

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

INTERNATIONAL CENTRE OF GRADUATE EDUCATION

MASTER'S DISSERTATION

On the topic

**THE PROSPECT OF AZERBAIJAN'S TRANSFORMATION INTO A
REGIONAL LOGISTICS AND TRANSPORT CENTRE AFTER THE
RESTORATION OF TERRITORIAL INTEGRITY**

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BAKU – 2022

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RESTORATION OF TERRITORIAL INTEGRITY”**

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Elm andı

Mən, Həsənzadə Kənan Arzu oğlu and içirəm ki, “The prospect of Azerbaijan's transformation into a regional logistics and transport centre after the restoration of territorial integrity” mövzusunda yazdığım magist dissertasiyasını elmi əxlaq normalarına və istinad qaydasına tam riayət etməklə və istinad etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

**ƏRAZI BÜTÖVLÜYÜNÜN BƏRPA EDİLMƏSİNDƏN SONRA
AZƏRBAYCANIN REGIONAL LOGISTİKA VƏ NƏQLİYYAT MƏRKƏZİNƏ
ÇEVİRMƏSİ PERSPEKTİVLƏRİ**

XÜLASƏ

Tədqiqatın aktualığı. Azərbaycanın əsas beynəlxalq ticarət, nəqliyyat və logistika marşrutlarının qovşağında yerləşməsi, ölkədə mövcud iqtisadi, siyasi, sosial və digər əlverişli amillər, ərazilərimizin erməni işğalından azad edilməsi, ölkəmizin beynəlxalq logistika və nəqliyyat mərkəzlərindən birinə çevrilməsi imkanlarını genişləndirir. Tədqiqat bu imkanların reallaşdırılması perspektivlərinə həsr edilib və ona görə aktualığı şübhə yaratmır.

Tədqiqatın məqsədi. Tədqiqatın məqsədi Azərbaycanın regional nəqliyyat-logistika mərkəzinə çevrilməsinə yol açacaq elmi cəhətdən əsaslandırılmış təklif və tövsiyələrin hazırlanmasıdır.

İstifadə olunmuş tədqiqat metodları. Tədqiqat zamanı riyazi-statistik metodlardan, müqayisə, analiz və sintez üsullarından, sistemli və kompleks yanaşma, ümumiləşdirmə metodlarından istifadə olunur.

Tədqiqatın informasiya bazasını AR Prezidentinin fərman və sərəncamların, Dövlət inkişaf proqramları yerli və xarici alimlərin elmi-tədqiqat əsərləri, dövlət strukturlarının rəsmi məlumatları, hesabatları, internet resursları və digər mənbələr təşkil edir.

Tədqiqatın məhdudiyyətləri. Tədqiqat zamanı əsas məhdudiyyətlər, ilkin mənbələrdən iqtisadi göstəricilər barədə ən son statistik məlumatların, digər lazımi informasiyaların əldə edilməsi ilə bağlı olmuşdur.

Tədqiqatın elmi yeniliyi və praktiki nəticələri. Ölkəmizdə nəqliyyat və logistika sisteminin müxtəlif aspektləri təhlil edilərək qiymətləndirilmiş, problemlər müəyyən edilərək həlli yolları göstərilmiş, beynəlxalq nəqliyyat dəhlizlərinə, logistika sistemlərinə uğurlu inteqrasiya konsepsiyası əsaslandırılmış və global nəqliyyat, logistika mərkəzlərindən birinə çevrilməsini sürətləndirmək üçün təklif və tövsiyələr verilmişdir.

Nəticələrin istifadə oluna biləcəyi sahələr. Tədqiqatın praktiki əhəmiyyəti ondan ibarətdir ki, əsaslandırılmış müddəalar, aparılmış ümumiləşdirmələr, irəli sürülmüş təklif və tövsiyələr nəqliyyat və logistika sistemlərinin inkişafı və inteqrasiyasının təmin edilməsi ilə bağlı işlərdə, elmi-tədqiqat və tədris prosesində mənbə kimi istifadə edilə bilər.

Açar sözlər: nəqliyyat, logistika, inteqrasiya, nəqliyyat qovşağı.

THE PROSPECT OF AZERBAIJAN'S TRANSFORMATION INTO A REGIONAL LOGISTICS AND TRANSPORT CENTRE AFTER THE RESTORATION OF TERRITORIAL INTEGRITY

SUMMARY

The actuality of the topic. The location of Azerbaijan at the junction of the main international trade, transport and logistics routes, the existing economic, political, social and other favourable factors in the country, the liberation of our territories from the Armenian occupation, expands the transformation opportunity of our country into one of the international logistics and transport centres. The study is devoted to the prospects for the realization of these opportunities and therefore does not cause doubts about its relevance.

Purpose and tasks of the research. The purpose of the study is to develop scientifically grounded proposals and recommendations that pave the way for Azerbaijan to become a regional transport and logistics centre.

Used research methods. In the course of the study, mathematical-statistical, comparison, analysis and synthesis, systematic and complex approach, generalization methods are used.

The information base of the research: is made up of decrees and orders of the president of the Republic of Azerbaijan, state development programs, scientific research works of local and foreign scientists, official data, reports of state structures, internet resources and other sources.

Restrictions of research. The main limitations in the course of the study were related to obtaining the latest statistical data and other necessary information on economic indicators from the original sources.

The novelty and practical results of investigation. Various aspects of the transport and logistics system in our country were analysed and evaluated, problems were identified, and solutions were shown, the concept of successful integration into international transport corridors, logistics systems were substantiated and suggestions and recommendations were made to enhance the transformation into one of the global transport, logistics centres.

Scientific-practical significance of results. The practical significance of the research is that substantiated provisions, generalizations, suggestions and recommendations can be used as sources in works related to the development and integration of transport and logistics systems, in scientific-research and educational processes.

Keywords: transport, logistics, integration, transport hub.

ABBREVIATIONS

TLS	Transport and logistics systems
WB	World Bank
OIC	Organization of the Islamic Conference
BSEC	Organization of the Black Sea Cooperation
ECO	Economic Cooperation Organization
IMF	International Monetary Fund
BRD	International Bank for Reconstruction and Development
BSEC	Black Sea Economic Cooperation Organization
CIS	Commonwealth of Independent States
GUAM	Georgia, Ukraine, Azerbaijan and Moldova
UNWTO	United Nations World Tourism Organization
CE	Council of Europe
WTO	World Trade Organization
GSR	Great Silk Road
ITC	International transport corridor
CJSC	Closed Joint Stock Company

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INTRODUCTION

Relevance of the topic: One of the factors playing an important role in the formation and development of the mechanism of functioning of the global economic system in modern times is the transport and logistics system. The supply, storage, transportation and distribution of necessary products to consumers in order to ensure the life activity of people is made possible directly thanks to the work of this system, which shows its significance. Thus, the transport and logistics system also play an important role in improving the quality of life of people and improving their well-being.

The transport and logistics system as an important area of economic activity plays a certain role in the formation of GDP of countries, in solving social problems, in the development of international relations, in accelerating integration processes between peoples and cultures, in developing, disseminating and exchanging technologies, in accelerating and developing other local, regional and international processes. Experience and facts show that the emergence of a break in the functioning of the transport and logistics system creates serious problems for normal satisfaction of physiological needs of millions of people in society, their needs for vital products and services.

In recent years, acceleration and large scale of the globalization process involving the economic sphere and solution of many problems related to the issues of diversification of the national economy is necessary. In the context of these issues, the formation of the transport and logistics system and the complex study of the scientific and theoretical aspects of the role of this system in the overall development, prospective development opportunities come to the fore. The conjuncture created by globalization, the strengthening of trends in commodity exchange and economic integration between the countries of the world and the sharp increase in the role of the transport and logistics system, transportation, delivery and transfer services in this process, etc. factors also reveal the need to develop and develop methodological approaches to the creation of a logistics complex with

infrastructure formed on the basis of the latest technological achievements. This necessity also stipulates the conduct of research in the field of system formation and identification of development prospects.

It is known that in recent years, most sectors of the national economy in Azerbaijan, including the transport and logistics system, are developing dynamically. Our country is carrying out systemic reforms in this area, adopting and implementing various state and targeted state programs, strategic development strategies and concepts. “State Program for Socio-Economic Development of the Regions of the Republic of Azerbaijan in 2019-2023”, “Strategic Road Map for the Development of Logistics and Trade in the Republic of Azerbaijan”, (Decree of the President of the Republic of Azerbaijan, December 6, 2016), “Road Transport Management On some measures to improve the system ”(Decree of the President of the Republic of Azerbaijan, October 11, 2021) and other documents envisage the implementation of important tasks in the formation and development of the transport and logistics system.

At the same time, as in all areas, complex analyses are regularly carried out for the perspective development of the transport and logistics sphere, new priority directions are identified, additional measures are taken to solve problems and achieve development.

As a result of the liberation of Azerbaijani lands from the Armenian occupation, the efficient use of natural-economic potential and competitive opportunities of these territories, the diversified, sustainable and balanced development of the national economy further expand. These factors create the basis for the rapid development of new and promising areas of activity, the creation of new production and service infrastructures, the attraction of rich production factors into circulation, and systematic measures are being taken in this direction. Coordination of most areas of economic activity in this complex of events is one of the important factors. Coordination and integration of the activities of subjects of the micro and macroeconomic level is considered especially important, and the solution

of this issue puts the formation and development of the logistics and transport system at the forefront.

Formation and development of the logistics and transport system includes the use of goods, information, innovations, services, etc. it allows to optimize the supply of resources from source to consumer, to realize the supply and supply processes and services in various fields of activity. This plays an important role in accelerating inter-industry and intra-industry integration, ensuring sustainable overall economic development in the country.

The location of Azerbaijan at the junction of East-West and North-South trade, transport and logistics routes increases the opportunities for our country to form and act as one of the international logistics and transport centres. In particular, the liberation of our territories from the Armenian occupation and the establishment of transport and logistics infrastructure in these areas further strengthen this prospect. Given the above, we can say that the research work is devoted to a rather topical topic.

Statement of the problem and learning level: Examining the state of study of the chosen topic, it can be seen that many economists around the world have been extensively engaged in the study of transport and logistics systems, studied various aspects of existing problems in this area and showed solutions.

Azerbaijani scientists Imanov, T. (2005), Khasiyev, B.Q. (2018), Hasanov, A.N. (2013), Huseynova, N.Y. (2017), Bayramli, P. (2017), from foreign researchers Alacam, S. (2021), Ismail, B. (2015), Dashkan, E.S. (2016), R.Ayshen (2018), Qoncharenko S.S. (2010), Serdchenkov, D.A. (2016), Yevtodiyeva, I.E (2012), Zenkina, E.V (2019), Shumayev, V.A. (2019), Manoj, Sh. (2022), Dolbaia, T. (2020), Aditjandra, P.T. (2018), Allen, J. (2017), Kent, P.L. (2009), De Parfit B. (2010) and others have conducted research on various aspects of the formation, organization, development and management of transport and logistics systems.

Along with a positive assessment of the research of many other scientists, it can be noted the existence of important problems to solve in the field of formation of the transport and logistics system and its transformation into one of the nodes of the

global system. They include regional features, political, economic, geostrategic situation, international conjuncture in the field of transportation, etc. issues can be attributed.

We would like to note that in the current studies the prospects of our country's transformation into a regional tourism and logistics centre and one of the junction points in international transportation after the liberation of the occupied territories of Azerbaijan and restoration of territorial integrity have not been studied at the proper level.

In the near future, state and local government bodies, researchers should develop strategically important, scientifically grounded concepts in order to more effectively use the potential of our country's transformation into a regional transport and logistics centre. The compilation and implementation of these concepts will give impetus to the formation and comprehensive development of the National Transport and logistics system at the level of modern requirements.

Purposes and objectives of the research: The purpose of the study is to develop scientifically grounded proposals and recommendations that pave the way for Azerbaijan to become a regional transport and logistics centre.

In order to achieve the set goals, the following tasks were identified:

- analysing and summarizing modern scientific-theoretical views and conceptual approaches on the formation and development of transport and logistics systems;

- to justify the role of the creation and development of the transport and logistics system in the overall economic development and to identify the factors that create the basis for the formation of this system;

- analyse the international experience in the field of formation and development of the transport and logistics system and propose an optimal development model taking into account the existing economic, geostrategic, natural and other opportunities of Azerbaijan;

- to determine the strategy acceptable for the formation and development of the national transport and logistics system;

- to analyse and evaluate the current state of the transport and logistics system in Azerbaijan;

- to identify the directions of integration of Azerbaijan into regional and global transport and logistics systems;

- to assess the role, potential and capabilities of the liberated territories in the further development of the transport and logistics system and becoming one of the regional and global logistics centres;

- to justify and evaluate the prospects of Azerbaijan's transformation into one of the regional and international logistics centres.

Object and subject of the research: The object of the study is the state of the transport and logistics system in our country and in the areas liberated from occupation, the prospect of integration into the global transport and logistics system.

The subject of the study is organizational and economic relations arising in the process of formation of the National Transport and logistics system, its perspective development and transformation into a regional transport and logistics centre.

Research methods: In the course of the study, mathematical-statistical, comparison, analysis and synthesis, systematic and complex approach, generalization methods are used.

Research database: Orders and decrees of the President of the Republic of Azerbaijan, provisions reflected in various state development programs, research works of local and foreign researchers, textbooks and teaching aids, official statistics of the State Statistics Committee, internet resources and other relevant sources were used during the research.

Research limitations: The main limitations during the study period were related to the receipt of the latest statistical data from primary sources. At the same time, transport and logistics enterprises, individual entrepreneurs refrain from providing information on the economic aspects of their activities from the point of view of “business secrecy”. This creates certain problems in certain mathematical-statistical calculations.

Scientific novelty of the results: Various aspects of the transport and logistics system in our country were analysed and evaluated, problems were identified, and solutions were shown, the concept of successful integration into international transport corridors, logistics systems were substantiated and suggestions and recommendations were made to enhance the transformation into one of the global transport, logistics centres.

Scientific and practical significance of the results: The theoretical and methodological basis of the research is a systematic and comprehensive approach to the formation of regional transport and logistics centres and the development of the concept of strategic development.

The practical significance of the research is that as a result of the work, scientifically-theoretically substantiated provisions, generalizations, methods and principles of approach to the formation and development of transport and logistics systems, development strategy, development factors depending on regional characteristics can be used as a guiding source.

The results obtained, suggestions and recommendations, according to the researches, can be used in improving the infrastructure of the transport and logistics system, improving the quality of its services, determining the directions of integration into international transport corridors, and solving various development problems.

CHAPTER I. THEORETICAL AND METHODOLOGICAL BASIS OF FORMATION AND DEVELOPMENT OF TRANSPORT AND LOGISTICS SYSTEM

1.1. Methodological aspects of the formation of the regional logistics and transport system

In the modern, globalized and developing world, the role and importance of the logistics and transport system is steadily increasing. In general, the delivery of products and raw materials, information, other demand products and services from the supply and production sources to the consumer becomes possible thanks to the efficient organization and implementation of complex logistics operations. Transport and logistics as a unified system organizes and manages the flow of material and intangible products from the source to the final destination in order to meet the needs of consumers.

The term “logistics”, widely used in modern scientific sources and previously associated with military industry, means “laubja” of Greek origin (warehouse, storage), “loggia” of Italian origin (store, collect), “loger” of French origin (to equip, to organize). From the 70s of the twentieth century, the term logistics began to be used also in non-military areas and be considered as “the art and science of producing, acquiring and distributing material and non-material goods in places of demand and in quantities that are in demand” (Imanov T.I., 2005,p. 9-13).

