hochstein said at the wedding: "The US Government believes in the significance of this task and is dedicated to energy safety in Europe. The US government, therefore, appears to believe that the application of a project including the Southern Gas Corridor through TANAP and TAP is in its strategic interest. Therefore, above - the mentioned view could be seen as an expression of very clear and decisive public influence for the project.

Given the start of the development of TANAP with huge backing from the West, the obstacles to the Operating in the public, which is regarded to be a reiteration of the TANAP project, have still not been erased. The Greek Government's failure to make a conclusion on the pipeline has postponed the project. As a consequence, the pipeline transferred Azerbaijani gas to Europe from 2019 to 2021.

Greece used the TAP project as an implies of increased dependence to solve its financial and economic problems. Despite Western protests, the Greek government stiffened its position on the TAP, supported the Turkish Stream project, and negotiated with Russia. Russia, for its part, has made sacrifices to attract Greece, saying that it is willing to provide \$2 billion to fund the movement of the initiative through Greece (Url-3).

As a result of the negotiation process, Russia and Greece signed an agreement on the Turkish gas pipeline on 19 June 2015.

Turkey, which is trying to strengthen its role as a gas distribution point for Europe, has also supported the Turkish Stream initiative. Ankara, which is involved in intensive negotiations with Russia, also wanted to snatch deals to buy gas from the world at a discounted cost. Thus, Turkey kept insisting that TANAP and the Turkish Stream initiatives were not competitors.

The Azerbaijani part also tried to claim that the two projects were not rivals. However, this idea could be seen as a prudent position to achieve the unimpeded progress of his venture.

However, it's become clear from the beginning of July 2015 that distinctions between Russia and Turkey on financial matters associated with the purchase and sale of gas could not be fixed. As a consequence, Turkey did not agree to the development of the Turkish Stream pipeline, and the work on the site was banned.

Of course, the impact of the European Union has also played an important role in Turkey 's tough stance on the matter.

Work was ongoing on the Southern Gas Corridor. Azerbaijan, which carries most of the responsibility, has taken the steps to fulfill its capital expenditure obligations on time. In July 2015, the authorized Southern Gas Corridor Fund CJSC earned \$725 million from SOFAZ dollars. This allowed the project to continue the development of the pipeline, in specific TANAP, on budget.

At the very same time, the European Commission has not decreased its spotlight on the project. As per a report by the European Investment Bank in August 2015, given its role in energy security, the TAP pipe has been included in the list of 33 key energy policy interests of common interest by the European Commission

The departmental conference of the Southern Gas Corridor Advisory Council played a significant role in solving the challenges faced by the organization. This tool, created at the action plan of Azerbaijan, has allowed proper collaboration, guaranteeing the involvement of all States and interested parties involved in project conversations.

The second meeting of councilors within the structure of the Consultative Council, retained in Baku on 29 February 2016, can be stated in this respect. The meeting evaluated the jobs performed last year and set out such a plan of action for the next period. Noting that the body is progressing on time, the participants said that the joint efforts will proceed (Atakishiyev, 2014).

It was evident from the remarks of the ministers that the European countries are paying close attention to the Southern Gas Corridor and are determined to overcome all barriers. "Both Maroš Evjevçovi (European Commission Vice-President for Energy) and I are just here to say that such a proposal is a required part of the EU's power security strategy and that energy diplomacy is a major element of our foreign policy."

"Azerbaijan has also tried to use all its opportunities to reconcile its commercial and political priorities with the economic and strategic priorities of Europe. Western nations have also recognized the need to act more aggressively and effectively to ensure energy stability.

International financial institutions have also been involved in investing in the Southern Gas Corridor scheme. Azerbaijan has taken practical actions to collaborate with them in this sector. In March 2016, the Southern Gas Corridor Shuttered Joint-Stock Company committee viewed the task in London and a number of US cities and conducted interviews with shareholders. The objective of this strong support is to start raising \$1 billion to fund the project. The positioning of securities to be issued in the amount of USD was to be accomplished.

