

# DIGITAL TRADE, GOVERNMENT POLICY, AND ECONOMIC GROWTH: THE CASE OF AZERBAIJAN

Ramil Huseyn<sup>1\*</sup> , Aykhan Gadashov<sup>2</sup> 

Received 09.03.2026. | Send to review 26.03.2026. | Accepted 15.08.2026.

## Original Article



<sup>1</sup> Centre for Analysis of Economic Reforms and Communication of Azerbaijan, Baku, Azerbaijan

<sup>2</sup> Head of Azexport portal, Baku, Azerbaijan

**\*Corresponding Author:**  
Aykhan Gadashov

Email:  
[aykhan.gadashov@ereforms.gov.az](mailto:aykhan.gadashov@ereforms.gov.az)

**JEL Classification:**  
F17, L81, O24, Q17

**Doi:** 10.61432/CPNE0401299h

**UDK:** 338.486.1.02:316.323.6

## ABSTRACT

Digital platforms provide significant opportunities to expand international trade, improve market accessibility, and support the participation of small and medium-sized enterprises (SMEs) in global value chains. In 2016, the Government of Azerbaijan launched Azexport, a centralized digital platform designed to promote domestically produced goods in international markets and reduce the barriers faced by local exporters, particularly SMEs. This study examines the contribution of digital trade and e-commerce to export growth, accessibility, and inclusion in Azerbaijan's non-oil sector. It combines two complementary evaluation approaches: the six evaluation criteria of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD/DAC) and a Social Accounting Matrix multiplier model used to estimate the platform's short-term and indirect effects on export revenues and employment. The findings indicate that Azexport has played an important role in improving access to international markets, supporting export diversification, and expanding the participation of smaller producers and vulnerable groups in digital trade. As the first platform in the South Caucasus to provide both a virtual exhibition hall and a virtual conference space, Azexport has facilitated the international promotion of Azerbaijani products and strengthened the country's digital trade infrastructure. The combined evaluation demonstrates that Azexport represents a distinctive government-led mechanism for promoting accessibility and inclusion through digital trade and e-commerce. The platform provides a relevant policy model for resource-dependent economies seeking to diversify exports, strengthen SME competitiveness, and support sustainable non-oil economic development.

**Keywords:** digital trade, e-commerce, export promotion, SMEs, digital transformation, Azerbaijan

## 1. INTRODUCTION

Given the dominant role of the oil sector in Azerbaijan's economy and export structure, the development of the non-oil sector has become a major government priority. Following global economic instability and the sharp decline in oil prices during 2014–2015, the Government of Azerbaijan introduced reforms aimed at reducing the economy's dependence on hydrocarbons and strengthening non-oil exports (SRM, 2016).

In 2016, Azerbaijan's exports remained heavily concentrated in oil and gas, while non-oil enterprises faced significant barriers to entering international markets. Many producers

lacked access to foreign buyers, limiting their ability to expand production. These challenges were particularly acute in agriculture, which employed approximately 36% of the national workforce. Small-scale farmers often lacked the resources, market information, and institutional support required to export their products. In response, policymakers increasingly viewed digital trade and e-commerce as instruments for reducing market-entry barriers, expanding participation, and promoting greater accessibility and inclusion in international trade.

As part of this policy agenda, the government supported the establishment of the Azexport e-commerce portal. Launched pursuant to the Presidential Order of 21 September 2016 (OoP, 2016), the platform was designed to provide comprehensive information on Azerbaijani products and facilitate their sale in domestic and international markets.

Azexport adopted an innovative product-centred approach. Rather than promoting the portal itself, it focused on increasing the international visibility of the products listed on it. The platform was therefore integrated with major global electronic marketplaces, as well as domestic and international logistics and transportation providers. Secure payment options, including Visa, Mastercard, and American Express, were also incorporated. Azexport's electronic services draw on the European Union's Once-Only Principle, which aims to simplify administrative procedures by allowing citizens and businesses to provide information to public authorities only once. Through the Push2Export service, exporters can submit a single online application and obtain export-related documents, including permits, certificates, and customs declarations. This mechanism reduces administrative burdens and simplifies export procedures.

