The goal of this article is to investigate the causes of the inadequate reaction of the manufacturing industry of Azerbaijan to the devaluation of the national currency using the dairy industry as an example. To this end, hypotheses are put forward on the dependence on imports, weak production capacities and export experience, and research is being conducted in this direction.

Research methods and methodology. The study was based on the well-known studies of modern economists in the field of modeling open economies. In During the study, the author used the method of statistical analysis, the method of comparative analysis and the hypothesis method. The economic and mathematical tools of the work included methods of conditional optimization, analysis of differential equations, as well as econometric and statistical methods: regression analysis, the study of stationarity and cointegration of time series, vector autoregression.

The scientific novelty of this article is the conclusions made by tracking down the fluctuations of the national currency associated with the economic crisis of 2015, when there was a sharp decline in production in the manufacturing industry, the causes of the devaluation of the national currency were determined.

It is noted that after two sharp devaluations of the Azerbaijani manat in 2015, the country showed signs of an economic crisis, which in some segments, instead of increasing, there was a decrease in production and export. This indicates the presence of problems in the field of foreign exchange risk management in the country’s manufacturing enterprises.

In conclusion, the author, summarizing his research, notes that an analysis of the production, consumption, import and export of a number of processed products in the period after the devaluation of the national currency in Azerbaijan allows us to draw the following conclusions:

Despite a twofold increase in the equivalent of import prices in manats, there was a significant increase in imports of some goods, and this is due to the following two reasons:

1. Some imported products are important raw materials for the manufacturing industry (for example, milk powder), and their production in Azerbaijan was not organized.

2. The import of certain products has been increased in order to replace other more expensive products (for example, vegetable oils have replaced oil).
INTRODUCTION

Economic crises situation created by double leap devaluation of national currency in 2015 in Azerbaijan obviously proved dependency of the country on hydrocarbon resources and had sharply raise the issue of development of non-oil sector. That’s why, evaluation of the impact of devaluation on manufacturing industry is of special interest. Realization of indications characteristic of Dutch disease in Azerbaijan for years, as well as its negative impacts on the manufacturing industry increases the urgency of such type of research.

The goal of this article is to investigate the causes of the inadequate reaction of the manufacturing industry of Azerbaijan to the devaluation of the national currency using the dairy industry as an example. To this end, hypotheses are put forward on the dependence on imports, weak production capacities and export experience, and research is being conducted in this direction.

During the study, the author used the of statistical analysis, the comparative analysis and the hypothesis methods.

The scientific novelty of this article is the conclusions made by tracking down the fluctuations of the national currency associated with the economic crisis of 2015, when there was a sharp decline in production in the manufacturing industry, the causes of the devaluation of the national currency were determined.

ANALYSIS OF RECENT PUBLICATIONS ON THIS TOPIC

It is noted that after two sharp devaluations of the Azerbaijani manat in 2015, the country showed signs of an economic crisis, which in some segments, instead of increasing, there was a decrease in production and export. This indicates the presence of problems in the field of foreign exchange risk management in the country’s manufacturing enterprises.

As a result of the sharp fluctuations in the exchange rate, we have targeted a major problem specific to the national manufacturing industry. The point is that, according to the theoretical fact, the devaluation of AZN should have led to an increase in Azerbaijan’s exports and a decline in its imports. But this expectation did not justify itself. And most importantly, there was a decline in the volume of processing industry products. In order to investigate the causes of this unexpected fact, we are striving to examine the hypothesis of "dependence on imported raw materials in the manufacturing industry" by setting it forth.

After 34.6 % increase of rate of USD on February 21, 2015, production growth in manufacturing industry in January-June, as expected, has increased by 4.5 times to 18—19% compared to 4% in January-March as expected. However, the subsequent dynamics reveal that this is the maximum limit for this indicator — in subsequent years...
the growth rate of production slowly decreased and dropped to zero in August 2016, falling below the indicator for January — March 2015. It is necessary to understand this phenomenon.  
1. First of all, it should be noted that it is not production that falls to zero-limit, it is the growth rate of production and this can be a natural phenomenon — this is known as the law of declining productivity in economic theory. In other words, it can be called saturation of efficiency, which is that the efficiency of each additional investment decreases gradually. In macro level, the most beautiful manifestation of this law is the variety of the rate of GDP growth in countries with different developmental levels. Indeed, while in countries with high GDP per capita, the GDP growth rate is at the level of 2—4%, in China, India, Turkey, Brazil and other fast-growing countries, this figure sometimes reaches to double digit limit [3].