Logistics involves the organization of all kinds of activities related to the determination of the number of structures and subjects used in any field of service, as well as the selection of time and space, the movement, distribution and delivery of products and services delivered from supply points to consumers (Dashkan, E.S. 2016, p 18).

Logistics besides being the process of controlling the movement of raw materials from any starting point to the point of consumption of products, goods, services to meet the needs of consumers, it also incorporates destruction of out of order commodities, transportation, service, warehouse, procurement of materials

and information on the safety of the line of movement, other necessary work, communication, communication, and etc. components.

Transport-one of the most important areas of transportation of people, cargo, signals and information from one place to another, public material production. The general transport system includes rail transport, road transport, sea transport, river transport and air transport.

Logistics as a process performs important functions for society in unity with vehicles and services. By performing these functions, the transport and logistics system ensures the creation of a single economic space in the country, in the region, purposeful movement of people, cargo and services (Грищенко, А.И. Федотенков, Д.Г. Лобановский А.М, 2015, с. 225-230).

The experience of developed countries shows that the formation of the transport and logistics system plays an important role in ensuring sustainable and balanced socio-economic development of the regions and the country as a whole, in its integration into the global economic system.

The theoretical and methodological foundations of the creation and development of the transport and logistics system of significant socio-economic importance consists of general systems theory, systems technique, cybernetics, etc. The transport and logistics system includes warehousing, transportation, service, etc. materials, vital products and financial and information flows associated with them, storage, transportation, delivery and it is a complex system envisaging the formation and management of its infrastructures.

Interpretation of the essence of the concept of “logistics system” in the general theory of logistics creates the basis for its methodological and organizational-economic efficient organization. Logistics system means an economic system with a complex organizational structure. This system consists of a set of elements and subjects that serve a single purpose in relation to the flow and transportation of products. Logistics is also an important chain of the procurement process chain and is an organizational and economic system that plays an important role in the process of delivering goods and products from the source of production to the consumer.

According to another approach, the logistics system is a reverse-related, adaptive system that performs certain logistic functions, has several subsystems and developed relationships with the environment (КОВАЛЕВА Н.А., 2017, с. 35).

The concept of “logistics and transport system” is one of the basic concepts of the logistics process. In the functioning of economic mechanisms, many systems are involved, and from them let’s consider the principles and methodological aspects of the formation of the logistics and transport system.

In the course of its formation as a complex system, attention should be paid to the fact that the main goal consists in ensuring the overall functioning and development of elements in interaction and dependence with each other, having specific goals and objectives, but serving a single goal in the field of providing transportation and transfer services. Because there are certain methods and principles of forming any activity as a single system. These principles can be characterized by their advantages and disadvantages.

The principle means the initial and basic state of science, training and theory. The principle of systematicity is considered more favourable for the creation of transport and logistics. This principle essentially includes a single process that carries out, organizes the purchase, storage, primary processing, production, packaging, transfer and sale of products and raw materials. Positive and negative aspects of the methods and principles of the formation of the transport and logistics system are connected with its basic concepts such as “subject, component, element”, “connection, communication” and “sign, characteristic” (ЕВТОДИЕВ И.Е, 2012, с. 281-285). These concepts are the basic concepts characterizing the system, they are manifested at a certain level in the process of formation, functioning and development. In particular, the interaction and effects of such structures of the system as subjects, components and elements, their included subsystems in the process of functioning, make it possible to determine the effectiveness of the methods and principles used in the period of formation and development. The connection and communication arising between the components of the system of

various levels and functional purpose, integration is one of the main indicators that guarantee its efficient operation.

The formation of the transport and logistics system is carried out in several stages:

- determination of the purpose and aim of the system;
- determination of the scope of the system;
- creation of objects, components of the system and determination of its structure;
- determination of the function and responsibility of each object, subsystem of the system;
- organization of control over the functioning of the system;
- analysis and evaluation of the results of the activity.

The purpose of logistics activities consists in the optimal and efficient management of the flow of material and intangible products and other processes that accompany this flow. During the management of the flow of material and non-material products, it also becomes possible to determine the current and perspective level of demand for products and services, the amount of raw materials and products to be supplied, produced, stored, transported.

In the implementation of the set goals, various objects, subsystems of the system are involved. The flow of products and services arises as a result of the activities of objects and subsystems included in the logistics system, intermediary entities in various directions, offering them to the consumer market by producing services and products. The subjects involved in this process realize the objectives of the system by performing the functions they specialize in.

As in multifunctional and multicomponent systems, the determination of the purpose of each of its components during the formation of the transport and logistics system makes it possible to determine both the general purpose of the system and the solvency of the needs for the work to be performed and the services to be provided. The ability of the system to meet the needs of the market depends on its provision of raw materials and materials, technical, technological, personnel,

financial and other necessary means, the level of integration of aggregate structural components and their efficient activities.

The large, colourful nature of the volume of current needs in the modern transport and logistics market requires the involvement of subjects of activity that offer a wide range of services in the process of comprehensive satisfaction of demand for its services during the formation of the system. This allows both to produce complex logistics services, to offer them and to meet the needs at a high level, and to determine the subject composition and boundaries of the system.

Firstly, the transport and logistics system is characterized by such features as complexity, subordination, property created by its components, structurality characteristic of complex systems (Шумаев В. А., 2019, с. 60). Hence, transport and logistics as a system should have certain features, and they must necessarily be taken into account in the course of its formation. These characteristics are attributed to:

- unity of objects and elements that create the transport and logistics system;
- strong interaction between objects and elements that make up the system;
- the organizational structure of the object and elements to purposefully direct the system-creating factors;

- general integration of all objects and elements of the system as a whole.

For logistics systems, such features as complexity (the multiplicity of their subjects, the complexity of inter-subject relationships, the functions performed by the system), and strict hierarchy in inter-subject linear or functional management are also considered characteristic (Сергеев В.И., Дыбская В.В. 2011, с. 264).

The objects and elements that create the transport and logistics system, regardless of their functions and significance within the system, are mutually dependent and can effectively function in unity with each other. This leads to the expansion and deepening of relations.

As one of the subsystems of the national economic system, the depth and robustness of inter-component relationships within the general system can be considered as one of the important criteria in determining both the logistics and

transport system and its subsystems. Therefore, the level of communications and relations directly affects the effective organization of the functional activity of elements of any system.

The relationship between the structural elements of any logical system should be regulated in some form, that is, the organizational and managerial structure should be formed. During the formation of the management structure, the goals and objectives of the system, its functions, directions of activity should be taken into account.

Transport and logistics systems, like all large systems, are characterized by integrative properties, each of which does not have an individual component. Integrative nature allows the system to operatively organize its activities, meet the needs in a timely manner and adapt to the conjuncture of the market.

As practice shows, during the formation of transport and logistics activities, the economic factor-its structure governing property relations; the information factor-its structure providing information flows; the factor of supply and flow of raw materials and materials, the technical factor-a set of technical means and mechanisms; it determines the factor of the nature of integration of financial flows, the number of partners included in the system, their composition and location relative to each other, the volume and range of raw materials, products and services, the form and style of management of each partner and subsystem, the form of cross-subject communication, etc. is important to take into account. The consideration and differentiation of these factors is significant in terms of the corresponding determination of the functions of its subjects to the goals of the system.

To ensure the organization and sustainable development of the logistics and transport system, it is necessary to identify its functions and implement the relevant processes to these functions (acceptance and systematization of orders, preparation, packaging and transportation of products, warehousing, distribution and sales, etc.). to perform systematically. At the same time, when creating a logistics and transport system, the creation of an optimal model of the information flow system between its structural elements is of great importance. Such a methodological approach to the

logistics and transport system allows the identification, effective functioning and management of its object, subject, goals and objectives.

One of the important stages in the process of forming the system is precisely the identification of the logistics functions of subjects and subsystems that interact systematically with each other. The determination of the functions and responsibility of the subjects guarantees the effectiveness of the functioning of the general system and the achievement of the goal (Шумаев, В. А. 2016, с. 45).

There may also be approaches to the formation of the transport and logistics system on the basis of various levels, economic and expert methods. The economic method involves the implementation of activities freely or with intermediaries, the rational placement of infrastructure elements, cost reduction, assessment of the formalization process, organization of lossless storage and transportation activities of the system, etc. aspects come to the fore.

The expert method keeps analysis, evaluation and determination of development directions of logistics market, selection of procurement, storage, distribution and delivery strategy, identification and solution of problems in activity, determination of favourable communication directions with partners, assessment of service level, etc. matters in focus.

In addition, the organization and operation of the logistics system must meet such criteria as scientific validity, reliability, multi-aspect, constructiveness, accuracy, complexity and etc.

1.2. The role and importance of the logistics and transport system in ensuring regional economic development

The formation and high-level development of the transport and logistics system is based on many socio-economic indicators, including ensuring employment, increasing labour productivity, understanding the importance of environmental protection, increasing foreign exchange revenues of the country, preventing inflation, expanding the choice of consumers, ensuring security, improving the quality and competitiveness of products and services, etc.

The high development of the logistics system affects the decline in prices for products and services, which is considered significant. Studies show that if logistics costs of products and services are 10% in developed countries, the logistics system in this indicator exceeds 20% in relatively poorly developed countries (Сток Дж. Р., Ламберт Д. М., 2005 с. 226; Kent P.L., 2009, p. 5-6). The development of this system has an impact on offering cheap products and services to the consumer market and increasing the purchasing power of consumers.

Unemployment is one of the most pressing problems of all countries as a social problem. The logistics system also plays an important role in solving this problem. The logistics system, which acts as a set of objects of various activities, creates the conditions for the use of labour of thousands of people. Tens of thousands of people work in this field in countries such as USA, Germany, Italy, etc., which have a high-level logistics system.

The developed logistics infrastructure of the region significantly increases the attractiveness of investment, which, in turn, has a positive impact on the overall economic development, creates the basis for the creation of new jobs, improving the standard of living and well-being for the employment of the local population.

One of the positive effects of the logistics system is to increase the level of services provided to consumers. In modern times, the most important component of the new consumer model of people is the formation of positive impressions. This component has a positive effect on the mood and psycho-emotional state of people, plays a fundamental role in ensuring enterprise loyalty and increasing trade turnover.

Positive impressions for a long time are formed as a result of the consumption of high-quality services. Thus, the developed logistics system plays a certain role in improving the quality of services and affects the formation of positive impressions.

The logistics system is used in domestic products, information, finance, etc. in the country along with ensuring the turnover and flows of the company, it enables the realization of cargo and passenger transportation in transit. In any case, enterprises engaged in cargo and passenger transportation willingly use the transit opportunities of logistics systems with a developed infrastructure. This also increases the country's foreign exchange revenues.

Effective use of transit opportunities is considered more relevant for countries and regions with limited logistics markets (КОВАЛЕВА Н.А., 2017, с. 67). Therefore, it is necessary to specialize local enterprises providing transportation and logistics services in this direction, strengthen their activities, expand the range and improve the quality of the services they offer and provide.

Increasing and efficient use of transit potential is also aimed at improving the infrastructure, strengthening the material and technical base of the system, expanding intra-system relations and integration, wide application of innovative technologies, implementation of necessary measures to increase the level of human resources, creation of a flexible management structure, etc. The implementation of these measures is considered necessary for bringing transit services to the level of international standards, adapting them to the conditions of increasing competition in the logistics market, entering the international market and carrying out successful activities. The successful implementation of these works also expands the possibilities of the logistics system to export a wide range of services.

The formation and development of the logistics system can also be considered as the material and technical base of structural changes, restructuring and improvement (АРКАДЬЕВ К. Г., 2015, с. 139). Logistics acts as one of the driving forces in these issues. Therefore, realizing the role of logistics in this area and trying to develop it

stimulates the acceleration of social, economic and political development of the country and the region.

The level of economic development of the region, traditional areas of activity, especially the state of the transport infrastructure should be thoroughly analysed in order to ensure its effective functioning, prospective development and active role in the socio-economic development of the region during the formation of the transport and logistics system. At whatever level the current situation and opportunities allow effective planning, organization and management of activities among the subjects included in the logistics system, ensuring economic flows, the economy of the region can benefit from this activity more effectively.

Practice shows that, following these principles, the organization of a logistical system can play an active role in solving a number of problems in the region and stimulating overall development. Thus, storage, classification, transportation of raw materials, financial resources and etc., which are in circulation, etc. is possible to carry out operations in optimal time, to determine delivery tariffs depending on the nature and volume of cargo, to direct financial resources to more useful and promising structural elements of the system, to achieve more favourable activities on the basis of these principles in order to increase the level of service, which affects the stimulation of logistics flows.

Along with the fact that the transport and logistics system as a whole is significant in accelerating regional socio - economic development, its subsystems also perform certain functions, developing specific areas of activity. Transport subsystem of all types of transport, warehouse or storage subsystem of all warehouse farms of the region, financial support subsystem bank-credit, insurance services, contractual clearance subsystem, customs clearance, etc. they take the initiative in the development and improvement of their processes.

The development of the transport and logistics system and the implementation of certain tasks in the region are also aimed at. These objectives are to meet the demand of the population and economic system for all transportation and transfer services on the most favourable conditions, safely and comprehensively, to intensify

the relations between enterprises and organizations providing transport services, to increase the level of service in transportation, to improve the technical indicators of vehicles for ensuring safety, to expand the use of vehicles, active participation in the process of integration into international and regional transport and logistics routes and corridors, etc. can be attributed to.

The development of the national logistics system, accelerating its integration into international and regional logistics systems and corridors, expands the possibilities of participating in the creation of such systems and corridors and benefiting from their advantages (<https://www.stat.gov.az/news/index.php?id>, <https://www.stat.gov.az/source/transport>). The creation of a modern logistics system that encourages investment flows in the region creates the basis for its further development and being part of international transport corridors.

The logistics system also provides for the relations of the market offering transport and transfer services, with the raw material and commodity market, which is one of the important factors for the timely delivery of the necessary products to consumers, satisfaction of demand.

One of the important influences of the logistics system is that it acts as one of the important rings of the process of functioning in the field of socio-cultural services, which mainly implements the production and offer of services and intangible products to the market. For example, the transport and logistics system plays a significant role in the tourism process, which is one of the most dynamically developing areas of activity of the world economic system (Биржаков М.Б., Никифоров В.И., 2009, с. 29).

Transport and transfer services as a tourism product and its components are of great importance in delivering tourists to tourist centres. As a means of transportation and transfer aircraft, train, bus, car and other means of transport are used. It should be borne in mind that in terms of the amount of financial funds spent on the elements included in the tourism package, transport costs occupy the second place, forming an important part of the costs spent on tourism services. If we take into account that every fifth people on the planet is involved in the tourism process,

the number of tourists in 2019 amounted to 1.48 billion people (<https://www.e-unwto.org/doi/pdf/10.18111/9789284418145>), then the role of transport and logistics system in the development of the tourism industry, which is called the phenomenon of modern times, is obvious.

Transportation and logistics services provide basic services in the field of transportation and transfer, ensuring the delivery of people, materials and products from the point of departure to the destination. In general, the following forms of displacement within space are distinguished:

- on the Earth's surface;
- in the air;
- on the water surface;
- under the ground;
- under water;
- in space (Биржаков М.Б., Никифоров В.И., 2009, с. 24).

One of the more commonly used forms of displacement, transportation and transfer forms is carried out on the surface of the Earth. Here, automobile, rail transport are the means of carrying out the main transport and logistics services. Especially in freight transport, these vehicles have a significant share. Railway transport is considered the safest means of transport.

Air and water transportation also perform important functions, such as the components of the logistics system used in the transportation of raw materials and products, passengers.