The platform also contributes to the implementation of Azerbaijan's national priorities for 2030 (NP, 2021) and its socio-economic development strategy for the period up to 2026 (SSED, 2022).

Against this background, the study addresses the following research question: How can government-led digital trade and e-commerce initiatives, such as Azexport, enhance export diversification, strengthen SME competitiveness, and promote accessibility and inclusion in global markets as drivers of sustainable economic growth?

The study hypothesises that government-led digital trade and e-commerce platforms can serve as effective instruments for export diversification and the integration of SMEs into international markets. By reducing transaction costs, simplifying export procedures, and providing market intelligence, such platforms can strengthen competitiveness and create new market opportunities. When designed around accessibility and inclusion, they may also enable small-scale producers and socially vulnerable groups to overcome traditional barriers and participate more actively in cross-border trade.

The remainder of the paper is structured as follows. Section 2 presents the institutional background of Azexport and the conceptual framework. Section 3 describes the data and methodology. Section 4 discusses the empirical results and key findings, while the final section presents the conclusions and policy recommendations.

## **2. INSTITUTIONAL BACKGROUND AND CONCEPTUAL FRAMEWORK**

Since late 2014, the sharp decline and increased volatility of global oil prices have had significant consequences for Azerbaijan's economy. After approaching USD 150 per barrel in 2008, oil prices fell below USD 30 in 2016. This downturn weakened export revenues, reduced government income, intensified pressure on the current-account balance, and contributed to two devaluations of the Azerbaijani manat in 2015. Economic growth slowed to an average of 2.7% between 2010 and 2014, while unemployment increased as export activity declined (SRM, 2016).

These developments highlighted the need for a new growth model capable of addressing structural and institutional constraints, balance-of-payments pressures, the non-oil budget deficit, and vulnerabilities in the financial and banking sectors. In response, the Government of Azerbaijan introduced a broader strategy aimed at diversifying exports and strengthening the competitiveness of domestic producers (SRM, 2016).

Azexport was established within this policy context as a government-supported digital platform for promoting non-oil exports and facilitating access to international markets. One of its principal innovations was the introduction of a “reverse dropshipping” model, through which products listed on Azexport were automatically displayed on more than ten international marketplaces, including Alibaba, TradeIndia, All.biz, and Agroservers. Membership, product listing, marketing, and business-matching costs were covered by the government, allowing exporters to receive international inquiries and purchase requests without bearing the associated platform costs (Azexport, 2025a; Huseyn & Gardashov, 2019).

This model generated substantial results. The online presence of Azerbaijani products increased more than sixtyfold, over 50,000 international orders and inquiries were recorded, and the country’s export reach expanded to 122 markets. Azexport consequently became an important gateway for small and medium-sized enterprises, which often lack the specialised export departments and market-access capabilities available to larger firms.

The platform has been particularly relevant to agricultural producers, given that agriculture accounts for approximately 36% of national employment (Huseyn et al., 2020). In addition to connecting producers with domestic and international buyers, Azexport provides access to export documentation through a single-window system and offers support with customs declarations and related administrative procedures.

Since 2019, the platform has expanded its activities to include the international promotion of creative products through global e-commerce channels (UNESCO, 2022). It supports the sale of textiles, paintings, decorative products, souvenirs, and other handmade goods produced by persons with disabilities and creative professionals. These initiatives have strengthened the economic inclusion of vulnerable groups while promoting Azerbaijani culture and national identity in international markets.

The platform’s activities have also extended beyond physical products. Music, photography, visual art, poetry, and electronic books have been promoted internationally, while dedicated campaigns have supported the globalisation of Azerbaijani information technology services. Local IT professionals are connected with international clients through freelance and corporate projects, and their portfolios are adapted for platforms such as Upwork, Fiverr, Freelancer, and Toptal.

Azexport is also authorised to issue Free Sale Certificates, which facilitate the entry of Azerbaijani food and cosmetic products into more than thirty additional markets (DoP, 2017b). In parallel, the Digital Trade Hub of Azerbaijan was established as a broader component of the country’s digital trade infrastructure (DoP, 2017a). The Hub provides business-to-business and business-to-government services, including single exporter applications, electronic customs clearance, online company registration, bank-account opening, electronic signatures, payment processing, and document management. By integrating these services, it simplifies cross-border transactions and reduces administrative burdens (DTH, 2025).