Thus, the decline in production rates in Azerbaijan’s manufacturing industry can be regarded as a natural phenomenon, which is not a concern at all, and can even be regarded as reaching the level of saturation of our country. However, the following analysis shows that this conclusion is wrong and at the same time dangerous.

2. Secondly. One of the important factors influencing the decline in production growth was, of course, the high volume of loans borrowed in foreign currencies. Indeed, the rise in world oil prices for many years and the steady increase in oil production in Azerbaijan have led to a downward trend in the dollar. This created the idea of efficiency of credits in USD that made the owners of sharp devaluation credits to be in shock. As a result, even after the devaluation, loans to firms increased despite the decrease in interest rates on loans. The important thing is that here it is not the rate of growth of loans, but rather its size, which can be regarded as a decline in business activity, that is, an element of the economic crisis.

3. In order to justify the results, we will get more thoroughly, let’s look at export in the same period. After the first devaluation in February 2015, the growth rate of non-oil sector exports declined rapidly dropped by 50% in January 2016 compared to January 2015. This means that the volume of export of non-oil products has decreased twice a year. Even during the whole period of 2016, there has been a tendency to decline compared to previous periods. Due to the twice devaluation of the national currency and the increase in production in the non-oil sector, such sharp decline in exports rather than the increase in exports of this sector requires a special explanation.

STATEMENT OF THE MAIN MATERIAL
In order to explain these processes, we offer the following two hypotheses.

Hypothesis 1. In the result of devaluation of the national currency, increase of production in some processing fields happened on account of decrease of import. This fact known from the first sight is confirmed obviously in the result of the following analysis.

Hypothesis 2. Though devaluation of the national currency stimulated the export, the decrease of export in manufacturing industry can be explained with the following three reasons:

a) Dependence of manufacturing products on the import of raw material. This is a natural hypothesis: If the major raw material of produced product is imported, the price of this raw material in AZN is increased twice in the result of devaluation.

b) Lower production capacity. The lack of free production capacity does not even allow increasing production in favorable conditions. This factor has probably played an important role in Azerbaijan. Thus, as a result of devaluation of the national currency, the decline in imports has led to a gap in the domestic market that not only increased production, but even some part of the previous exports was directed to fill this gap.

|                | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| **RESERVES**   |           |           |           |           |           |           |           |
| Balance for the beginning of year | 172641    | 171588    | 119739    | 152313    | 158195    | 164815    | 22115     |
| Production     | 1535753   | 1597452   | 1695588   | 1796706   | 1855838   | 1924542   | 2009913   |
| Import         | 647229    | 654608    | 642255    | 575873    | 58753     | 366035    | 238488    |
| Total reserves | 2355623   | 2423648   | 2457582   | 2522606   | 2595786   | 2453932   | 2320516   |
| **USES**       |           |           |           |           |           |           |           |
| For cattle and poultry forage | 47112     | 45609     | 46264     | 47471     | 48848     | 46206     | 23688     |
| Use as foodstuff | 2099713   | 2230548   | 2206834   | 2257347   | 2321031   | 2345715   | 2276948   |
| For production of foodstuff | 1359223   | 1323683   | 1872898   | 1871194   | 1936413   | 1951596   | 2017446   |
| Cheese production | 356948    | 364805    | 388200    | 391259    | 396463    | 399396    | 407142    |
| Production of milk and cream | 410845    | 359031    | 853304    | 859807    | 869044    | 888371    | 913379    |
| Production of butter | 458133    | 461877    | 478686    | 478499    | 517883    | 524009    | 356051    |
| Production of sour milk | 130147    | 130932    | 129157    | 129551    | 130920    | 125812    | 123973    |
| Production of other products | 3151      | 7020      | 23013     | 11629     | 22103     | 14008     | 12401     |
| Export         | -         | 27         | 47        | 6072      | 6019      | 6262      | 5753      |
| Losses         | 37210     | 27725     | 52140     | 53521     | 55073     | 35094     | 9233      |
| Balance for end of year | 171588    | 119739    | 152313    | 158195    | 164815    | 22115     | 4914      |
| **Total uses** | 2355623   | 2423648   | 2457582   | 2522606   | 2595786   | 2453932   | 2320516   |

Table 1. RESERVES and USES of milk and dairy products, ton compiled based on the data of [2]
ЕКОНОМІЧНА НАУКА

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c) Weakness (absence) of export practice of manufacturing enterprises. We will show below the importance of this case in Azerbaijan.