According to the data, road freight is the main form of transportation of domestic, cross-border and international cargoes, which account for more than 70% of global freight traffic and a higher percentage of the world freight value. In many countries, automobile freight transport, which generates a significant share of GDP, is considered one of the main pillars of the global economy and is of vital importance for the production, distribution, reverse logistics and the supply of certain groups of products (Aditjandra P.T., 2019, p 201-204).

However, it should be noted that according to the International Road Transport Union (IRU), in 2020 the world's automobile traffic decreased by 18%, while revenues from this sector decreased by 550 billion euros (<https://ec.europa.eu/eurostat/documents/>). In Europe, passenger traffic and revenues fell sharply, reaching 57% and 80 billion euros, respectively. According to the organization (IRU), more than 3.5 million motor vehicles worldwide suffered unprecedented damage due to general economic problems and the coronavirus pandemic. This process continued in 2021.

According to the research and expert assessments of the International Road Transport union, it is projected to reduce the volume of road freight in Argentina, China and Iran by 30%. In the Middle East and North Africa, the figure is expected to drop by 22%, in Asia by 21% and in Europe by 17%. This year, revenues from road transport in Europe will be 64 billion less.

The greatest decrease in passenger traffic is predicted to be in bus tourism (82%), intercity passenger transport (70%), taxi services (60%) and urban bus transport (42%). According to URI data, the greatest decrease in passenger traffic could be in Bulgaria, Spain, Sweden and the UK (more than 70%) (<https://seanews.ru/2020/07/02/ru>).

Socially, freight transport touches every person in society by hiring millions of people, providing access to work, housing, products and services. The complete suspension of trucks within a week would result in serious interruptions in meeting the most basic needs of the society, such as food supply, waste collection and medical services (Akeriföretag S. A., 2009). This fact made it clear during the COVID-19 pandemic that workers in logistics should work continuously to meet the basic needs of people who cannot leave their homes, how important function they perform. During this period, most e-commerce companies, although struggling to satisfy the demand of people, had serious problems in the delivery of products. The massive increase in demand has led to excessive loading of the delivery channels and the lengthening of the delivery time several times.

The problems that arose in the first months of the pandemic in satisfying the needs of people showed how great social importance the logistics system, including automobile cargo transportation, was in the field of improving the well-being of the population.

In any case, the activities of the logistics system and its functions, covering all members of the society, prove their socio-economic importance. Considering its importance, there is a need for the provision of certain conditions for the performance of goods. Along with other areas, support and regulation of public administration structures are considered important in ensuring these conditions.

Providing consumers with a wide range of comprehensive and full-fledged logistics services, ensuring the quality of services provided, determining the tasks and responsibilities of each, service production and offering subsystem, organizing control over compliance of the service process with mutual agreement of the parties, etc. reflects the general essence of these conditions.

Along with the positive impact of the transport and logistics system on the socio-economic development of the region and the country, there are also negative effects. Negative effects arise in the process of construction and operation of various subsystems of the logistics system. Logistics activities are characterized by their negative impact on both the natural environment and the public environment. Pollution of air and water, changes in climatic conditions, the emergence of excess noise, disruption of biodiversity, the occurrence of environmental problems are the result of negative effects of logistics activity in the natural environment.

Despite the increasing attention to green energy in recent years to counteract the negative effects of the logistics system on the natural environment and the ecological situation, hydrocarbon fuels are still used in global freight transport, which causes a significant portion of the global harmful gases (CO₂) to be emitted into the atmosphere, which leads to an increase in air pollution levels and poses a serious threat to living beings (Allen, J.; Bektas, T.; Cherrett, T. And etc. 2017, p 80-81). In the future, in addition to electronic commerce, the demand for truck transportation

is expected to increase, and the solution of these problems will remain relevant in the future (<https://truckingresearch.org/wp-content/uploads/>).

Damage to the physical and psychological health of people, their property, negative emotions and impressions caused by low quality of services are the negative effects of the logistics system on the public environment. Negative social effects caused by logistics sometimes generates serious social (deterioration of labour productivity and working capacity, general social discontent, etc.) and economic (increase in fuel prices, treatment and insurance costs, etc.) results.

Comparisons show that although there are certain negative effects of the logistics system, they are not considered so significant compared to the positive socio-economic effects of the system. Therefore, the organization and development of the transport and logistics system should be considered as one of the priorities in the strategic development concept of the national economic system.

1.3. Elaboration of transport and logistics system development strategy

Enterprises and organizations, systems and other subjects operating in any field should draw up an action plan or program covering certain deadlines in order to function normally in a competitive environment, continuously develop, generate income and achieve the goals set, have more segments in the market in the field in which they operate, take a monopolistic position on certain services and products. Such software is formulated with the concept of strategy in the general case.

The rapid change in the conditions of competition, technological development, the creation of innovative forms and types of production, management, services in the modern world stipulates the formation of various strategies for the areas of activity, including transport and logistics systems, in order to adapt to the conditions of development and change that are taking place. The strategies formed in accordance with the new conditions allow to eliminate the negative effects that may occur in the prospective activity, to identify transformations, to organize functional activities in accordance with conjuncture, to

establish the appropriate organizational structure, to expand the range of services offered and to increase their level.

There are various approaches to the essence of the concept of strategy. The strategy originated from a combination of the Greek words “stratos” and “ago”, which literally meant “General art” and was used in the meaning of “science, art and skills of placing troops convenient for battle” (İmanov T., 2005, s. 150; Сердченков Д.А., 2016, с. 66). According to other researchers, the strategy is a course of action to achieve the goal of the organization (De Parfit B., Meyer R., 2010, p. 247), is the term that refers to a complex network of thoughts, ideas, concepts, experiences, goals, practices, memories, perceptions and expectations that provide general guidance for specific actions aimed at achieving specific goals (Nickols F., 2016, p. 12), a generalized model of activity, a business concept for achieving long-term goals set by coordinating the capabilities of the structural elements of the subject of activity (Ismail B., Emerald H. Sh., 2015, p. 400) and so on. In economic literature, the term strategy began to be widely used since the 60s of the XX century. The concept of “strategy” is one of the most commonly used expressions in the lexicon of enterprises operating in all areas of activity, at the macro and micro levels and their structural units.

In general, various types of strategies are used in the process of activity. In this case, determining the type of strategy depends on the type of activity, the essence of the goals set in the process of work, the mission of the enterprise and other factors. Thus, the choice of the type of strategy is based on what methods and tools are used to achieve strategic goals through its implementation.

Currently depending on the goals in the field of transport and logistics cost management, differentiation, integration, concentration, diversification, defense, protection, investment, liquidation (Erdogan D., 2020, s. 115-116), procedural, consensus, unrelated, planned, business, umbrella, binding, corporate (<https://plansys.ru/strategy/strategy-defenition/types-strategy>) global, portfolio, functional, development, redundancy, outsourcing (<http://www.ereport.ru/articles/strplan/strategy.htm>) and the use of other strategies can be

noted. Strategies applied depending on the existing conditions and conjuncture in any field of activity may also include the combination of the listed types. Therefore, when choosing a strategy, the role of various factors is also considered.

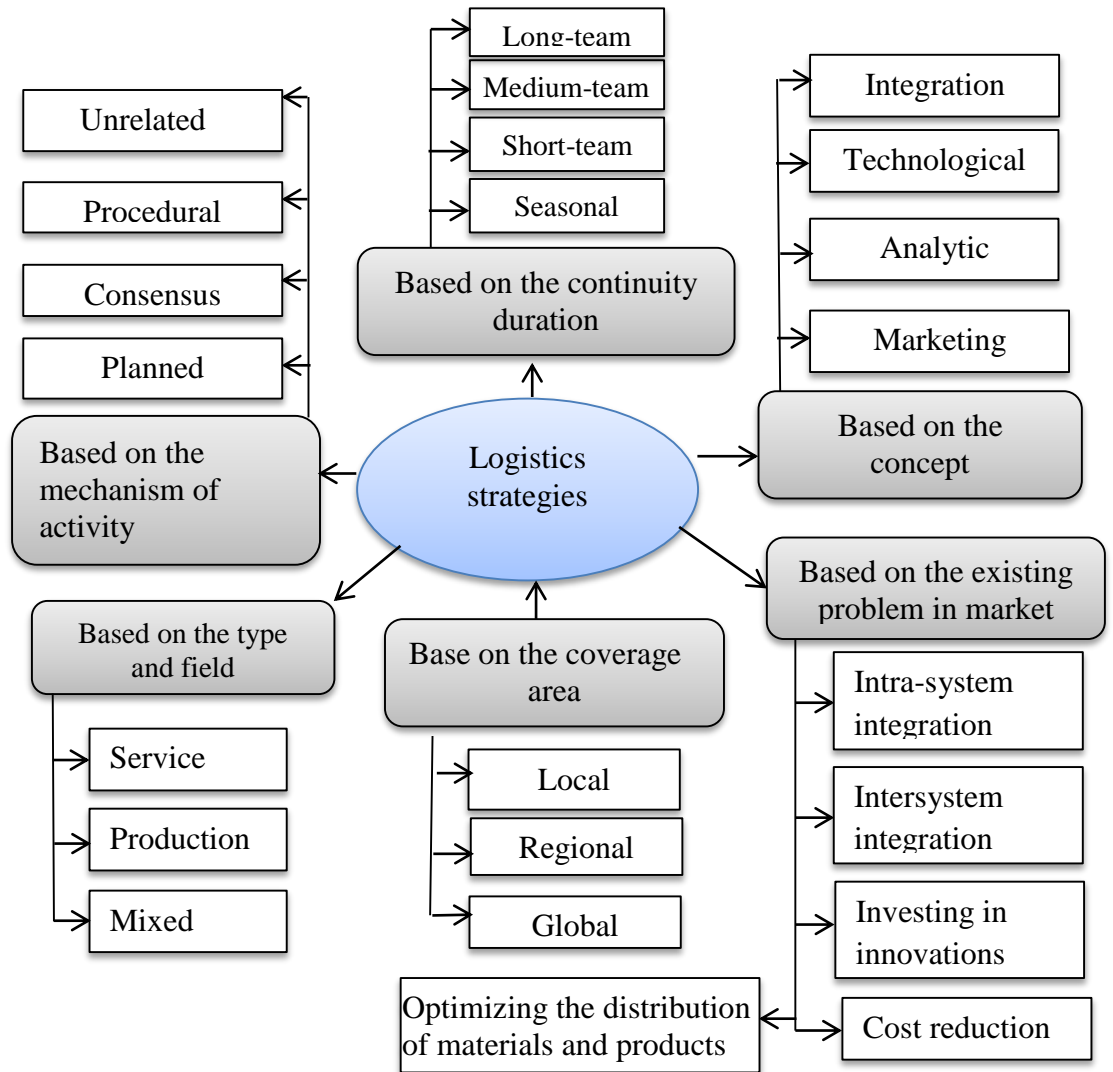
In general, in logistics system strategies for establishing strategic alliances between suppliers, manufacturers and representatives, customer service, postponement, cost reduction and profit increase are used much more (Kucuk O. 2011, s 87). In addition, it should be noted that incoming, outgoing and reverse logistics, channel, market and process-based strategies are also widely applied in logistics systems.

As can be seen, a large number of strategies are used in the areas of economic activity, including transport logistics systems. I consider it expedient to group these strategies according to certain signs. To these signs we can relate the scope of the goal, the conceptual foundations of strategy development, the duration of activity, the current problem of the field in the market, the nature of activity, etc. Grouping according to these signs is also given in figure 1.

On the whole, we can say that the strategy is a complex of actions aimed at achieving the goal of the enterprise, subject of activity, system and determining the main directions of activity aimed at achieving the goal in perspective. The strategy is also characterized as an integrated, orderly model of activities that enable the achievement of the intended goal. In essence, the strategy envisages the creation of a set of decision-making rules to determine the main and effective areas of activity. The strategy also allows the subject of activity to build an optimal model of achieving the goal through changing measures and means in a competitive and condition environment.

That is to say, the strategy is both a plan developed to achieve long-term goals, and to determine with the help of what methods and tools to achieve goals within the framework of rapidly changing conditions. The development of the strategy, which is an important stage for the realization of

Figure 1: Groups of strategies according to signs. (Compiled by the author).



Source: Compiled by author

strategic goals, consists in identifying specific goals and building a long-term plan in accordance with these goals. At this time, planning is based on the predictability and determining nature of changes occurring in the environment, subordination to control and management.

In the current context of considerable competition, ensuring the effective operation of transport and logistics systems, as in all areas of activity, the correct definition and specification of tactical and strategic goals, considering the conjuncture of the logistics market, the development of relevant action plans and implementation of the issues of defining methods and tools become priority.

As we know, in any case, it is important that enterprises of different levels operating in a particular area have a logistics system that can safely and efficiently

deliver the products and services they produce to consumers or from their point of production to destination. The change of subjects involved in the transportation and delivery of products, the provision of services, and in some cases, the problems arising in the full bundling of participants in these processes, complicate the effective organization of the process. That is, logistics should have a purposeful and orderly strategy and action plan, since it includes both subjects of different nature from different areas of service and production, as well as numerous contacts, communications, work and information throughout the delivery process. The implementation of the activity according to the developed strategy and plan, all participants and subsystems, at the end, become more effective for the system as a whole.

The purpose of the formation and implementation of the logistics strategy is to find the most efficient way of distributing raw materials, products and services, delivering them to consumers, and maintain a high-quality level of service. At the same time, it should be borne in mind that, depending on its purpose and target, logistics strategies can be formed, oriented to the region, country, product and customer.

The formation of a logistics strategy and its introduction to activities create the basis for adapting logistics operations and services to the constantly changing structure and nature of the supply chain. This also allows the logistics system to be flexible and provide appropriate services to the changes taking place in the socio-economic environment. Otherwise, activity in the supply chain is not established at the desired level, and as a result, certain negative components occur in the quality of services provided to customers. The logistics strategy should be developed in accordance with certain requirements in order to minimize and eliminate possible negative components and threats that reduce the quality of services. These requirements include subsystems included in the logistics system, which are production, packaging, warehousing, delivery, distribution, service, etc. The development of mutually beneficial relations and cooperation between logistics

subsystems and the establishment of an optimal model of the mentioned flows manifest the result of the implementation of a well-planned and developed strategy.

That is why in the process of developing the strategy of the logistics system, the determination of strategic goals, methods and tools to be involved in circulation to achieve these thresholds, technologies, processes, management methods and styles to be used for the implementation of functions, directions for marketing research are one of the important aspects. So, in general, it should be taken into account that three important aspects, strategic goals, processes and methods, tools, require a special approach and attention when developing a logistics strategy. The mentioned aspects reflect a set of several factors.

Positive impressions and satisfaction of the consumer audience or customers, competitive advantage of the system and its subsystems, flexible and efficient management of the supply chain, being able to generate more revenue are considered as the main strategic targets of logistics system similar to other areas of activity.

Through what approaches and technologies, within the framework of which requirements and conditions the implementation of the strategy formulated in the course of activities to achieve the strategic goals of the logistics system reflects the aspect of processes and methods. These aspects can also be attributed to the provision of flexibility in management, taking into account changes in internal and external environment factors, and the adaptation of conceptual elements of the strategy to the overall business interests and goals of the logistics system.

An important role in achieving the strategic objectives of the logistics system is played by the quality of products and services that are of consumer value created as a result of the aggregate activity of its subsystems and offered to customers, as well as the services provided in the delivery of these values to customers on the logistics chain. These elements come to the fore in ensuring customer satisfaction and forming positive impressions, hence in ensuring the effectiveness of the aggregate functioning of the logistics system and increasing competitiveness.