Azexport has additionally developed into a source of market intelligence. Changes in buyer inquiries can signal shifts in regional demand or emerging shortages, allowing exporters and policymakers to respond more effectively. The portal therefore performs not only a promotional function but also an informational one, providing insights that may support production planning, market regulation, and domestic price stability.

The platform has also contributed to improved export outcomes in specific sectors. For example, before cooperation with Azexport, Azerbaijani cotton fibre was reportedly exported at approximately USD 1,300–1,350 per tonne. Following the identification of new buyers through the platform, the export price increased to approximately USD 1,750 per tonne, representing an additional USD 400–450 per tonne and generating substantial additional export revenue ([Azexport, 2019](#)).

The use of Azexport's digital services increased further during the COVID-19 pandemic, which accelerated demand for digital trade solutions and highlighted their importance for agricultural modernisation and market access. By enabling producers to reach broader markets remotely, the platform contributed to the wider digital transformation of Azerbaijan's export sector.

Azexport expanded from approximately 100 participating companies in 2016 to 3,500 businesses by 2024. By 2023, it had developed a comprehensive portfolio of electronic trade services covering export documentation, product certification, digital marketing, and international business matching. According to internal data, each US dollar invested in the platform generated approximately USD 3,000 in quotations from foreign buyers.

Overall, Azexport has evolved from a product-promotion portal into a broader digital trade ecosystem. It facilitates export diversification, strengthens SME access to foreign markets, supports socially inclusive entrepreneurship, promotes creative and digital services, and provides market intelligence. Its development illustrates how a government-led platform can combine trade facilitation, digital transformation, and social inclusion to support the internationalisation of a non-oil economy.

### 3. DATA AND RESEARCH METHOD

#### 3.1. DATA

The study draws on data from the State Statistical Committee of the Republic of Azerbaijan ([SSC, 2023](#); [SSC, 2024a](#); [SSC, 2024b](#); [SSC, 2024c](#); [SSC, 2025](#)) and the Azexport portal ([Azexport, 2025b](#)). Since 2017, Azexport has developed an extensive database containing information on Azerbaijani products, producers, production regions, prices, and export inquiries received from international markets.

One of the platform's most important features is its large export-related data archive, accumulated over more than nine years of activity. This database supports detailed visual analysis by country, product category, and period, as well as weekly, monthly, and quarterly export forecasting. It also facilitates the early identification of market trends and structural changes. Commercially sensitive information and data classified as business secrets were excluded from the analysis.

Additional data were obtained from the *Export Review* journal ([Export Review, 2025](#)), which is produced using market inquiries and export-related information collected through the portal. The journal functions as an important source of market intelligence and reportedly reaches more than 600,000 subscribers.

*Export Review* was the first publication to introduce an official monthly ranking of Azerbaijan's leading exporters. It provides product-level and country-specific analyses, enabling businesses to monitor export performance, identify potential markets, and assess changes in demand. The journal is also distributed electronically through taxpayer accounts, providing exporters with timely information on domestic market developments and economic conditions in Azerbaijan's principal trading partners.

### **3.2. METHODOLOGY**

This case study employs a qualitative and quantitative research design based on official reports, internal key performance indicators, stakeholder interviews, user surveys, and export data. The methodology combines documentary analysis, comparative benchmarking, and performance assessment to evaluate the effectiveness, sustainability, and potential replicability of the Azexport model. The analysis also incorporates a Social Accounting Matrix approach to estimate the broader economic effects of the platform.

#### **Assessment Based on the OECD/DAC Criteria**

The study applies the six evaluation criteria developed by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC): relevance, coherence, effectiveness, efficiency, impact, and sustainability. These criteria provide a structured framework for evaluating policies, programmes, projects, and institutional initiatives.

In the context of this study, the criteria are used to assess the extent to which Azexport addresses the needs of Azerbaijani exporters, achieves its intended objectives, uses resources efficiently, complements broader national policies, generates economic and social effects, and produces benefits that can be sustained over time.

