Current State And Development Problems Of The Export Potential Of The Metallurgical Industry

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Abstract - The importance of foreign trade relations in the formation of sustainable development of the national economy has been determined, the current state of the export potential in the metallurgical industry has been assessed and the directions for building the structure on an effective basis have been determined.

Keywords – metallurgical industry, export potential, import, economic potential, production, non-oil industry

I. INTRODUCTION

In the process of studying modern problems of the development of foreign economic relations, it is important to clearly define the essence and content of such a concept as "export potential", which is closely related to the broader concept of "economic potential". In a sense, the potential is a degree of power, the sum of some possibilities. Here it is considered as a potential physical quantity and internal capacity. Export potential is the ability to export existing or manufactured products of a particular country. Export potential should be viewed as an absolute value and a complex indicator that takes into account the characteristics of an industry or market.

The first step in determining the export potential is to identify the attractive import countries. For countries that do not participate in international trade, the potential is huge. But the following fear has been expressed: "With whom will we trade when the developing countries of the world produce the same kinds of products as the developed countries?" This fear is unfounded. Development per se does not lead to less foreign trade. The developed nations of the world do more trade with one another than they do with the underdeveloped countries. This points up the fact that economic development will increase our international trade rather than diminish it. At the same time, it should be noted that the level of international trade is already quite high in some developing countries. For example, imports from Mexico and Venezuela exceed billions of dollars every year. If certain countries are importing the product, clearly the conditions necessary for the use of the commodity in that country already have been met. The dollar volume of that country's imports of the product is some indication of the size of the market. If a firm already produces a similar or identical commodity and sells it at present in his state there probably is a potential for export of that commodity to other countries. While it is a sufficient condition that there is a potential for export of a specific product if the generic product is already imported by a given country, this is not a necessary condition. Another question that may be asked, is, "Do they consume the product in the country?" If the product is consumed in the country, it may be a potential successful import. If a similar product is used, the comparative advantage of the new product over the products already used or imported may be studied. Although the country may not at present import the product or consume it, if products with similar characteristics are utilized, there is a possibility of the commercial feasibility of selling the product in that country. Market surveys in a foreign country should follow the same fundamental principles as those in the domestic economy. The basic factors determining the characteristics of the foreign market include the following: • Population. • Income. • Literacy. • Climate. • Resources. • Economic production patterns. • Social, cultural, and religious factors. • Transportation facilities and costs-to and within the country. • Exchange position-foreign exchange situation of the country. • The role of government. [1]

The impact of each of these factors on export potential is significantly different. It should also be noted that each of them initially affects not the export potential as a whole, but the individual components that make it up. As a result, a new, higher level of the country’s export potential is formed based on the export potential of its internal components.

In the foreign trade strategy implemented in our country, reforms are carried out in the direction of the effective formation of export potential, taking into account the peculiarities of the development of the national economy, demand for products of priority sectors in the world market. We consider it expedient to consider the economic content of export potential at the sectoral level, before examining these opportunities and features of the formation of export potential. It should be noted that the export potential at the sectoral level includes all-natural resources, raw materials, and semi-finished products, new knowledge, advanced technologies, highly qualified engineers, services, information resources, various licenses, and patents. It occupies an important place in shaping the economic development of our republic among the countries.
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It should be noted that by the historically established conditions of the export potential of Azerbaijan, the oil industry was initially focused on the export of raw materials. At the next stages, a special place is occupied by the export of semi-finished products and, to a certain extent, finished products. According to the general principles of the formation of export potential, such a formation of the export structure is characteristic of low and middle-level countries in terms of economic development.

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The implementation of a well-thought-out state policy has created conditions for the formation of stable financial resources of the country and, accordingly, the development of all industries. Industrial volume has nearly doubled in the past ten years, mainly driven by the non-oil industry. Significant progress has also been made in the non-oil sectors, including metallurgy and mechanical engineering, over the past decade. Looking at the main assortment of goods that make up the export basket of Azerbaijan, it seems that the goods with the largest share in exports are related to the metallurgical industry. For objective reasons, most of the mining sector in Azerbaijan falls on the extraction of crude oil and natural gas. The production of metal ores in the mining industry has been growing steadily in recent years. The positive dynamics observed in 2015 testifies to the untapped potential of the industry. However, since the beginning of 2016, there has been a certain stagnation in the extraction of metal ores. The processes taking place in the world economy and the instability of regional demand do not go unnoticed in the development of the country's economy. Roughly, the same trend can be attributed to the metallurgical industry. Currently, metallurgical enterprises and enterprises for the production of finished products mainly produce cast iron and steel products - bars, steel pipes, fittings, cold-formed profiles. The production of oil and gas pipes, special grades of steel, flat and long products (rolled products) looks attractive from the point of view of creating added value. There are unused opportunities for rolling production. In some plants, rolled steel production facilities are idle for most of the year. Besides, the potential for the production of aluminum, gold, and gold products is considered to be quite high.

For optimal use of the country's natural resource base, cooperation with international mining and metallurgical companies will be intensified, as well as the privatization of the "Dashkasan Ore Refining" Open Joint Stock Company, which is part of the Azerbaijan Steel Complex, will be completed. Production volumes of iron concentrate roll will increase. The creation of a network of enterprises covering the technological stages of ferrous metallurgy is encouraged: the production of metallic iron, electric steel smelter, production of steel sheets, etc. The main indicators of activity are ensuring the full use of the local raw material base of the ferrous metallurgy, the construction of a new plant for the extraction of iron ore and steel, as well as an increase in orders in mechanical engineering. The main risk factors are the lack of a network of enterprises to cover the stages of processing in the ferrous metallurgy and the impossibility of restoring processing plants for the production of final aluminum products, as well as the determination of
II. CONCLUSIONS

The limited domestic market for each country, the lack of a single economic complex, the specialization of industrial production and the export of raw materials, the imperfect infrastructure of transport and communications, as well as the monopolization of industrial production at the initial stage of the national development of the republic based on foreign ones, a trade policy for import-substituting industrialization is necessary. The logic of the development of export potential, diversification of the structure of export and import of goods has a significant impact not only on economic, but also on the development of social, and therefore political processes in the country.

Thus, the development of competitive export potential and diversification of the structure of imports in the Republic of Azerbaijan, on the one hand, creates favorable conditions for the entry of domestic export products to the world market, and on the other hand, it provides conscious protection of local producers from foreign competition, products exported from the country and gradually increase the share of high-tech products in the export structure.

REFERENCES

[1] How to Analyze a Product or Service's Export Potential (trade.gov)