The quality of the products offered by the logistics system depends on the level of material and technical, technological supply and the innovative approach to

production (Гусейнова Н.Ю., 2017, с.12-13). The quality of services provided in the supply chain depends on the nature of the corporate culture formed in the system and the level of assimilation of the corporate culture by the personnel, carriers of the existing culture. Behaviour of the personnel in ensuring customer satisfaction (accuracy, politeness, smiling, tactfulness, etc.). given the importance of a culture of communication (verbal and non-verbal), it should be noted that special attention should be paid to this component when developing a strategy. It ensures the customers' loyalty to the logistics system, creating a pleasant impression of the completeness and quality of the services, and the attitude of the personnel to the customers within the norms established by the corporate culture. This is a very important factor and plays an important role in achieving the strategic goals of the system.

In general, it is advisable to take into account the following aspects and implement certain measures in order to ensure the effective functioning of the transport and logistics system, to ensure the long-term viability of the life cycle, to increase competitiveness and to achieve strategic goals:

- favourability of external and internal environment factors;
- state of the logistics services market;
- modern development trends, problems and prospects in the field of logistics from economic, social, seasonal and environmental points of view;
- competitors' activity and competitive environment, quality of logistics services, demand for services, price policy and other issues;
- opportunities of provision the system with the necessary equipment, means, tools, technologies and etc.;
- opportunities of application of innovative technologies and samples;
- available resources and potential for the production of products and services;
- range of services and products to be produced and offered to customers;
- possibilities of using innovation, information and communication technologies and automated systems in the production and service process;

- marketing research directions and sales, including online sales opportunities to determine demand for products and services;
- professional staffing, selection and placement of employees, specialization, retraining, rotation, ways of material encouragement to labour;
- drawing up a strategy in several scenarios, taking into account various aspects;
- creation of a reliable procurement system, effective use of technological opportunities in order to strengthen cooperation with the participants of the supply chain;
- evaluation of the effectiveness of the implemented strategy and elimination of deviations, shortcomings revealed in the strategy implementation process and making appropriate changes, etc.

Taking into account these factors allows more perfect and comprehensive formulation of the strategy for the formation and development of the logistics system, along with increasing the efficiency of logistics operations, choosing unique methods of activity to achieve the goal, applying more perfect approaches, unlike competitors, more flexible adaptation of service and production technologies to conditions, increasing revenues and gaining other advantages. At the same time, systematic analysis of the listed factors and their understanding of their importance in achieving strategic goals contribute to the formation of sustainable strategy principles of the logistics system.

During the development of the logistics system development strategy, it is necessary to ensure the participation of the personnel in the process, take into account the personnel proposals, support initiatives, ensure transparency, create new quality values in order to achieve the goals set by the system more rapidly.

As a result, it becomes simpler to answer the questions such as what is the mission of the logistics system, who are the customers to be served, what is important for the customer's loyalty to the logistics system, how do customers benefit from the logistic services they consume and what level they are satisfied with their needs, what competitive advantage the strategy developed and implemented in

action gives the system and etc. Answers to these questions allow identifying and eliminating existing shortcomings in the strategy and more effective implementation of possible changes, improving management.

Thus, one of the important stages in the formation and development of the transport and logistics system is the selection of conceptual approaches, methods and means to achieve the set goals, determination of prospective development directions, planning of processes from organizational, technological, logical and other points of view, determination of demand, supply, value, price and other factors in the logistics market, the development and implementation of a scientifically-theoretically substantiated strategy that provides the basis for determining their dynamics and forecasting them for prospective activity and achieving the solution of other issues.

CHAPTER II. CONCEPTUAL AND METHODOLOGICAL APPROACHES TO THE FORMATION OF LOGISTICS AND TRANSPORT INFRASTRUCTURE

2.1. Factors contributing to the formation and development of the logistics and transport system

Planning, organizing and management of activities in all areas directly depend on the presence of certain conditions and factors. The wider and more diverse the scope of the planned field of activity, the goals and objectives set by it, the functions to be fulfilled and other signs, the more its normal functioning depends on factors, internal and external conditions. According to the characterization of transport and logistics systems (TLS) as a multiple subsystem, as an integral combination of elements interacting with each other, it is possible to say that its normal functioning also depends on the presence of certain factors and conditions.

The process of formation of transport and logistics systems is based on logistics methods and principles, and at this time, the presence, influence of many factors is taken into account, implies the purposeful interaction and logical sequence of all functional components that are planned to be included in the system.

Some researchers consider the presence of the following components in order for TLS to function normally and effectively organize its supply chain, deliver products and services to the final destination on time, effectively satisfy consumers' needs (Царенкова И. М., 2017, с.98-99).

1. Resources.
2. Procurements.
3. Vehicles.
4. Storage area.
5. Production area.
6. Communication-coordination and control system.
7. Service system.
8. Professional staff provision.

Inventories are considered as one of the important elements in the organization of the activities of logistics systems. The effectiveness of logistics depends directly on the level of its production and commodity resources, as well as on the provision of technical equipment and equipment with spare parts and components. The reserves component of TLS reflects a set of two subcomponents, being reserves of raw materials and materials corresponding to the assortment and nature of goods intended for production, as well as equipment, accessories, and devices providing production. Provision of resources related to both subcomponents includes production of various types of products and services, formation and development of cooperation relations with supply chain rings of different levels, determination of optimal volume and quantity of resources, reduction of losses, more efficient use of storage (warehouse) areas, increase of useful efficiency of equipment and facilities, production of small, various types of products, etc. which allows, in the end, to improve the efficiency of TLS.

In general, provision with resources allows creating a normal model and rhythm of the work and production process, determining the level of needs for finished products, types of vehicles, labour resources, etc., playing a coordinating role among subsystems of any field of activity.

Procurement is considered as a set of processes that ensure the flow of raw materials and materials into the logistics system. The logistics system is based on the effective organization of marketing work, ensuring the flow of raw materials and materials, as well as allowing the creation of inventories, the implementation of production, the organization of the activities of vehicles. Procurement stimulates the process of integration with the logistics system with various producers of raw materials and materials, stipulates the formation and prospective development of stable interaction between partners and ensures the creation of reserves.

The role and importance of the transport component in the functioning of the logistics system is undeniable. In fact, this component is a very complex and most dynamic subsystem of the logistics system and consists of a set of all infrastructure elements that ensure, regulate the operation of various types of vehicles. This

component, forming the means of transport of the system, that is, its main material and technical base, carries out transportation, distribution and delivery processes between the supplier, manufacturer and consumer groups, and, if necessary, also uses the capabilities of other transport enterprises for the performance of the tasks set.

Intermodal transportation is widely used for the purpose of more efficient and reliable operation of the transport component of logistics systems (OECD 2002, p. 27). This type of transportation not only allows prompt and high-quality delivery of products to the destination, but also stipulates the involvement of various types of transport in the logistics turnover.

The warehouse area is one of the important chains in the organization of logistics activities and is of particular importance in the supply chain. This area includes buildings, structures, installations, rooms, refrigeration chambers for storage of reserve raw materials and products, specially constructed areas, systems, technological equipment for sorting, calibrating and primary processing of raw materials and products, etc.

In some cases, raw materials and products can be offered to the markets through certain processing process in the warehouse and form an information base on finished products and their quantity, assortment, volume, and warehouses themselves can act as sales bases in wholesale and retail. Hence, the warehouse space of the logistics system can also be considered as a complex that can perform both the storage and processing of products and raw materials, and regional wholesale and retail trade functions.

Production areas in the complex of the logistics system consist directly of a set of areas in which the production process is carried out and units serving this process. In addition to determining and satisfying the needs of production-related structures, the functions of production sector units include the implementation of measures to create appropriate reserves of demand for raw materials, products and services within the logistics system, determination of the volume and variety of

reserves to be attracted to production, regulation of supply and demand balance and so on.

The organization of the production process within the logistics system creates the need for the organization of supporting services in this direction. Supporting services provide for the development of production programs, the determination of the volume and assortment of raw materials and other components to be involved in production, the selection and adjustment of production technologies and technological equipment, the organization of control over compliance with the rules of operation of equipment and devices, the provision of necessary maintenance services to them, etc. Continuous and uninterrupted implementation of production and other processes requires the provision of the necessary spare parts and the operational organization of repair work. At the same time, the organization of supportive work in this area is required to support the timely commissioning and reuse of system components.

Due to the fact that TLS has a rather complex structure, there is a need to create a stable communication system between the structural elements. Sometimes the location of the structural elements included in the system at a certain distance from each other requires the creation of additional communication channels to ensure a flexible exchange of information between them. The precise, uninterrupted and effective functioning of the logistics system often depends on the quality of the communication system. Understanding the role of information exchange and flows in the modern globalizing world, we can form an idea of the significant importance of this subsystem in logistics activities.

The wide application of innovative technologies in the field of production of products and services, supply and circulation to the consumer market, the growth of consumer demand and the serious transformation of consumer models expand the range of raw materials, goods and services produced and offered, making it difficult to determine the structure of needs. Modern means of communication make it possible to collect, rapidly process and systematize complex and large-scale information about these factors into the structures necessary for their

implementation. From this point of view, we can more clearly understand the importance of the information subsystem.

Information as an important subsystem provides the necessary relationship between all components included in the logistics structure. Functional units of various levels and purposes of the logistics system integrate not only with the transport network and management structure, but also through communications, a complex structural subsystem. The connection between the subjects, components, sections and subsystems of the logistics system is established by means of a local computer network, internet, telephone, fax, optical cable communication, handheld radio communication device, etc. Despite the presence of certain advantages and disadvantages of each of the listed means and types of communication, they are directly involved and play an important role in the establishment of operational communication in the functioning of logistics as a single system, ensuring integration between the environment and the system on the basis of information exchange, decision-making and execution.

This subsystem receives order and request information from the subjects, manufacturers, consumers included in the supply chain, processes them, systematizes, groups them and sends them to the structural units necessary for execution. The sent information reflects quantity, variety, destination point and other necessary information of raw materials or/and products. A certain group of these information allows monitoring the process of transportation and delivery of products, i.e. ensures the expedient execution of logistical operations and functions.

The information subsystem forms a statistical base on the level and structure of flows of raw materials, materials and other products, allows you to determine the dynamics, regularities that occur in the economic activity of the system, eliminate problems, and determine the tactical forms of activity of the logistics system.

It expands the possibilities of formation and improvement of communication subsystem, application of transport management technologies, reduction of time loss, idle stops, maintenance costs in various types of cargo transportation and optimization of flow model of various vehicles. At the same time, this subsystem

plays a positive role in the more efficient use of intermodal transportation and stimulates the development of relations between different transportation means.

The communication subsystem allows in the logistics system to obtain operational information on vehicles involved in transportation, initial orders, volumes of products to be transported, delivery points, etc., to track the trajectory of movement of transported cargo. The existing information subsystem also stipulates the establishment of relations with regional, interregional and global logistics systems, the exchange of information, participation in meeting the needs of third-party logistics services, the fulfilment of orders. Thus, this subsystem serves for more efficient use of time and new opportunities in transportation, better management of transit cargo, creation of new transportation and transfer opportunities.

The wide application of innovative technologies in modern areas of activity, the tendency to robotization, automation and mechanization of production prevail. At the same time, we consider it necessary to note that, although this trend is mainly considered effective in production areas, the need for a professional personnel factor in the areas of activity in which the service components predominate remains important.

In logistics systems, the special role of the personnel group, which directly manages the activities of most subsystems, performs logistics services, performs important tasks for achieving the specific goals of logistics, should be taken into consideration. Because the human factor plays a major role in human-human relations, in the process of obtaining mutually beneficial understanding, in the formation of impressions. In social relations, live conversations, communications, contacts are used as key tools and draw the human factor to the fore. Therefore, the role of professional personnel in the implementation of logistical services is considered important, since their behaviour and functions cannot be performed and replaced by any mechanical and other means. In many cases, the successful operation of the logistics system directly depends on the level of professionalism of the personnel involved.

Along with the listed components, the subsystem providing support services in the logistics system, auxiliary personnel responsible for repair and maintenance directly, regular trainings for the normal functioning of the logistics system, testing equipment and express analysers for determining certain indicators and criteria, corporate computer network for storing the necessary information, documents and reports on the operation of the system, packaging, storage and a public utilities infrastructure is also considered expedient to have (Manoj Sh. <https://www.yourarticlelibrary.com/>).

It is known that continuous application of the results of modern scientific and technical development, innovative technologies and samples to the fields of activity is one of the main trends of modern era. The introduction of innovative production, management, social, technical and other samples into the field of activity, including the logistics system in order to ensure the efficiency of use of these samples, it is necessary to organize regular trainings with the participation of personnel. New examples, equipment, tools and other office instructions, models, video materials demonstrating the principle of operation, explanatory information carriers and so on can be used in the training. Such trainings pave the way for increasing integration, innovation and transformation potential of the logistics system, increasing efficiency of its activities.

It is considered expedient to have standardization, metrology equipment, express quality analyser, testing facilities, technical service functions, automatic control system supporting local computer network and so on in order to determine the compliance of various subsystems of the transport and logistics system, manufactured, packaged, stored products, rendered services to the required standards.

TLS by having the necessary computer resources, supporting equipment, provides the complexity of the implementation of the general processes by supporting the system management program, data base and creating links with the external environment, conducting information exchange, creating additional support programs and regular improvement. Therefore, the creation of modern ICT

resources in the implementation of systematic measures to improve the logistical support of the logistics system should be in the focus of attention as one of the priority issues.

For the purpose of successful implementation of logistics functions, creation of a certain reserve of materials (polyethylene, paper, plastic packaging materials, disposable containers, pallets, etc.) required during packaging, storage and transportation of products produced and planned production, raw materials initially processed in the complex of creation of a general reserve base, acquisition of equipment processing and shaping these materials are considered important issues in the process of forming a logistics system.

In the process of formation and development of the logistics system, provision of heating, energy, water supply, sanitary-hygienic, sanitary-epidemiological, ecological situation of activity areas, subsystems and individual components, disposal of production wastes, discharge of wastewater and other necessary works are also considered as important factors.

Although these factors are necessary for the formation and development of any TLS, their order, structure, composition and other characteristics depend on the system's functions, activities and development, location, goals, access to financial and raw materials, global logistics, depending on the level of integration into the systems, the level of application of innovative technologies and other conditions, it can change, transform, its structure can be enriched and diversified by certain additional (mobile production areas and laboratories, mobile warehouses, mobile settlement infrastructures for personnel and etc.) factors.

Therefore, it can be concluded that any transport and logistics system can be formed and developed depending on various internal and external factors, goals, infrastructure, personnel, financial and other support, economic, political, environmental conditions and many other conditions and factors.

2.2. International experience in the formation of regional logistics and transport infrastructure

There are many well-founded ideas about the role and importance of logistics in the economy of any country. It is important to note the impact of the logistics system on the sustainable development of national, regional and international economic systems, increasing competitiveness and profitability, and solving many socio-economic problems.

Economies cooperating in technology, communications, trade and other areas are actively participating in the overall integration process, as well as operating in a highly competitive environment against the background of the internationalization of production and marketing. Economies that seek to compete with their competitors in order to survive, seek ways to produce and market better products at lower prices, and achieve new successes in terms of quality and cost are becoming the focus of attention and attraction. Today, the level of development of the logistics system, the diversity and quality of logistics services, as well as success in the production and distribution of raw materials, products and services play a significant role in making countries more competitive at the national and international levels.

Increasing competition in the global transport and logistics market requires the formation of new approaches to the organization and development of transportation services. One of the main goals of these approaches is to develop and implement efficient delivery mechanisms in the supply chain, to create and apply innovative technologies in the field of logistics, to improve the quality of services, to achieve customer satisfaction and to create positive impressions. is to be made. In order to achieve these goals, in addition to the timely delivery of raw materials and supplies to the required destination, it is considered expedient to provide many additional support services.