1. The impact of collapse of national currency on the milk producing enterprises

The production of dairy products is one of the dynamically developing industrial fields of Azerbaijan. According to the researches, Azerbaijan has competition superiority in this field [4; 5; 6]. As seen from the Table 1, the production of milk and dairy products has regularly increased in physical use. Though severe decrease was observed in 2013, the import in pre-crisis period in 2014 was increased again.

But, the import of these products in 2015 was decreased by 37.1%, and in 2016 by 21%, in total the decrease was about 66%. But, the most interesting case is that wither in 2015 or in 2016, the domestic consumption was increased insignificantly (accordingly 0.8% and 0.6%). This confirms our hypothesis that though some part of the domestic consumption gap arising out from decrease of import was provided on account of increasing production, there was necessity of using certain part of previous export to cover this gap (Table 1).

The situation is similar in milk and cream with the fatness of 1—6 %: in 2014—2016, the import was decreased by 47.3%, and the production was increased by 5%. The domestic production was increased as about the production (4.4%). That’s why, export was decreased by 21 % in order to cover the 47 % decrease in import.

The cheese import in the country was decreased significantly during the reviewed period (47%), however the domestic consumption was increased by 5%, while production was increased by 3% in total. As seen from the Table 3, some part of domestic consumption that was increased on account of import was provided on account of the balance for end of year and this resulted in regular decrease of those balances.

Table 2. Reserves and Uses of milk and cream with fatness of 1—6 %, ton compiled based on the data of [2]

|          | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2016: 2014 |
|----------|------|------|------|------|------|------|------------|
| RESERVES |      |      |      |      |      |      |            |
| Balance for the beginning of year | 8596 | 8915 | 9025 | 9108 | 9184 | 9366 |            |
| Production | 709634 | 823470 | 830205 | 839301 | 857952 | 880963 | 1,05       |
| Import | 16694 | 10980 | 11878 | 9783 | 8668 | 5152 | 0,53       |
| Total reserves | 734924 | 843365 | 851108 | 858192 | 875804 | 895481 |            |
| USES |      |      |      |      |      |      |            |
| Used as foodstuff | 718268 | 825249 | 832281 | 839296 | 857087 | 875856 | 1,044      |
| Export | 13440 | 13400 | 14734 | 47506 | 48138 | 48495 | 49434 | 1,03       |
| Losses | 7741 | 8898 | 8979 | 9055 | 9235 | 9443 |            |
| Balance for end of year | 8915 | 9025 | 9108 | 9184 | 9366 | 9665 |            |
| Total uses | 734924 | 843365 | 851108 | 858192 | 875804 | 895481 |            |

Table 3. All kind of cheese Reserves and Uses, ton compiled based on the data of [2]

|          | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2016: 2014 |
|----------|------|------|------|------|------|------|------|------------|
| RESERVES |      |      |      |      |      |      |      |            |
| Balance for the beginning of year | 17524 | 15903 | 13817 | 14191 | 15776 | 16369 | 10982 |            |
| Production | 43340 | 44293 | 47134 | 47506 | 48138 | 48495 | 49434 | 1,03       |
| Import | 7204 | 6890 | 6037 | 11465 | 91717 | 9102 | 6540 | 0,56       |
| Total reserves | 68068 | 67086 | 66988 | 73162 | 75631 | 73966 | 69596 |            |
| USES |      |      |      |      |      |      |      |            |
| Used as foodstuff | 51527 | 52557 | 52220 | 56755 | 58571 | 62342 | 61190 | 1,05       |
| Export | - | - | - | - | - | - | - |            |
| Losses | 638 | 712 | 577 | 630 | 651 | 636 | 576 |            |
| Balance for end of year | 15903 | 13817 | 14191 | 15776 | 16409 | 10982 | 5175 |            |
| Total uses | 68068 | 67086 | 66988 | 73162 | 75631 | 73966 | 69596 |            |