Owing to lower oil prices, the project cost was also increasing. Thus, if the TANAP proposal amounted to 11,7 billion in 2013. The price was estimated at \$2.5 billion at the beginning of 2016. The USD declined by 9.2 billion. Uh, dollars. The same could apply, of course, to TAP and other sections of the task.

As of May 2016, all job under the Shah Deniz-2 project – the building of platforms, the trenching of boreholes, the growth of the Sangachal Gas Terminal and the South Caucasus Pipeline – was in full flow. 70% of the work planned has already been done (Url-5).

The design of the TANAP was planned. It has also impacted the stance of international financial institutions. As a result, the World Bank and the European Investment Bank have allocated \$1 billion per year to Botha. They said that they were able to lend \$1 billion to the loan.

Problems pertaining to the TAP project, the last part of the Southern Gas Corridor, have been continuously resolved. The inauguration ceremony for the Trans-Adriatic Pipeline was actually caught in Thessaloniki, Greece, on 17 May 2016.

High-level diplomats from Azerbaijan, Turkey, Georgia, Greece, Italy, Albania, Bulgaria, the United States and the European Commission attended the event.

A crucial step was taken towards the completion of the Southern Gas Corridor, starting with the development of an 878 km pipe from the Turkish border to Italy. TAP is planned to begin operational in 2020 (Hajizadeh, 2000).

## **6. CONCLUSION AND RECOMMENDATIONS**

We can complete the mentioned briefly in this type:

Relations between Turkey and Azerbaijan are currently gaining traction, based on relationships Energy. This is focused on the creation of the two countries international and regional strategy responsibilities undergirded by the Unified modelling will retain that level of friendships. Ilham Aliyev, the objective for Azerbaijan in its third term in the presidency is to strengthen active strategy on game-setting. The justification of productivity expansion is the major role for the country in regional energy projects and energy projects investment outside of that country. Azerbaijan is building its policy on the transport of its hidden resources to the market by good management, the reassurance of its regional role and implementation of structural change of nation. The moves made are assumed to these purposes, it will increase the power of the nation and help it reclaim the land which Armenia occupations. In Azerbaijan power is used both tasks as a carrot and sticks toward Armenia. Such projects, alienate Armenia which supports local actors to different degrees. In comparison, SOCAR has stated repeatedly that Armenia. If truce can be attained, it could also take part in these projects.

1994 represented the launch of the new energy policy plan for Azerbaijan. Our Government and the world's leading energy firms have reached a contract. This deal, signed in 1994, was given the name "Century Deal." It was due to the number of resources and the fact that one of the biggest oil topics in the field was indeed the "Azeri-Çıraq-Günesli" deposit, which was considered as the resource base. This deposit has been in usage for more than 20 years and is considered the fundamental component of our national oil output.

Thus for the first moment, the Caspian Sea was attractive for foreign capital expenditure. In 1996, Azerbaijan and a conglomerate of foreign firms led by BP signed a personal deposit agreement. The oil deposit "Shahdeniz" is the foundation of "Southern Water Corridor" The first oil output was noticed on the system "Chirag"

in 1997. This was likely the highest in the oil industry's history, implying that the time period between signing the deal and producing the first oil was just 3 years.

The Baku-Supsa pipeline which links the Caspian Sea with the Black Sea was forced to withdraw in 1999. This tied Azerbaijani oil to be transferred to the Georgian Black port city of Supsa. That's been the crucial feature of expansion. The Caspian Sea and the Black Sea fused into the pipeline transporting petroleum products for the first time.

The BTC oil pipeline was functional in 2006. The first time the Caspian and Mediterranean Seas decided to join the waterway. In 2007 Turkey's city of Baku, Tbilisi and Erzurum was begun taking, incorporating the gas pipeline from the South Caucasus.

In 2011, the European Union and Azerbaijan signed an agreement on the Southern gas corridor in Baku. Natural gas from the "Shahdeniz" down payment and other Azerbaijanian natural gas deposits will be transported via Southern Gas Corridor to global markets. The origin core for the southern gas corridor is the deposits called "Shahdeniz," of which BP is the envoy. "Absheron," "Umut" and other deposit accounts will contribute to the Gas Corridor in the South.