Reducing transportation costs, improving service culture, strict adherence to the regimes of transportation and storage of various products, diversification of distribution channels, etc. can be attributed to the mentioned services. The production and offering of this group of services to consumers is possible through

integrated logistics systems, which are organized in accordance with modern requirements and include subsystems with the ability to provide basic and additional (support) services to the infrastructure.

International experience shows that the formation of integrated logistics systems at all levels, the provision and implementation of logistics services to ensure the flow of raw materials and products allows to achieve more effective results. The logistics system, characterized as a complex of various subsystems and infrastructure elements for the implementation of logistics operations in the local area, has various formation and development features depending on many regional development features and traditions, resource potential, socio-economic, geostrategic and other factors.

According to world experience, the process of formation and development of the logistics system in each country is based on general principles, but also requires consideration of specific, different features (Сергеев В.И., Дыбская В.В., 2011, с. 264-265). Therefore, depending on these features, functions of the logistics system in different countries, structure, composition of subsystems, income level, period of self-realization of investments, the principle of the approach of the logistics system and other factors are different. For example, transport and logistics systems such as “reverse services” in Turkey, “cargo turnover centre” in Germany, “cargo village” in England, “all kinds of delivery” in Italy, “cargo platform” in the Netherlands, “intermodal terminal” in France, “logistics hub” in Sweden is characterized. Just as the names of logistics systems sound different in different countries, so do their purposes and purposes. For example, effective use of the country's strategic capabilities and transit potential in Turkey, greater involvement of transit cargo by sea through liberalization of services in seaports in connection with increased competition in maritime transport in Italy, ensuring interconnection of all modes of transport in Germany, using the opportunities of multimodal transportation in France and the Netherlands is considered as the main goal (Савенко, С.В., 2013, <http://transportinform.com/logistika/>; Reyhan A.W., 2018, s.189-190). The share of the logistics system in the composition of the revenues of the transport complex of

countries, saving opportunities, the timing of self-realization of investments and other indicators are also diverse. Revenues are 15% in Turkey, 25% in Germany, 31% in France, 40% in the Netherlands and an average of 30% in Central and Eastern Europe. The application of multimodal transportation technologies by logistics systems allows consumers to save 12-15% on service costs. The average repayment period of logistics systems in European countries is 5-9 years.

The first transport and logistics systems in European countries began to take shape in Germany in the 1980s. The main goal of this system was to achieve the maximum reduction of costs for the delivery of products, and the location of the system was chosen according to this principle. The first logistics centre in Bavaria had well-developed rail and road routes, and a base and warehousing infrastructure close to major consumer settlements.

Transport and logistics systems established in the countries of the European Union are divided into five groups according to their scope of activity: general European importance, partly general European importance, secondary regional importance, national auxiliary and regional (local auxiliary).

According to many European countries, as a result of the operation of logistics systems, the cost of supply and storage of raw materials and finished products will be reduced by 15-30%, transport costs by 7-20%, and total logistics costs by 12-35%, which will contribute additional income to be received to the state budget (Сергеев В.И., 2011, с.29-31).

Germany, a leader in the use of logistics opportunities in Europe, is also the first country to establish a logistics centre in Ingolstadt, Bavaria. 460,000 people work in the logistics sector, earning \$ 19 million (€ 17 million). The volume of payments to the state budget of the logistics system is 25%.

As in many areas, there are specific features of the German approach in the field of logistics. Three important factors are taken into account, including the participation of the public sector in all stages of the process of creating and developing a logistics system in Germany:

1. Provide serious state support based on federal and general federal territorial legislation, i.e., allocation of targeted investments and subsidies;

2. Specific definition of duties and powers of the legal entity or individual creating the logistics system in the field of acquisition of land for construction, identification of sources of financial support, preparation of programs and documents for construction and other works and organization of construction control;

3. Management of logistics systems established with the participation of the state by the “Supervisory Body” formed by the representation of the parties.

One of the important features for most logistics systems in Germany is the creation of major transport routes, especially near railway junctions, and the use of mainly road and rail transport and engineering-communication systems.

Turkey is one of the countries with extensive logistics capabilities. The main transit cargo and trade routes in the East-West direction pass through the territory of Turkey, which has a very important strategic position. These routes pass through Turkey to the Mediterranean Sea and extend to all regions of the world. Surrounded by seas from three sides, direct access to warm seas significantly increases the country's logistics potential. So, the main competitive advantage of the Turkish logistics system is its strategic position. There are 56 countries within a 4-hour flight from Turkey, and 1.5 billion people live in these countries. About half of the world's imports are carried out in the region, and the effective use of these opportunities plays an important role in the development of the country's logistics system. However, these opportunities and potentials are not yet used effectively.

According to the report, Turkey's logistics capacity is estimated at \$ 50-60 billion, which is 1% of the world's logistics system. The level of use of these opportunities in recent years is \$ 6-7 billion, which is only 12% of the available opportunities.

Among the factors hindering the full use of the existing potential are the incomplete modernization of railway and sea infrastructure, the existence of

unregistered logistics companies, the lack of necessary investment, weak state support for the sector, and so on.

The small amount of investment in the development of the logistics system also has a negative impact on development and the use of potential. Today, the share of investment in the logistics system of developed countries in the world economy in GDP is 1.5-2%, in developing countries 0.2-0.5%. In Turkey, this share is 0.3%. In developed countries, the share of investments in the logistics system in total annual investments is 15-40%, in developing countries it is 2-5%, while in Turkey this figure is 3% per year (<https://www.osmanligruplojistik.com.tr>).

According to the World Bank's Logistics Level Index 2018, Turkey's logistics system ranked 27th in 2012, 30th in 2014, 34th in 2016 and 47th in 2018. In general, the level of development of the logistics system in Turkey is declining by six indicators compared to the previous reporting period. In particular, there is a serious decline in customs clearance, infrastructure and competition (Yaşanur K., 2018).

Over the past five years, the volume of the logistics sector in Turkey has increased by 52%, the total annual turnover of logistics companies has increased by an average of 30% to \$ 15 billion, and the structure of the system has undergone significant changes. Thus, the number of companies has decreased, and competition has intensified. The continuation of this trend is expected to shift competition from price-oriented to technology-oriented.

Italy is one of the countries in Europe with the principles of creating a developed logistics system. These principles provide for the provision of logistics services, the coordinated operation of vehicles to ensure the flow of raw materials, products and information, the transportation of transit cargo by sea.

The main conceptual approach to the process of establishing a logistics system in this country is as follows:

- Proximity to national and trans-European, cross-border road, air and water transport routes;
- Proximity to production and industry;

- Proximity to terminals that provide transportation of vehicles with major export products.

At present, the logistics systems operating in the main production areas of Italy have intermodal networks created with the joint investment of the state, the transport company "Сemat" and the railways (Краснова И.И., Байкова Н.И., Каратченя А.В., 2014, с.73). Logistics systems with Intermodal networks operate in Verona, Parma, Torino, Bologna, Venice and other industrial and production centres. The Bologna transport and logistics system, jointly created by the public-private sector and located and operating at the intersection of important railway and road transport routes, is Italy's largest logistics system. This logistics system provides 35% of domestic freight and its infrastructure includes road and rail transport networks, a container terminal, and structures providing various support services. This logistics system includes 112 national and international transport and logistics enterprises.

The Netherlands is one of the countries in the world with a highly developed logistics system. More than 12000 logistics companies operating in the country provide various services (Силлюк Т.С., Сухонос Н.И., 2017, с. 256-257).

The main characteristics of Dutch logistics systems are:

- Mechanization and automation of the process of processing of raw materials and products;
- Presence of representations in many countries of the world;
- Dominance of logistics systems with small and flexible structure;
- Has the largest storage area in the world;
- Participation of staff mainly in the provision of customs, catering and other services.

The development of the Dutch logistics system is managed by the Ministry of Transport and Water Resources. The ministry focuses on providing access to international logistics systems, identifying and eliminating problems occurring in the system, studying conjuncture in the International Logistics Market and using market opportunities effectively, preparing recommendations in the field of optimization of service procedures and other issues. Programs and concepts for the

development of the country's logistics system are developed by a special institute - DINALOG.

If we look at the approaches to the development of the logistics system in other European countries, we see that the measures taken in the field of logistics in France are based on the principle of close cooperation between state and regional authorities. The Ministry of Ecology, Energy, Long-Term Development and Territorial Development directs and supervises the activities and development of the logistics sector.

In Switzerland, logistics systems are private enterprises established as joint stock companies. As members of the Swiss Confederation of Entrepreneurs, these enterprises provide transportation and logistics services and mainly represent the interests of the Confederation of Entrepreneurs.

Georgia's transport and logistics system is one of the factors ensuring the country's economic and social development. Georgia's favourable geographical position has paved the way for Georgia to become a regional transport hub, an important part of the Europe-Central Asia transport corridor, the Great Silk Road. As a transit country, Georgia ensures economic development by actively participating in the provision of logistics services and transportation of goods and products. The participation of existing modes of transport in the country (rail, road, sea, air and pipeline transport) in transit and import-export operations has a positive impact on the development of its logistics system.

However, like many developing countries, the level of development of the transport and logistics system in Georgia does not correspond to the level of use of existing opportunities. Thus, the revenues of the transport and logistics system make up 6.3% of the country's GDP (Dolbaia T., 2020). Georgia is not among the 100 countries in the World Bank's (WB) assessment of the level of development of transport and logistics systems. In order to achieve the development of the logistics system using the existing opportunities, the Georgian government should prefer to formulate a national transport logistics strategy, attract investment in infrastructure projects that increase the efficiency of the transport system, improve logistics

services, solve existing infrastructure problems, integrate into international transport networks and simplify logistics procedures.

Georgia's logistics system has great prospects for development within the integrated transport network in the South Caucasus. However, factors such as natural-geographical and economic-geographical factors, location of the transport network, conditions of transport operation have a positive impact on the expansion and development of the country's transport networks, local conflicts in the region seriously hamper development.

Georgia's transport and logistics infrastructure, airports and road network have been overhauled in recent years, railway lines have been renewed, and a new port (Anaklia) has been built and put into operation. There is a tendency to increase multimodal transportation in logistics systems, which leads to the use of different modes of transport and the development of logistics infrastructure. Georgia has the opportunity to actively participate in intermodal transportation, which expands its opportunities to offer high quality and affordable transportation services.

Effective use of international experience and strategic position of the country in the formation and development of the existing logistics system in Russia, cooperation with companies operating in the global logistics market and promotion of these companies in the country, mergers of local logistics companies with foreign companies. joint use, renewal of the structure for the widespread use of multimodal transport, taking advantage of container transport, etc. issues are a priority in Russia.

At the same time, Russia's transport strategy until 2030 emphasizes the development of the logistics system and the reconstruction of the infrastructure of logistics systems, strengthening public-private partnership in the creation of terminals, integration into international transport and logistics systems, transport corridors (Клименко В.В., Прокофьева Т.А., 2015).

Considering the approaches, concepts and principles of the formation and development of the logistics system in different countries, it can be concluded that each country has individual approaches to the development of this area. The main principles and concepts in these approaches are regional and geographical factors,

the potential of natural and infrastructure resources, accessibility of various supply sources and production factors, the attention of Public Administration structures to the development of the logistics system and the level of state support, the presence of interested parties in attracting innovations to this field, the activity of relevant structures in, it is determined according to the opportunities and level of cooperation of the public-private sector, the conjuncture of the World Logistics Market and other factors, current and strategic activities are regulated.

CHAPTER III. CONCEPTUAL BASIS OF AZERBAIJAN'S TRANSFORMATION INTO A REGIONAL LOGISTICS AND TRANSPORT CENTRE

3.1. Current state of the transport and logistics system in Azerbaijan

In the process of forming transport and logistics systems, the significance of the transport system, which is its important component, should be emphasized. Transport itself belongs to the category of systems with a large and complex structure, both as an independent system and as a subsystem of logistics and plays an exceptionally significant role in the performance of extremely crucial functions in society. The main function of the transport system is to ensure the satisfaction of society's needs for the transportation of goods and passengers. At the same time, the main emphasis in the practical implementation of the concept of logistics lies on the transport system, which is considered an important link between the components of the logistics system. The transport system also acts as one of the main driving forces of integrative processes in the logistics system.

The transport system itself, which acts as one of the major links in the transport-logistics system, consists of a set of means providing communication and information exchange between the transport means and transport management bodies that are interconnected. Vehicles include cars, Railway trains, aircraft, helicopters, air balloons, deltoplans, river and sea vessels, various mechanical vehicles, passenger animals, etc. In addition to vehicles, the transport system includes loading and unloading points and mechanisms, parking lots for transport and specially equipped parks, warehouses where cargo is stored.

The share of transport system in global cargo transportation is up to 70% (Alacam S., Sencer A., 2021). At the same time, according to estimates, transportation services account for 50% of the cost of total logistics services. The transport system, which carries out the transportation of goods and passengers, is considered as a component of the sphere of material services in the structure of social production. In the delivery of various products to customers, in the provision of services, the importance of vehicles is great, and in this process, different types of transport are

used. At the same time, general and special purpose vehicles are used in the provision of logistics services.

General-use vehicles are used to meet the transportation and transfer needs of the general economic sectors and population. Special purpose vehicles are used in certain production and service areas, in transportation of specific goods and are supplied with additional protective, refrigerating, mixing and other equipment and means. The use of vehicles of various purposes in the structure of the transport system allows the organization of multimodal transportation, which is one of the main functions of the logistics system.

The use of vehicles for certain purposes makes a significant contribution to the formation of transport systems, the creation of a chain of transport transports in logistics activities, the unity of transport services with other logistics services, the choice of the type and kind of vehicle corresponding to the nature of the services, the planning of the optimal route of transportation and conveyance.

The correct choice of the type of transport is one of the important factors in ensuring the effectiveness of logistics services, reducing losses and costs, saving time and other resources. When choosing a vehicle, its safety, mobility, thriftiness, capacity, technological and other indicators should be referred. For example, if rail transport is the safest and cheapest means of transportation in any weather conditions, road transport is more mobile, with wide manoeuvrability, different capacity and modifications. Air transport means, being fast, are considered superior to others, but require more costs and depend on weather conditions. In the selection of vehicles in logistics services, these factors, i.e. transportation prices, safety and reliability of vehicles, the time spent on the delivery of cargoes and passengers, the ability to deliver cargo to any territory, the ability to carry loads of various character, the form of packaging of cargo, its mass, volume, spoilage and so on are taken into account. In the selection of the type of vehicles and their effective use in the field of logistics, it is also considered important to consider the state and capabilities of the relevant infrastructure.

The state and level of development of the transport infrastructure-roads, junctions, crossings, bridges, parking lots, roadside auxiliary infrastructure-is one of the main conditions for more efficient use of vehicles.

Various means and types of transport (railway, sea, air, oil and gas pipeline, automobile, metro) are used in freight and passenger transportation in Azerbaijan (Parvin B., 2017).

Transport system occupies an important place in the overall economic development in Azerbaijan and 7.1% of GDP production falls on the share of transport-storage system (<https://www.stat.gov.az/news/index.php?id>).

Analysing the main economic indicators of the transport system in our country on various types, it can be concluded that in recent years there has been an increase in most results. According to our research, the revenues from general cargo transportation in 2020 amounted to 7.006.367 thousand Manats, which is 1.46 times more than in 2016. At the same time, there is an increase of 1.7 times in transportation costs.

There has also been a significant increase in the number of employees working in the transport system, which plays an important role in solving many socio-economic problems, including employment. In the 2016-2020 report, the number of people working in this field increased by 16.857 and reached 140.655 people.