Table 4. Reserves and Uses of sour milk, cream, yoghurt and other products, ton compiled based on the data of [2]

|          | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2016:2014 |
|----------|------|------|------|------|------|------|------|------------|
| RESERVES |      |      |      |      |      |      |      |            |
| Balance for the beginning of year | 7217 | 6947 | 7429 | 6839 | 6096 | 6174 | 5047 |            |
| Production | 133333 | 136199 | 147973 | 139999 | 142335 | 133322 | 136376 | 0,97       |
| Import | 9242 | 16003 | 12533 | 9463 | 9543 | 8778 | 7436 | 0,78       |
| Total reserves | 149772 | 159149 | 167935 | 156301 | 157974 | 148274 | 148859 |            |
| USES |      |      |      |      |      |      |      |            |
| Used as foodstuff | 139136 | 147561 | 157714 | 147308 | 148385 | 140179 | 140783 | 0,96       |
| Export | - | 6 | 6 | 18 | 492 | 387 | 528 | 1,07       |
| Losses | 3689 | 4153 | 3382 | 2879 | 2923 | 2661 | 2448 |            |
| Balance for end of year | 6947 | 7429 | 6839 | 6096 | 6174 | 5047 | 5100 |            |
| Total uses | 149772 | 159149 | 167935 | 156301 | 157974 | 148274 | 148859 |            |
The situation for sour milk, cream, yoghurt and other products is relatively different — the export in this segment has increased, production, import and consumption was decreased (Table 4). This case is explained with that, first of all, Azerbaijan for the above mentioned products is completely supplied, but the role of import is unnecessary. Secondly, the volume of export in all previous years was 20—25 times higher in comparison with import. At last, it is necessary to take into consideration that 4 % decrease of consumption and 3 % decrease of production that was at very high volume enabled to direct some part of production to the export, as such, there was 5.7 million tons of decrease in consumption and 4.1 million tons of decrease in production and some part of 1.6 million tons of savings was directed to compensation of import and the remaining part was directed to 36 tons of insignificant export increase (528—492).

The butter among the dairy products takes a special place for Azerbaijan. Firstly, according to the historical traditions, this product is widely used in making meals. Secondly, unlike many dairy products, the significant part of the supply with this food being important for our country was implemented on account of import until devaluation (almost half of it in 2014) (Table 5).

Though export was decreased about 50 % in 2016, the production was increased only by 9%. And this is the obvious case of confirmation of hypothesis set forth by us. As such, on one hand, this is explained by weakness of production capacity reserves. But, the main reason is that the butter production of Azerbaijan is based on imported raw materials and sharp increase of price of this raw material in AZN caused significant increase of it (the price of butter was approximately increased twice during post-devaluation two years) and this caused 27 % decrease of the consumption. Furthermore, Sharp decrease (78 %) of balance of 2014 has also played an important role in provision of domestic demand.

While vegetable oils do not directly relate to the milk processing industry, it is of interest to explore the impact of devaluation on this segment, both as a substitute for and some product of raw materials. The situation for vegetable oils is different — the export in this segment has increased, production, import and consumption has decreased (Table 6). This case is explained with that, first of all, Azerbaijan for the above mentioned products is completely supplied, but the role of import is unnecessary. Secondly, the volume of export in all previous years was 20—25 times higher in comparison with import. At last, it is necessary to take into consideration that 4 % decrease of consumption and 3 % decrease of production that was at very high volume enabled to direct some part of production to the export, as such, there was 5.7 million tons of decrease in consumption and 4.1 million tons of decrease in production and some part of 1.6 million tons of savings was directed to compensation of import and the remaining part was directed to 36 tons of insignificant export increase (528—492).

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butter being the important food and as the representative of manufacturing industry.

A strong reduction in the consumption of butter was primarily compensated by vegetable oils, such as the consumption of latter as food in 2014—2016 has increased by 50% and processing by 6%. In this background, decrease of domestic production instead of increase confirms our hypotheses — the weakness of domestic production capacities could not benefit from this, while the price of import in AZN was increased: domestic production was decreased by 23%, instead of increase, and the import increased by 19%. 83% decrease in exports and 53% increase in the balance for the end of the year testifies to rise of domestic demand for vegetable oils and the efficiency of trade (Table 6).