Thus, the output of Azerbaijani natural gas from the sector of Shah Deniz to European markets can be defined as a lengthy and complex process. The first stage of this process is the consideration of the possibility of transporting Shah Deniz gas through the Nabucco pipeline after 2006 and the efforts made to introduce this proposal at the behest of European countries. However, Western countries' reluctance to take responsibility has made the Nabucco project a subject of endless discussion. As a consequence, the arrest by Azerbaijan of the action plan by signing the agreement with Turkey on the TANAP project in June 2012 spurred to the isolation of the Nabucco project from the ideology.

Based on its political, economic, and geopolitical interests, Azerbaijan, together with Turkey, proposed a new format of cooperation with the West. As a result of the reconciliation of mutual interests, the TAP project emerged as a TANAP and its continuation. Thus, the Southern Gas Corridor project, consisting of Shah Deniz-2, SCP, TANAP, and TAP, was formed. The 3500 km stretch from the Caspian Sea to the south of Italy is a strategically important project in terms of ensuring energy

security and protecting the economic and geopolitical interests of Azerbaijan and Turkey, as well as other transit countries and Europe. At the same time, the Southern Gas Corridor will provide new momentum to the growth of mutually advantageous economic and political relations between all governments and will serve as a basis for social progress. Close collaboration between Azerbaijan and Turkey is important to the execution of all projects in a standard document and storage.

All these greater propensities are very key in implementing energy policy for Azerbaijan.

Of the topic of the country's energy policy Thesis with its foreign and Turkey as it is the co-location effect and you will come to the conclusion that, as we have seen above, the government-ready to conduct independent strategies with Azerbaijan, Turkey and, of course, the oil-rich world plays a pivotal role here.

In my view, Azerbaijan's ability to signability deals with Turkey as well as efforts to solve its problems as the international policy of Azerbaijan makes for the issue in international affairs. Greater energy plan involves financial empowerment. Expanding the country's economic power is one of the variables which validates its international position. Azerbaijan has now accepted itself as a security ally. In general, the transformation of local collaboration within the country, the role of Turkey in securing energy supplies and other factors further enhance Azerbaijan's importance on the global stage.

When analyzing the economic relations between Turkey and Azerbaijan, it is shown in the scope of the report that the economic relationship between the two countries is well below standards. There was no development of free trade area between the two countries, and no visa-free regime was enforced. Evaluating the distribution of Azerbaijan's exports, it is found that 15.75 % of imports are produced in Turkey.

Russia is leading Turkey with a total of 14.28 % . Turkey is the number one importing country of Azerbaijan. Turkey made 3 billion worth of sales to Azerbaijan in 2013. This value represents around 2 % of Turkey's total exports. The amount of foreign exchange between the two countries is USD 3,295 million. This figure represents 0.8 % of Turkey's overall volume of foreign exchange. Azerbaijan places in 27th place as Turkey's international trade value is measured. Turkey has no large share of Azerbaijan's exports.

The production of Azerbaijan to Turkey is 2.5 % of its overall exports. Turkey is on the top sensor measures the distance list in the 11th row. And although the position of the oil has always been stressed in ties among Turkey and Azerbaijan, Turkey buys just 1.5 % of Azerbaijan's oil. As a field of collaboration, the oil pipelines have had a more important position. The process begun with the Baku-Tiflis-Ceyhan Oil Pipeline proceeds in this context with the Baku-Tiflis-Erzurum Natural Gas Pipeline and the Trans-Anatolia Pipeline (TANAP).

Importantly, pipes are significant determinants to Azerbaijan's security and health. 80 % of Azerbaijan's oil was generated by Turkey. The Trans-Anatolia Natural Gas Pipeline will be the member of the Hungary-supported Southern Gas Corridor. This project would contribute to Turkey's diversity of routes.

Here are my recommendations for the future of this research:

Turkey and Azerbaijan should be interested in developing their relations in the future through the non-oil sector as well. Turkey's tourism, textiles and weapons industry have developed. Turkey should invest in the development of these areas in Azerbaijan.

As we know, Turkey has also found new energy resources in the Akdeniz. It should be interesting in using Azerbaijan's past experience in extracting these energy resources.

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