In order to renew the material and technical base of the transport sector, which is one of the most important sectors of the economy, purchase of new vehicles, increase of technological level, structural changes in this area, increase of competitiveness of the industry and other measures, investment has increased substantially and compared to 2016 it increased 1.5 times, amounted to 2.091,6 million (<https://www.stat.gov.az/source/transport>).

Although there was an increase in freight traffic in 2016-2019, in 2020 there was a decline in this area, which can be explained by the imposition of restrictions on access to many countries due to the Covid-19 pandemic. This trend is also analogous to passenger transportation. Despite the positive dynamics for the period up to 2019 on both types of transport, in 2020, compared to 2019, there was a sharp

decline in 43.800 thousand tons and 713.057 people, respectively (<https://www.stat.gov.az/source/transport>).

18.9 percent (1.181.960 thousand manat) of total revenues from transportation of the country's transport system fell to the share of automobile transport. In 2019, this indicator amounted to 26%, which is a fairly large figure.

In freight and passenger transportation by road, there is an increase in the level of revenues from transportation until 2019. But the restrictions created by the pandemic in 2020 led to a decrease in these indicators. In comparison with 2016, freight and passenger traffic in 2020 decreased revenues by 1,26, 0,64 and 1,03 times, respectively (<https://www.stat.gov.az/source/transport>).

There is a positive dynamic in the reporting year in freight and passenger transportation by sea, in revenues obtained. High results on this type of transport were achieved in 2019. Although in 2020 the main indicators for this type of transport decreased compared to 2019, compared to 2016, freight traffic increased by 1,3, passenger traffic by 1,4 and revenues by 1,5 times (<https://www.stat.gov.az/source/transport>). I consider that there are great opportunities for the expansion of maritime transport in the future and the increase of revenues from this area by using the opportunities of the Caspian Sea more effectively.

The dynamics in the reporting period in the number of cargo and passengers transported by rail transport, in the volume of revenues received do not differ significantly from indicators for other types of transport. Although passenger traffic and revenues from general transportation in this type of transport increased 1.07 and 1.04 times respectively, freight traffic decreased 1.05 times. The highest figures for this type of transport are in 2019. According to the figures, we can say that compared to 2016, cargo transportation decreased in 2017 and 2018 (<https://www.stat.gov.az/source/transport>).

Air transport is considered the most convenient mode of transport without loss or with minimal loss and faster delivery of passengers to any point. Air transport is considered important, especially in the transportation of perishable food products. The proceeds from this type of transport are also more frequent than other types of

transport. This is due to the height of the carrying tariffs applied to the loads. Airlines in most countries of the world charge \$ 1,8- \$ 4,2 per kilogram of cargo.

In the country for the reporting year, the increase in air transport and cargo transportation increased 1,3 and 2,86 times, respectively, and revenues from transportation increased 2,87 times (<https://www.stat.gov.az/source/transport>). As we can see, the increase in passenger transport is almost twice as high as in the other two indicators. This is due to a known epidemic, and the gradual elimination of the effects of the pandemic will further expand the possibilities of growth in the volume of air transport.

Based on our analysis, I can say that the oil industry is considered the main and leading sector of our national economy. Transportation of manufactured products in the oil field is carried out through pipeline transport. Pipeline transport is considered affordable from other vehicles due to its high throughput and low cost, as well as the reliable protection of transported products.

In comparison with 2016, the volume of pipeline shipments throughout the country decreased in 2017, 2019 and 2020, partly increased in 2018 compared to previous years, generally decreased by 1.05 times in the reporting period (<https://www.stat.gov.az/source/transport>).

Table 1: Main indicators of the transport system in Azerbaijan (,000)Total	2016	2017	2018	2019	2020	Dynamics vs 2016, times
Revenues from transportation, manats	4780684	5628015	6231943	7081741	7006367	1,46
Expenditures on freight and passenger transportation in the transport sector, manats	2583043	3407283	3902532	4009754	4415431	1,7
Number of employees in the transport sector, people	123,80	126,10	126,75	130,80	140,66	0,12
Volume of investments in transport sector, manats	1 391 000	1 774 300	1 922 800	2 189 200	2 091 600	1,5
Cargo transportation by road, tons	141 459	144 854	149 344	155 318	111 518	-1,26
Passenger transport by road, people	1708191	1739726	1766 564	1813 258	1100 201	-0,64
Income from transportation by road transport, manats	1214938	1273879	1396899	1844202,	1181 960	-1,03
Cargo transportation by sea, tons	5 807,3	8 344,5	8 236,1	5 968,7	5 981,9	1,03
Passenger transportation by sea, passengers	19,6	17,1	15,7	22,2	20,4	1,04
Income from transportation by sea, manats	160 095,9	179 724,5	170 566,6	180 484,4	168 987	1,05
Freight transported by rail, tons	15 479	14 558	13 954	15 222	14 631	-1,05
Passenger transported by rail, passengers	1 978	2 490	2 841	3 850	2 124	1,07
Income from transportation by rail, manats	262 43 5	279 20 2	270 841	299 772	274 82 7	1,04
Passenger transported by air, passengers	1 980	2 359	2 399	2 704	2578	1,3
Cargo transported by air, thousand tons	160	173	208	183	458	2,86
Income from air transportation, manats	1 053 949	1 647 341	2 066 918	2 396 355	3 035 229	2,87
The pipeline was transported by Transport, tons	63 685	62 281	62 152	62 347	60 221	-1,05
Income from transportation of goods by pipeline transport, manats	2047 00 4	2 203 546	2 272532	2 292 011	2323741	1,13
Number of passengers transported by metro, passengers	217 500	228 800	231 000	236,7	-	1,09

Source: The table is compiled by the author based on the information <https://www.stat.gov.az/source/transport/>.

The special role of metro in passenger transportation in the country, especially in Baku, should be noted. Analysis for four years of the reporting year on this type of transport shows that the number of passengers transported by metro has increased dynamically, and in 2019, compared to 2016, this increase amounted to 1.09 times. It should be noted that due to the pandemic, the data of 2020 is not reported caused by the malfunction of the metro.

Statistical data of the main indicators of the transport system of our country by types of transport is also given in table 1.

If we take it in general, automobile transport is widely used in cargo transportation. The reason for this is the advantages of motor vehicles, which we have listed at the beginning, and many others. That is why it is understandable that these types of vehicles are widely used in transportation. I would like to note that the use of automobile transport in the organization of multimodal transportation is becoming more relevant.

The role of automobile transport in ensuring regional development is also highly appreciated. The most widely used vehicles in the transportation of products and raw materials produced in the regions and their delivery to destination points are automobiles. Therefore, effective and balanced distribution of motor vehicles by countries and regions is considered one of the important factors. Number of cargo vehicles involved in turnover in the provision of cargo transportation services in the country is also listed in the table 2.

As can be seen from the statistical data presented in the table, compared with 2016, the number of trucks increased in 2020 by 13.403 units and was 154.659 units. The data shows that the number of trucks has increased in all other economic regions except for Baku and Nakhchivan economic regions. Compared to 2016, the number of trucks in these two economic regions decreased by 702 and 1.481 units, respectively. The largest increase in the number of trucks was in Sheki-Zagatala (1.813), Karabakh (1.802), Lankaran-Astara (1.529) economic regions.

In general, the adoption of programs on the socioeconomic development of the regions and the implementation of many measures have

Table 2: Number of trucks by economic regions, units

Economic regions	2016	2017	2018	2019	2020	Dynamics compared to 2016, units
Number of trucks in the country, units	141256	142857	147343	150547	154659	+13403
Baku city	60 481	58 256	58 884	59 014	59 779	-702
Nakhchivan Autonomous Republic	7 514	7 551	7 273	6 274	6 033	-1481
Absheron-Khizi economic region	6 781	6 863	7 113	7 455	7 865	+1084
Daghlig Shirvan economic region	2 702	2 912	3 084	3 334	3 586	+884
Ganja-Dashkesan economic region	7 904	8 010	8 197	8 491	8 648	+774
Karabakh economic region	8 086	8 530	9 124	9 574	9 888	+1802
Gazakh-Tovuz economic region	8 188	8 588	8 919	9 260	9 623	+1435
Guba-Khachmaz economic region	6 237	6 700	7 068	7 378	7 653	1416
Lankaran-Astara economic region	8 458	8 797	9 194	9 538	9 987	+1529
Central Aran economic region	6 546	6 815	7 169	7 449	7 721	+1175
Mil-Mugan economic region	4 590	5 030	5 459	5 752	5 998	+1408
Sheki-Zagatala economic region	5 961	6 296	6 725	7 372	7 774	+1813
East Zangazur economic region	3 442	3 643	3 922	4 158	4 396	+954
Shirvan-Salyan economic region	4 635	4 866	5 212	5 498	5 708	+1073

Source: Table compiled by the author based on <https://www.stat.gov.az/source/transport/> data.

created the basis for the growth of production in most production areas, including agriculture, which is one of the priority sectors of the national economy. Trucks have a great role in the transportation of agricultural products produced in the country and abroad. A sufficient base of trucks, which are important components in the development of the logistics system and improvement of the quality of logistics services in our country, has already been created and their composition is regularly enriched with the latest models. This creates the basis for the integration of the national logistics system into the global transport system.

The creation of infrastructure in the development of transport and logistics systems is of exceptional significance. Roads are becoming more and more important in this infrastructure system and create favourable conditions for the transportation of various cargoes and the unhindered movement of various types and vehicles, facilitating the accessibility of territories and destination points.

According to statistical data, the length of existing highways in Azerbaijan in 2020 is 19.228 km, the length of railways is 2.499 km (of which 2.139 km is common use, and 360 km is unused). 1.169 km of common railways have been electrified, which is an important indicator for this area and is considered one of the main factors of the level of development of the area.

The total length of the main pipelines in the country is 5.556 km. 1.576 km of them belong to the main oil pipelines, which are considered an important means of transportation of oil. 442 km (total length 1.768 km) of the Baku-Tbilisi-Ceyhan main oil pipeline of global importance and 456 km (total length 833 km) of the Sangachal-Supsa oil pipeline pass through the country and provide transportation of produced oil to global markets. 678 km of main oil pipeline carries out local oil transportation.

The total length of the main gas pipelines providing the transportation of natural gas, which is another energy carrier, is 3.980 km. Of these, 442 km (total length 980 km) falls on the Baku-Tbilisi-Erzurum gas pipeline with a capacity of 20 billion m³ and 3.538 km on the gas pipelines of local importance.

In general, water-air transportation routes are also used in the implementation of logistics services.

Statistical data on length of connection routes in Azerbaijan is also give in the table 3.

Table 3: Length of connection roads in Azerbaijan, km

Roads	2016	2017	2018	2019	2020
Motorways, km	19016	19016	19176	19176	19228
Railways, km	2 429	2 481	2 47 0	2 490	2 499
common use	2 071	2 132	2 133	2 140	2 139
including electrified	1 199	1 224	1 169	1 169	1 169
not in common use	358	349	337	350	360
Metropolitan roads, km (double line)	36,6	36,6	36,6	36,6	36,6
Length of main pipelines, km (by country)	5 431	5 376	5 438	5 506	5 556
Main oil pipelines	1 522	1 523	1 523	1576	1576
including length of operation	1 522	1 523	1 523	1576	1576
Baku-Tbilisi-Jeyhan	442	442	442	442	442
Sangachal-Supsa	456	456	456	456	456
Other (local)	624	625	625	678	678
Main gas pipelines	3 909	3 853	3 915	3930	3980
including length of operation	3 893	3 844	3 915	3930	3980
Baku-Tbilisi-Erzurum	442	442	442	442	442
other (local)	3 451	3 402	3 473	3488	3538

Source: table compiled by the author based on <https://www.stat.gov.az/source/transport/> data.

The analyses show that there is a certain positive dynamics in the development of the transport and logistics system. However, the growth rate of this dynamic cannot be considered adequate to potential opportunities. This success is confirmed by the results of the World Bank's "Logistic Performance Index" assessment. The final assessment of the organization on transport and logistics opportunities was carried out in 2018, and according to the results, our country took the 167th place among 123 countries in terms of transport and logistics opportunities (<https://lpi.worldbank.org/international/aggregated-ranking>; <https://dth.az/index> 13). This is a very low indicator and it is necessary to ensure the rapid execution of measures necessary to increase the rating. I would like to note that despite the implementation of certain works in recent years for the development of the national transport and logistics system, it is still required to work hard in this area, accelerate the improvement of infrastructure by attracting investment, strengthen the material and technical base, renew the fleet of vehicles, expand the application of innovative technologies and carry out other necessary measures.

Thus, it can be noted that the transport system and transport-transfer vehicles existing in Azerbaijan have the necessary potential for the provision of transport and logistics services. These opportunities create additional chances for the expansion of this potential and effectively use these opportunities in the future and significantly strengthen the possibility of integrating the national transport and logistics system into the global transport and logistics systems.

3.2. Principles of integration of Azerbaijan's logistics and transport system into interregional and international transport and logistics systems

Despite the significant contribution to the economic growth of the countries of the world and the increase in the social well-being of all nations, the global transport and logistics system is characterized by a wide diversified specific feature. At the same time, many problems arise in this area due to the weak cooperation and integration process between the logistics market participants at the regional and global level. Therefore, the subjects offering transport and logistics services operating in each country try to gain access to regional and global transport and logistics systems, routes and corridors, and become an active participant in the international market of freight and passenger transportation. Access and integration to global transport and logistics markets gives certain advantages to those countries and subjects. Of these advantages, the following can be listed:

- the level of the existing transport infrastructure is developing fundamentally;
- the overall efficiency of the system is increased;
- the movement of raw materials and products, services is accelerated and transportation costs are saved;
- economic growth and social development is ensured;
- regional and interregional relations are expanding and strengthening;
- due to the reduction in transportation costs, the price of products is falling and competitiveness in other sectors of the economy is rising;
- business activity of business entities increases, which positively affects the standard of living and social activity of the population;

- transport infrastructure is developing and stable relations and economic relations are ensured between the territories of the country;
- multimodal transportations are developing in the field of transport and logistics;
- facilitates access to existing sources of raw materials and products in regions of the country and other countries;
- the existing exchange of experience in the transport and logistics system is expanding;
- the diffusion and application of innovative technologies in transport and logistics services is accelerating, and so on.

In the current system of economic relations and in solving development problems, the listed factors are considered quite significant and act as the driving forces of dynamic development.

The expansion of cooperation relations and the acceleration of integration in general are one of the decisive factors in the development of logistics systems. This is manifested both in the structures of the system and in inter-system relations.

Cooperation in the field of logistics involves the implementation of the transportation of cargo and passenger, the exchange or sharing of the capabilities of vehicles by two or more parties. In this case, the intensity of cooperation between partners can be at such levels as information exchange, joint planning, joint implementation, the formation of a strategic alliance (J-F. Audy, S. D'Amours, N. Lehoux and etc., 2010).

Cooperation in logistics can be carried out in two forms:

1. vertical cooperation;
2. horizontal cooperation.

In the course of vertical cooperation, partners at different levels of the supply chain (shipper and carrier) share or exchange resources. However, in the horizontal form of cooperation competing logistics entities operating at the same supply chain level (for example, two freight sending enterprises or two carrier enterprises)

coordinate their activities in order to obtain greater profits and make better use of opportunities (Barratt M., 2004, p. 32-33).