A new point is detected in margarine oils. First of all, margarine oils also demonstrate the highest rapid production increase among milk processing products (44.8% in 2010—2014), which is explained by the fact that this product is also a substitute for butter. Apparently, Producers and Importers have tried to substitute a part of these products to decline was that devaluation simply stopped this process. The main increase in price, first of all, is 3%. Such a small increase in price, first of all, is explained by the fact that the major part of devaluation dates back to the end of the year — December 21, and secondly, as seen from the previous year, the tendency of these products to decline was that devaluation simply stopped this process. The main increase in price was

| Table 8. Production price index of industrial products on types of economic activities (in comparison with previous year, in percentage) Source: [2] |
|---|---|---|---|---|---|
| Names of products | 2013 | 2014 | 2015 | 2016 | 2017 |
| Manufacturing industry | 102.0 | 115.7 | 91.9 | 115.2 | 130.3 |
| Production of foodstuff | 107.2 | 98.8 | 102.9 | 131.6 | 116.1 |
| Drink Production | 104.5 | 102.0 | 104.9 | 127.5 | 96.7 |
| Production of tobacco products | 101.8 | 105.2 | 110.3 | 169.5 | 143.9 |
| Textile industry | 105.2 | 105.0 | 96.3 | 113.1 | 139.9 |
| Clothes Production | 107.0 | 102.7 | 104.3 | 111.3 | 117.8 |
| Production of leather, products and shoes from leather | 100.2 | 98.2 | 101.1 | 103.2 | 106.9 |
| Wood processing and production of wooden products | 98.9 | 95.3 | 98.2 | 103.3 | 109.3 |
| Production of paper and cardboard | 92.0 | 99.6 | 100.7 | 100.1 | 99.5 |
| Printing activity | 102.6 | 108.4 | 102.7 | 113.1 | 115.7 |
| Oil product production | 100.0 | 128.2 | 86.0 | 109.7 | 140.0 |
| Chemical industry | 110.1 | 100.2 | 71.4 | 135.8 | 139.9 |
| Production of pharmaceutical products | 103.8 | 99.8 | 100.1 | 104.3 | 96.9 |
| Production of rubber and plastic mass products | 94.1 | 106.9 | 105.5 | 115.1 | 113.0 |
| Production of construction materials | 102.6 | 98.8 | 96.0 | 104.4 | 112.8 |
| Metallurgy industry | 104.2 | 97.9 | 92.1 | 128.0 | 138.3 |
| Production of finished metal products other than machines and equipment | 106.2 | 95.0 | 101.3 | 104.7 | 138.3 |
| Production of computer and other electronic devices | 104.2 | 99.4 | 100.8 | 113.9 | 108.3 |
| Production of electrical equipment | 99.7 | 98.5 | 102.1 | 109.8 | 110.5 |
| Production of machines and equipment | 98.4 | 100.7 | 103.8 | 104.6 | 106.4 |
| Production of automobile and trailers | 100.2 | 107.8 | 100.9 | 119.0 | 126.3 |
| Furniture production | 104.0 | 100.5 | 100.1 | 100.7 | 102.3 |
| Production of jewelry products, musical instruments, sports and medical equipment | 95.4 | 98.3 | 100.8 | 105.3 | 108.2 |
| Installation and repair of machines and equipment | 90.5 | 98.7 | 114.7 | 105.1 | 100.0 |
| Generation, distribution and supply of electric energy, gas and steam | 100.2 | 100.0 | 102.5 | 109.3 | 153.9 |
| Water supply ; waste disposal and treatment | 100.0 | 100.0 | 100.0 | 105.1 | 102.4 |

2. The sources of currency risks in Azerbaijani manufacturing industry
As can be seen from Table 8, there has been a sharp increase in the production prices of Azerbaijani manufacturing industry in the post-devaluation period. Let us note that the decline in the year of devaluation in 2015 should not be deceptive. First of all, the sharp decline in oil prices in the same year caused deflationary processes in oil refining products: as seen from here, prices for oil products in the same year decreased by 14% and products of chemical industry by 28.6% (Table 8). The fact that the large volume of manufacturing industry is related to the oil sector has undoubtedly resulted in a decline in production prices in manufacturing industry in general.

Secondly, if we look at the price of food products that interest us, the situation here is fully opposite — in 2014, despite the fall in prices in this segment, in 2015 the price rose by 3%. Such a small increase in price, first of all, is explained by the fact that the major part of devaluation dates back to the end of the year — December 21, and secondly, as seen from the previous year, the tendency of these products to decline was that devaluation simply stopped this process. The main increase in price was
observed in the following years: a 32% increase in prices in 2016, which continued at 2017, was 16%.