Cooperation also involves the formation of mutually beneficial relations. Each subject of activity, in any case, is aimed at obtaining more income as a strategic goal. At this time, the nature and level of relations with competitors, partners affect the level of achieving the goals of earning income. Minimization of adverse effects on the volume of income depends on the existing relations between the parties. That is why the subjects of activity not only operate in a competitive environment, but also cooperate with competitors. This cooperation can be established by membership in various local, regional and international organizations or independently. Such organizations coordinate the activities of subjects, create the basis for deepening business relations between them, increasing revenues, reducing costs, exchanging experience and technology, and other useful processes. As a result, the system of favourable and beneficial relations formed within the organization ensures the development of enterprises and the whole industry.

At the local level in the field of transport and logistics, such cooperation is mainly carried out through organizations created by logistics and transport enterprises. However, cooperation at the local level does not allow for the integration of logistics services in a wider field of activity. For this reason, these structures are interested in integrating into global logistics systems.

The globalization of business in recent years has also conditioned the integration of transport systems of different countries into the regional and international transport system. This, in turn, gave an impetus to the formation and intensive development of the main international transport corridors, where transit cargo is transported. This development conditioned the transition from traditional logistics to a qualitatively new, innovative global logistics platform.

Characteristic features of traditional logistics include the lack of clear definition of goals and directions of development, the lack of clear definition of service duties and responsibilities among the subjects of the logistics system, increased attention to the price of products and services and transportation problems,

the poor exchange and management of logistics information, and the large number of service and resource suppliers.

For global logistics, the following features are characteristic:

- increased responsibility of global logistics intermediaries due to supply and distribution;
- more attention to integrated logistics indicators;
- management of added value generated by logistics services by making efficient use of available resources;
- increased reliability in the delivery of raw materials, products and services;
- application of blockchain technology to minimize the number of intermediaries in the provision of logistics services;
- development of integrated information and logistics system;
- shortening of delivery time and high flexibility of service operations;
- ensuring global coordination between logistics structures and intermediaries;
- management of global logistics development goals on an integrative basis.

As can be seen, the global transport and logistics system is considered qualitatively more favourable than traditional logistics, more promising in terms of development.

Studies show that one of the main directions of the transport policy of the developed countries of Europe, Asia and America in recent years is the intensification of measures aimed at creating new international transport corridors connecting regions, countries and all types of transport (Гончаренко С.С., 2010, с. 68). This process has accelerated in recent years and has become a subject of competition in global relations. The directions and diversification of the routes of international transport corridors passing through the territories of North and South America, Europe and Asia, come to the fore as a matter of interest of global powers.

The creation and effective operation of international transport corridors implies an integrated design considering transportation costs, optimal routes and environmental problems. These corridors are also considered as multimodal routes for the transportation of passengers and cargo, including air, sea, railway and

highways. Transport corridors envisage the creation of predictable, efficient and transparent routes for all players of the global logistics market.

The globalization of business, the aggravation of competition in business and the intensive development of international transport require the integration of national transport systems into the global transport system and transport corridors in which the main transit cargo flows are realized. At present, transport corridors are becoming a test platform for the implementation of global logistics strategies, as well as the introduction of the most advanced logistics concepts and technologies (unmanned, multimodal, terminal, door-to-door) for cargo delivery.

In developed countries, especially in America and Europe, transportation by unmanned trucks is rapidly spreading. “FedEx” (<https://techcrunch.com/2021/09/22/fedex>), “TuSimple” (<https://internetua.com/>) logistics companies in the US already successfully use unmanned trucks in their transportation. By the end of 2023, “FedEx” plans to create a unmanned cargo transportation network in various countries of the world. “Starsky Robotics”, “Gatik”, “FedEx”, “SBER” and other innovation companies are expanding startup activities for the production of unmanned cargo and passenger transport vehicles. The “Azfintrans”, “Caspian Logistics and Freight for Safety Services”, “ABA” and other logistics companies operating in Azerbaijan should increase their initiatives in this direction in order to be competitive in the future.

The development of international transport corridors allows the formation of many superior trends in freight and passenger transportation. Of these trends, we can mention the following:

- possibility of organization of transportation by cooperating with a logistics company, which is an international cargo carrier;
- application of intermodal method in cargo transportation and delivery;
- organization of transportation on “door to door” logistics technology;
- implementation of a single information and monitoring system with partners providing logistics services in shipments;

-possibility of using satellite communication and navigation systems for continuous monitoring of cargo and vehicles;

-electronic payments for transportation and logistics services.

As can be seen, transportation, delivery and all other services in global transport and logistics are carried out by a company, which allows saving time and costs, ensuring customer satisfaction and loyalty, which is of particular importance in the modern market of services. At the same time, logistical administration and management methods are being improved, new registration and reporting, quality control methods are being created. As a result, continuous dynamics arise in improving the quality of logistics services.

It is more expedient to accelerate effective integration into international transport and logistics systems by becoming a member of many international trade and cooperation organizations. Each country can expand its opportunities to actively participate in freight and passenger transportation and generate more income by accelerating the integration process, using the capabilities of international transport and logistics systems. Integration into these systems has expanded the possibilities of providing political, strategic, regional, cultural, social and other interests along with economic interests to countries.

After gaining independence, Azerbaijan considers the establishment of a sustainable and balanced developing, socially oriented economic system and integration into international structures as the main strategic goal. The economic policy carried out in this area since 1991 is bearing fruit. As a full member of many international and regional organizations, Azerbaijan is achieving many economic, political and other successes. Since 1991, Azerbaijan has been represented by the Organization of the Islamic Conference (OIC), since 1992, the Organization of the Black Sea Cooperation (BSEC), The Economic Cooperation Organization (ECO), since 1993, the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), the Black Sea Economic Cooperation Organization (BSEC), the Commonwealth of Independent States (CIS), since 1997, GUAM (Georgia, Ukraine, Azerbaijan and Moldova), the World Tourism

Organization (UNWTO), since 2001, Council of Europe, and continues discussions for membership in the World Trade Organization (WTO). Cooperation with the listed and other international organizations, along with economic, social and cultural spheres, accelerates the development of the national logistics system and its integration into international transport and logistics structures.

Azerbaijan actively participates in the TRACECA program, one of the largest transport and logistics projects of the modern era, and in the restoration of the Great Silk Road. The completion and development of these projects will give an additional impetus to the integration of our country into international transport corridors (ITC). Azerbaijan is considered one of the key countries in projects aimed at the integration and organization and expansion of transportation between the countries of the South Caucasus and Central Asia and Europe. In the future, the diversification of the Great Silk Road on the territory of our country and the creation of the Zangilan corridor-Nakhchivan-Turkey, Astara-Iran-the Middle East countries-look promising.

Historically, the most important transport and trade routes existed between East and West, i.e. between China and Europe. However, as a result of strengthening of interregional integration over time, other routes between North and South began to emerge and develop (<https://index1520.com>). At the end of the XX century, the issues of creating such routes and transport corridors became even more urgent. The strengthening of globalization trends, the intensification and development of international relations of various countries gave impetus to a broad discussion of this issue at the Crete Conference of European Transport Ministers in 1994. As a result of the discussions, a protocol was signed on the establishment of promising transport corridors between Europe and Asia and the structure of a single trans-European transport system. In 1998, the law of the Republic of Azerbaijan on joining the Protocol on the European Conference of Transport Ministers was adopted. The adoption of this law gave our country a legal basis for its active participation in the creation of routes and corridors intended to be created according to this protocol. Our country has gained the opportunity to become one of the important points of transportation on the routes provided for in this protocol.

Our country has started integration into the route No. 4 “Western Europe”, created and functioning according to the Crete protocol. The cargo transported via East-West and North-South transport corridors passing through Azerbaijan was delivered via Georgia and Turkey to the Black Sea and to the Port of Constance of Romania.

Integration into the routes No. 7 “South” and No. 8 “Balkan inland” envisaged in that protocol began to take place through Georgia and Turkey by organizing transportation to the Black Sea and Bulgaria's Ruse and Burgas, Romania's Curcu and Ukraine's Reni ports. Cargo transported from the eastern regions of Russia through rivers to the Caspian Sea can be transported to European countries on this route. It is possible to transport cargo from Europe through the Caspian Sea to Asian countries, on this route, as well.

In the second direction of “North-South”, Route No 9, cargoes transported from Europe to the Caspian Sea through Russia are also transported via Azerbaijan to Asian countries.

In general, the main lines of the “North-South” route, the second largest cargo transportation corridor from Europe to Asia, pass through Azerbaijan (figure 2). This creates a great potential for integration into the main transport corridors by creating huge economic, political, strategic advantages and opportunities for our country and conditions for the development of multimodal transport infrastructure.

Figure 2: International Transport Corridor “North-South”.



Source: <https://www.tasnimnews.com/en/news/2018/11/20/1880263/russia-to-open-3bln-credit-line-for-north-south-corridor-iranian-minister>

It should be noted that some transport corridors do not have direct logistics-related structures and formally combine separate routes of several modes of transport

(<https://index1520.com>). The transport corridor, through which cargo is transported from China through Russia and Kazakhstan to the countries of Central Europe and Scandinavia, is formed unofficially by connecting various areas of railway and road transport.

In 2016, the volume of cargo between China and the European Union increased from 108.6 million tons, in 2020 to 116.9 million tons, i.e. 7% (<https://index1520.com>). 70% of the cargo transported was delivered to their destination through the territory of Russia. However, in most countries of the world there have been certain doubts that Russia, which has great transit potential, is a reliable partner. These doubts were confirmed as a result of aggression against Ukraine. Sanctions against Russia and Belarus by the main developed countries of the world for their aggression against a neighbouring country and the consequences caused by the war make the use of transport routes passing through the territory of these countries impossible. This led to China's change in the route of cargo transportation to Europe. On the official news portal of China (<http://www.china.org.cn/>) the report says that China has already decided to use the transport system of Azerbaijan more. This means that the volume of cargo transportation through Azerbaijan will at least double. Currently, cargo is transported from China to Aktau port of Kazakhstan, from there through the Caspian Sea to Azerbaijan-Baku International Sea port. From here it is delivered via the Baku-Tbilisi-Kars railway to the ports of Poti and Batumi, then to the ports of Constanta in Romania, Varna and Burgas in Bulgaria, as well as to the port of Istanbul in Turkey and transported to European countries (figure 3).

Figure 3. The route of transportation by the East-West International Transport



Source: (<https://en.azvision.az/news/77797/kazakhstan-sees-great-prospects-of-trans-caspian-transport-route.html>).

However, urgent measures should be taken to take advantage of these opportunities after the Russian-Ukrainian war. In particular, transportation tariffs should be reduced and clearance procedures simplified. At the same time, the process of improving the infrastructure of the Baku International Sea port should be accelerated.

Along with the listed transport corridors, it is also planned to implement several alternative transport corridor projects in the future. One of these projects initiated by China is the Project “One Belt, One Road”. Experts believe that the implementation of this project will contribute to regional and global sustainable development. The Azerbaijani government fully supports this project, in which the main routes are planned to be passed through Azerbaijan. Commenting on the prospects of the project, President Aliyev said: “Azerbaijan fully supports China's initiative “One Belt, One Road”. There are very good prospects for cooperation between our country and China in the field of transport” (15.www.president.az).

The implementation of the “Middle Corridor” project envisages the use and further development of the existing potential of the railway infrastructure of the countries of Central Asia, the Caucasus, Turkey and Eastern Europe. But this project, like other global transport projects, is considered to be a project of political importance and is in the sphere of interests of global power centres. It is planned to implement the “Middle Corridor” project bypassing Russia. It is planned to provide access of the main routes of the corridor to European countries and warm seas through Central Asia, Caspian Sea, Caucasian countries, Turkey. This requires major investment and political will. Therefore, without economic and political support from China and the European Union, the implementation of this project seems less convincing.

Thus, it can be noted that Azerbaijan has the high ability to integrate into international transport corridors and logistics systems. To accelerate the integration into these corridors and logistics systems, to form mutually beneficial relations, to expand cooperation through regional and global organizations, to adapt the capabilities of national transport and logistics systems to the level of existing

international requirements, to update and improve the material-technical and technological base, to expand the application of innovative technologies and approaches, prioritizing challenges and principles as learning and applying advanced experience should be one of the main tasks.

3.3. Prospects for the formation and development of the logistics and transport system of Azerbaijan as one of the important nodes of the global transport and logistics network

Socio-economic, geopolitical and other changes taking place in the modern globalizing world encourage countries to actively join this process. It derives from the essence of modern challenges and the transformations taking place in the environment also precondition the creation and development of mutual relations in social, economic, political, environmental, cultural and other spheres. This process, expressed more in the term integration in today's scientific literature, is becoming more relevant for each country over time. It is already understood that it is very difficult, and sometimes almost impossible, to exist and develop in isolation from the processes of globalization and integration. If one of the factors contributing to this issue is the uneven distribution of natural resources and production factors, other factors are political and economic interests, the struggle for new markets, expansion of geopolitical sphere of influence, ensuring the interests of transnational companies, the desire to have a monopoly position in segmentation in global markets, etc.

Along with the noted by us, one of the most important factors in the sphere of influence and interest of global powers is the control over existing and prospective freight and passenger transportation routes, transport corridors, trade routes and their junctions in East-West and North-South directions. At the same time, most power centres, realizing the geopolitical and economic importance of such routes and trade paths, try to ensure that the main transport, transit and trade nodes are located on their territories, in the territories of their political and economic allies, in a word, in their strategic interests.

In order to achieve the goals in this area, the geographical position of the countries and their location must be favourable, located on transport and trade routes or be close to these routes.

Azerbaijan has the status of a country more suited to these conditions from the point of view of its location on the territory where major global and regional transport and logistics and trade routes pass. The extremely favourable geographical and strategic position of our country increases the possibility of turning it into a logistics hub as one of the areas where regional and global transport and trade routes pass.

Our country borders on the north with Russia (390 km), on the East with the Caspian Sea (780 km), on the south-west with Turkey (15 km), on the West with Armenia (1.007 km), on the north-west with Georgia (480 km), on the south with Iran (765 km), on the sea with Russia, Kazakhstan, Turkmenistan and Iran (<https://gsaz.az/articles/view/89>).

Azerbaijan is located in the South Caucasus region where important transport and transit routes pass. This region is one of the most strategically important regions in the world. 60% of its total territory is mountainous, 40% consists of plains. The central part of our country surrounded by the Greater Caucasus in the north, the Lesser Caucasus and Talysh mountains in the south, Kur-Araz in the centre, Samur-Devechi in the north and Lankaran lowlands in the south.

Historically, the location of Azerbaijan at the crossroads of caravan routes, east-west civilization was one of the important factors stimulating the flow of merchants, pilgrims, artisans, historians, researchers and so on. In other words, the presence of a favourable geographical position and relief caused the development of the transport network in this geography.

Trade route, called “Silk Road” by Famous German researcher and geographer F.F.Richtofen, passed through Azerbaijan and connected China with the countries of the Middle East, Western Europe and the Mediterranean. Centuries-old transport and trade relations between the eastern and Western countries were realized through the Great Silk Road (GSR). According to the information described

by Strabo, who is called the “father of history”, it is noted that one of the main junction points of this road is Caucasian Albania, i.e. modern Azerbaijan. According to Strabo's data, goods transported from China and India via one of the GSR routes were delivered through Gurgan (Caspian) Sea to Caucasian Albania and collected in present-day Territory of Mingachevir. Later, it was delivered to Iberia (eastern Georgia) and from there through Port Evkinsk (Black Sea) to European countries. Part of the goods were transported through Barda and Nakhchivan to the countries of the Middle East and northern countries along the Gabala-Shamakhi-Derbent route (PPE) (Гасанов А. Н., 2013, с. 4-5). Azerbaijan was one of its important points during the nearly two-thousand-year activity of GSR. At that time, as there were no mechanical vehicles, passenger animals were used as vehicles.