By returning to the dairy industry, we are explaining this by import of almost all of the milk powder, which is the raw material of this field. As can be seen from the Table 9, the purchase price of this product even after the devaluation has increased rapidly (4.3 times) in USD equivalent. As for the AZN, this increase is twice as high. As a result, in 2017 the physical volume of imports of this product is 36.5% below the level of 2013, whereas the amount paid in USD is about 3 times higher (Table 9) [7], which is the result of the above-mentioned price increase.

That is why, according to our information, a number of dairy processing plants operating in our country have started to produce dry milk.

Milk powder is widely used not only in dairy products production but also in confectionery products. Looking at the production-consumption dynamics of such products, we can see that their production has also increased during the post-devaluation period, export was decreased and consumption and import was declined substantially (Table 10) [2].

In the latter two indicators, the inclination to increase is also observed. For example, in 2014—2016, import of sweet-flour confectionery products was increased by 46%, and consumption of dried crust and biscuits and confectionery products stored for a long time increased rapidly (4.3 times) in USD equivalent. As for the AZN, this increase is twice as high. As a result, in 2017 the physical volume of imports of this product is 36.5% below the level of 2013, whereas the amount paid in USD is about 3 times higher (Table 9) [7], which is the result of the above-mentioned price increase.

Table 10. Production, import, consumption and export of some confectionery-flour products, ton compiled based on the data of [2]

|       | Years | dried crust and biscuits and confectionery products stored for a long time | Cake and confectionery products, bakery products with sweetening substances | Sweet-flour confectionery products |
|-------|-------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------|
| Export| 2014  | 10 373                                                                     | 10 373                                                                     | 4 395                           |
|       | 2015  | 10 825                                                                     | 10 825                                                                     | 4 505                           |
|       | 2016  | 10 621                                                                     | 10 621                                                                     | 4 656                           |
|       | 2016 :2014 | 0,99                                                                         | 0,99                                                                         | 1,46                            |
| Consumption | 2014  | 12 323                                                                     | 12 323                                                                     | 3 543                           |
|       | 2015  | 14 206                                                                     | 14 206                                                                     | 3 633                           |
|       | 2016  | 14 475                                                                     | 14 475                                                                     | 3 583                           |
|       | 2016 :2014 | 1,17                                                                         | 1,17                                                                         | 0,87                            |
| Import | 2014  | 10 373                                                                     | 10 373                                                                     | 4 395                           |
|       | 2015  | 10 825                                                                     | 10 825                                                                     | 4 505                           |
|       | 2016  | 10 621                                                                     | 10 621                                                                     | 4 656                           |
|       | 2016 :2014 | 0,99                                                                         | 0,99                                                                         | 1,46                            |
| Production | 2014  | 2 681                                                                      | 42 878                                                                     | 4 505                           |
|       | 2015  | 3 586                                                                      | 40 980                                                                     | 3 633                           |
|       | 2016  | 4 791                                                                      | 48 114                                                                     | 6 556                           |
|       | 2016 :2014 | 1,12                                                                         | 1,12                                                                         | 1,46                            |

— The import of most manufacturing industry products was significantly decreased.
— Domestic production of those products was increased.
— However, due to weakness of production capacities and domestic raw material supply, in some cases, domestic production could not fully compensate the decreased import.
— As many segments of the manufacturing industry depend on the main raw material import, significant increase is observed in AZN equivalent of production prices of domestic products.
— Notwithstanding twice increase in AZN equivalent of import prices, strong increase was happened in import of some products and this is explained by the following two reasons:
1. Some import products are important raw materials for manufacturing industry (e.g. dry milk) and their production in Azerbaijan was not arranged;
2. Import of some products was increased in order to substitute other more expensive products (e.g. vegetable oils substituted the butter).

Attempting to replace some expensive products with a cheaper but low-quality product has failed. For example, replacing butter with margarine oil has been complete failure, which is most likely to be explained by historically established food traditions in Azerbaijan.

CONCLUSION
Thus, the analysis of production, consumption, import and export of several processing products in the post-devaluation period of national currency in Azerbaijan enables to the following conclusions:

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