Cargo transportation in Azerbaijan was first started in Gadabay in 1865 by Simens brothers after the construction of the Galakand copper-smelter with the purpose of transportation of products and forest materials by 31 km railway. Then, due to the development of the oil industry in Baku, a 25-km railway was built between Baku-Baklakhany-Sabunchu for the transportation of oil products produced. The beginning of the oil boom at the end of XIX and the beginning of XX centuries conditioned the implementation of certain measures in the field of using different means for transportation of produced oil to different regions of the world. At that time, the Baku-Tbilisi railway (1883), which had already been put into operation, transported oil products, as well as other products. In 1900, after the connection of the Baku-Derbent railway, oil and other products were delivered to other regions of the Russian Empire. The Tbilisi-Yerevan-Ulukhanli-Norashen-Julfa railway lines built in 1908 and Alat-Julfa railway lines built in 1941 were important means of transportation of cargo and passengers to Nakhchivan. During the Soviet period, construction works were continued in this area and railways operating in the country were put into operation at that time.

Air transport in Azerbaijan was first demonstrated in 1910 with three biplane “Farman-4” made in France. The planes of the “ZAKAVIA” enterprise, established in 1923, began to be used for the transportation of important cargo and postal

products. Passenger Transportation started on the Baku-Tbilisi-Baku route in 1923, in subsequent years the geography of passenger transportation routes was expanded and flights to various cities of the USSR (Moscow, Mineralnye Vody, Grozny (1926), Kharkov (1929) were organized. The first international passenger transportation from Baku was carried out by Kharkov-Baku-Pahlavi (Iran) flight in 1929 (https://www.azerbaijans.com/content_787_az.html). Later, air transport routes expanded, material and technical base renewed, the role of air transport in passenger and cargo transportation on local and international routes increased. After gaining independence, Azerbaijan Airlines-Azal Closed Joint Stock Company (CJSC), a national aviation company was established in Azerbaijan, which is currently one of the most modern airlines in the world.

Our country also has a rich tradition in the field of transportation by sea, founded in 1858. For the first time oil transportation by tanker in the Caspian Sea was recorded in 1878. For this purpose, the oil tanker “Zoroaster” was used. In general, Baku is one of the major port cities of the world, and Caspian shipping company CJSC has great potential and actively participates in freight and passenger transportation. There are up to 200 vessels in the CJSC's inventory, of which 92 are cargo ships.

The importance of the transport and logistics system in the overall economic development of Azerbaijan is accepted at all levels, and the implementation of a purposeful policy for the transformation of our country into one of the global logistics centres by using the country's strategic position, the potential of existing vehicles, and international experience is one of the important aspects. At present, the implementation of systematic measures in this direction is observed.

Development of transport-logistics system and its integration into the global logistics system in socio-economic development programs, strategic development concepts and targeted field development programs of the regions adopted in our country is considered as one of the main tasks. Programs, ”The state program on socio-economic development of the regions of the Republic of Azerbaijan for 2019-2023“ (<https://e-qanun.az/framework/41320>), ”The Strategic Road Map on the

development of logistics and trade in the Republic of Azerbaijan“ (<https://mida.gov.az/documents/Logistika./pdf>), ”On some measures to improve management in the field of Road Transport“ (<https://president.az/az/articles/view/53408>), focus on improving the transport infrastructure, building new roads, ensuring innovative development in the field of transport and logistics and other issues. At the same time, as in all areas, complex analyses are regularly carried out, new priority directions are identified, existing problems are identified, and measures are taken to solve them and to achieve the development of the logistics system.

In order to turn Azerbaijan into a logistics centre of the region, it is planned to increase transit services and establish logistics centres in the regions by using the country's strategic geographical position, economic, demographic and other potential effectively. All of this will also increase the attractiveness of the country, attract investment and increase revenues. As a result of these measures, the quality and management mechanism of logistics services will be improved. The successful continuation of these measures will not only accelerate the integration of the country's transport system into the international transport system but will also have a positive impact on improving the quality of logistics services offered.

At the same time, effective use of existing potential in the adopted plans and strategies includes achieving the following goals:

- to take additional measures to turn Azerbaijan into a regional logistics centre by expanding the possibilities of existing transit crossings,

- to achieve the establishment of Free Trade Zones in the territory of the new Baku International Sea Trade Port located in the settlement of ALAT, in the regions with potential opportunities in the country,

- progressive organizational, institutional, management of the transport and logistics system in the process of activity, prioritizing the application of methods and technologies,

- to build the infrastructure of the transport logistics system on the basis of the latest standards,

- to achieve the production and supply to the market of services in accordance with the conjuncture of the global logistics services market,

- to strengthen measures to materialize services in order to improve the quality of transport services and ensure their completeness, etc.

To achieve these goals, it is necessary to strive to ensure the normal and flexible functioning of all subsystems and the infrastructure of the logistics system as a whole. The creation of a normal and developed transport infrastructure is one of the main factors ensuring the successful functioning of the logistics system.

After the liberation of strategically important territories of Azerbaijan from the Armenian occupation, the effective use of natural-economic potential and competitive opportunities of these territories further expands the diversified, sustainable and balanced development opportunities of the national economy, creates the basis for faster development of new and promising areas of activity, creation of new production and service infrastructures, attraction of rich production factors. This, in turn, further increases the development potential of the national logistics system and creates the basis for expanding the geography of activity and becoming one of the Centres of attraction by increasing its competitiveness.

In 2020, under the leadership of Supreme Commander-in-chief Ilham Aliyev, the use of the territories of the regions liberated from Armenian occupiers in the 44-day war of our victorious army further enhances the transport and logistics potential of our country. In particular, with the opening of the Zangilan corridor, it is possible to restore land roads from Azerbaijan to Turkey, which makes it possible to get to the Mediterranean and Black Sea in a shorter way through the territory of Turkey.

Restoration of all communication systems, including transport activities in the liberated territories of the Republic of Azerbaijan, is reflected in paragraph 9 of the trilateral approval signed by Mr. Aliyev with the presidents of Russia and Armenia on 10 November 2020 (15.www.president.az). Provision of the construction of modern transport and communication systems connecting the western regions of Azerbaijan and the Nakhchivan Autonomous Republic is also reflected in paragraph 9 of this approval. The implementation of this paragraph will ensure the opening of the

Zangilan corridor through the territory of Armenia and strengthen our country's position as one of the important nodes of the global transport and logistics system.

A memorandum was signed on 11 March 2022 on the opening of the East Zangazur-Nakhchivan corridor (figure 4) by passing through Iran until the fulfilment of the tasks arising from this paragraph. Railways and highways, electricity transmission lines, communication and other means of communication will be served in this corridor. Cargo transported by corridor will be delivered to Kars, from there by rail through Turkey to Europe and other regions of the world.

The construction of transport and communication systems is continuing rapidly in the liberated areas.

New roads are being built between different settlements of the area (Ahmadbayli-Fizulu-Shusha, Lachin-Kalbajar, Togana-Istisu, Horadiz-Minjivan-Agband, Khudafarin-Gubadli-Lachin, Khanlig-Gubadli and others), modern road infrastructure, communication, information and communication systems are being created. In addition, it is planned to create four centres (Jabrayil logistics and Trade Centre, Agdam Industrial Centre, Shusha Cultural and Tourism Centre, Kalbajar Extractive and Tourism centre) and several agro-parks in the liberated territories.

Figure 4: East Zangazur-Nakhchivan corridor.



Source: <https://xeber.media/news/18143620/zengezur-dehlizi-turkiyede-muzakire-olunub>

Intensive work is being carried out in this area, and the construction of one of the agroparks (“Dost Agropark”) in Zangilan district began on October 26,

2021 with the participation of the presidents of Azerbaijan and Turkey. Transport and logistics system services will be used in the export of products produced in these centres and agricultural parks to foreign markets, transportation and transfer of tourists to the tourism destinations to be established.

One of the factors strengthening the transformation of Azerbaijan's transport and logistics system into one of the regional centres is the construction of new airports in the liberated territories. With the launch of the international airports Fizulu, Zangilan and Lachin, it is expected to increase the volume of transit passenger and freight traffic through the territory of our country. Fizuli airport has already been put into operation, it is planned that Zangilan airport will be commissioned this year (2022) and Lachin airport until early 2023. In addition, the international airports in Baku, Ganja, Nakhchivan, Gabala, Zagatala and Lankaran operating in our country show the high passenger and cargo transportation potential of our country and strengthen the prospects of becoming a regional logistics hub.

In addition, the establishment of the ALAT Free Economic Zone and the inclusion of the Baku International Sea Trade Port (<https://e-qanun.az/framework/45103>) the Trans Caspian route further expands the possibilities of our country to become an International Logistics Centre for transit cargo transportation. In the future, it is planned to increase the cargo capacity of the port of ALAT from 10 million tons to 25 million tons, which is a fairly high indicator.

It should be taken into account that the formation of other favourable import-export and transit channels, simplification of clearance procedures during entry and exit, establishment of transport and logistics infrastructure necessary for export, widespread use of electronic logistics services and innovative technologies, expansion of access opportunities for customs-exit doors and other issues play an important role in this area.

The time and expenses spent on registration of entry and exit of the country are considered to be one of the most important issues, as the World Bank takes these indicators into account when assessing the feasibility of export procedures in international trade. According to the organization's assessment of “Doing Business

2020” Azerbaijan is ranked 83rd among 190 countries. This is not a heartwarming indicator. Thus, it is necessary to increase the attractiveness of transport and logistics services by reducing the number of import-export documents and the limit of fees.

Further incentives for the development of the transport and logistics system include trade liberalization and expansion of e-commerce. A digital Trade Hub has been established in our country to expand e-commerce. At the same time, cooperation is being carried out with the European Union countries to form a single market in the field of digital trade.

Studies show that there are certain shortcomings in the development of the national transport and logistics system, the level of its infrastructure, the quality of logistics services technologies, various logistic procedures and other indicators. Despite all this, the togetherness and unity of the elements of the system, the interaction between subsystems, the presence of a normal organizational structure, the integration of aggregate components of the system, in particular the transport system, the work carried out in the field of reconstruction and improvement of infrastructure, the state's special attention to this area and the presence of other stimulating factors increases confidence in the prospects for the development of the transport and logistics system of Azerbaijan.

Thus, Azerbaijan is located at the junction of East-West and North-South trade, transport and logistics routes, its proximity to large regional markets, ensuring macroeconomic stability in the country, observing dynamic development in most sectors of the economy, providing sustainable state support to the development of transport and logistics system, improving transport and logistics infrastructure, reconstructing and adapting it to international standards, , creation of logistics centres in the regions, etc. factors create great opportunities for the formation and development of the logistics and transportation system of our country, its transformation into one of the international logistics centres.

RESULTS

These are the results we have obtained from our research and the suggestions and recommendations we have formulated accordingly:

- The transport and logistics system is one of the important elements of any economic system and performs important functions in the organization of passenger and cargo transportation, ensuring the needs of people for transportation and transfer services. This system provides for the organization of necessary activities related to the supply, transportation, delivery and distribution of vital raw materials, products, services and other welfare to the places of destination, storage and transmission of information, provision of financial flows to ensure the normal functioning of the society and each of its members.

- The formation and development of the transport and logistics system is based on certain methods and principles. The method of formation of this system is based on a complex system approach. Such a methodological approach implies the integration of elements that interact and are interdependent, perform specific functions separately, and work together to achieve a common goal in the provision of transportation and transfer services. The principles of formation of transport and logistics activities are systematic and phased.

- The development of the transport and logistics system, which occupies one of the most important places in ensuring the sustainable economic development of the country, expedites the solution of socio-economic problems, contributes to the realization of political and strategic goals, improving the living standards and well-being of people. Transportation plays an important role in efficient use of production factors and competitive advantages, provision of access to external sources of raw materials, acceleration of information exchange and flows, increase of export potential, dissemination of innovations and implementation of other socio-economic, humanitarian and political tasks, promotes development in various fields of activity.

- One of the ways to achieve the development of the transport and logistics system is the development of a scientifically-theoretically substantiated

development strategy. When developing the strategy, it is important to clarify the purpose, objectives, mission, customers served, demand, supply, pricing policy in the transport and logistics market. Opportunities for achieving the goal, favourable and optimal methods and tools for the implementation of the tasks, quantity and location geography of the contingent to be served, market conjuncture and other factors should be analysed, improvement of quality of services, cost reduction, saving resources and time, customer satisfaction should be prioritized as the main strategic goals.

- Development models of transport and logistics systems of developed countries have been analysed in detail and identified that regional features, proximity to main production areas, organization of multimodal transportation and use of engineering and communication systems, availability of integration conditions in international and regional transport corridors, state of transport infrastructure, level and directions of state support, forms of cooperation of public-private structures, diversified financial supply sources substantially affect the development of this area.

- Analysis of the state of the transport and logistics system in our country shows that positive dynamics has been observed in statistical and economic indicators of land, air and water vehicles in recent years. However, the achievements and development indicators are at a low level compared to the existing potential, the strategic position of our country and integration opportunities. In the ratings of transport and logistics systems of international organizations, our country ranks low on many indicators. This indicates the presence of certain problems in the logistics sphere and the importance of their solution.

- The effective use of the potential and geostrategic advantages created as a result of the liberation of the territories that remained under Armenian occupation for a long time creates new opportunities for the transport and logistics sphere. In particular, the fundamental reconstruction of the infrastructure in the territories, increasing the technical capabilities of the transportation facilities strengthens the potential of integration of all regions of our country as a single economic system, as

well as the transformation of the transport and logistics system into one of the regional and global logistics centres.

- Azerbaijan's position on the main trade and transport routes of the world, stable economic and stable political situation in our country, sustainable growth in key macroeconomic indicators, prioritizing the development of transport and logistics system, systematic state support for this area, taking measures to improve logistics services, other factors contributing to the creation and development of new regional logistics hubs allow Azerbaijan to perform as one of the main transport and logistics centres of the world.

- Ensuring the effective functioning of the transport and logistics system of our country directly depends on the creation of diversified import-export routes, intensification of measures aimed at eliminating existing problems, flexibility of service operations, digitalization of financial and payment transactions, reduction of tariffs for documentation services in import-export operations, and speeding up the clearance work. Therefore, it is recommended to take additional measures on the listed issues.

- It is considered expedient to attract venture capital, apply tax benefits for certain logistics services and implement other incentive measures in this field to improve the material-technical and technological provision, develop and disseminate innovative technologies, in order to eliminate the reasons why the transport-logistics system lags significantly behind neighbouring and other countries on various indicators.

- To increase the range and improve the quality of transport and logistics services, to implement orders and payments via the internet, to ensure the exchange and flow of information, steps should be taken in the field of creation of platforms expanding the possibilities of using electronic logistics services, information and communication and innovative technologies.

- It is necessary to increase access opportunities at border checkpoints and customs check-in gates and to expand the application of the “green corridor” method of entry and exit.

- In order to ensure the safety of loads, there is a need to improve the supply with the necessary control devices and equipment, build special terminals. Obtaining access to satellite services for the implementation of control over monitoring the trajectory of movement of vehicles and cargo is also one of the important technological solutions. For this purpose, strengthening the relations with international transport and logistics organizations and operators is required.

- Recently, as a result of Russia's military intervention in Ukraine, military-political relations have deteriorated, and certain problems have arisen in the transportation of cargo in the East-West direction. Due to the suspension of shipments from China to Europe via Russia and Belarus, a significant increase in the volume of cargo transported through Azerbaijan is expected. Therefore, it is necessary to take measures to increase the cargo capacity of the transport system, expand the transport fleet and increase its potential.

We believe that considering and implementing the proposals and recommendations will expand the prospects for the development of Azerbaijan's transport and logistics system and accelerate its integration into transport corridors, international transport and logistics systems.

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