### **4. KEY FINDINGS AND ISSUES REQUIRING FURTHER ATTENTION**

#### **4.1. HOW DOES AZEXPORT ENHANCE ACCESSIBILITY AND INCLUSION THROUGH DIGITAL TRADE AND E-COMMERCE?**

Azerbaijan's non-oil exports increased 2.2-fold between 2017 and 2024, reaching USD 3.357 billion. During the same period, the value of export orders received through the Azexport portal also followed a positive growth trajectory.

Export inquiries submitted through the portal are forwarded directly to producers, while Azexport does not participate in negotiations between buyers and sellers. When both parties agree to proceed with a transaction, the platform supports exporters in obtaining the required certificates and documentation. Initial contacts may subsequently develop into long-term commercial relationships; however, such follow-up transactions are not included in the data presented in Figure 1. The reported figures therefore reflect only initial orders submitted by verified potential buyers.

The products most frequently ordered through the portal in 2024 included raw cotton, cottonseed oil, dates, hazelnuts, tomatoes, apples, wine, chicken meat, pomegranate juice, clinker, cement, and aluminium alloys.

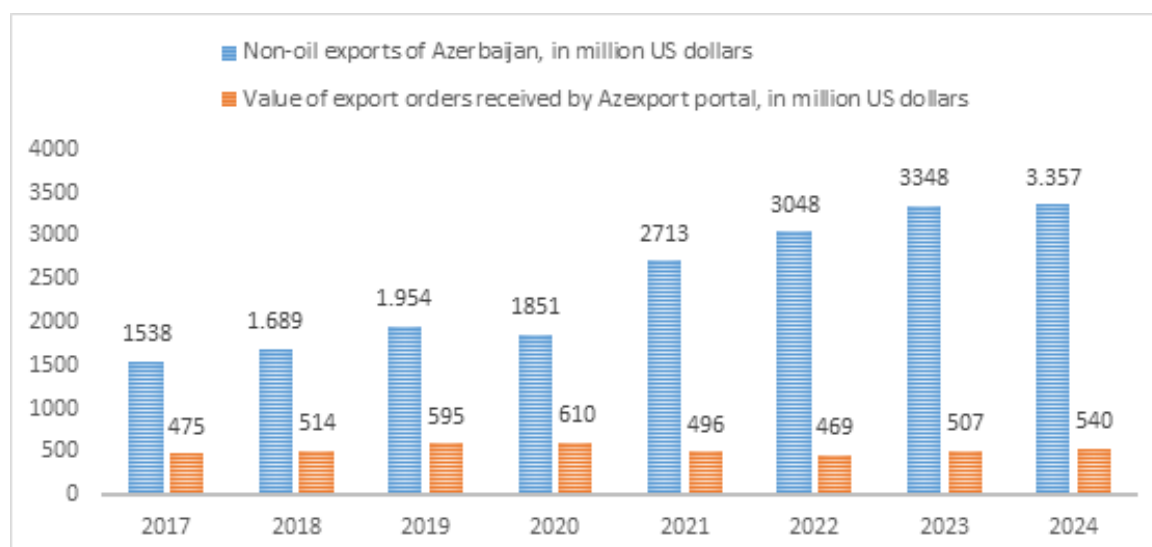
The geographical distribution of portal-based export orders in 2024 was as follows:

- Russia: 34.5%;
- Türkiye: 30.5%;
- Georgia: 10%;
- Italy: 7%;
- Ukraine: 4%; and
- other countries: 14% ([Azexport, 2025b](#)).

Overall, export inquiries were received from 154 countries. Nevertheless, orders remained concentrated in neighbouring markets, particularly Russia, Türkiye, and Georgia, owing to the established demand for Azerbaijani products and comparatively favourable logistical conditions. Data from the State Statistical Committee show that, in 2024, Russia accounted for 35% of Azerbaijan's non-oil exports, Türkiye for 16%, and Georgia for 8% ([SSC, 2025](#)). These

figures indicate a broad alignment between the geographical structure of actual non-oil exports and the distribution of orders received through the Azexport portal, as illustrated in Figure 1.

Figure 1. The dynamics of export orders received by Azexport and Azerbaijan's non-oil exports

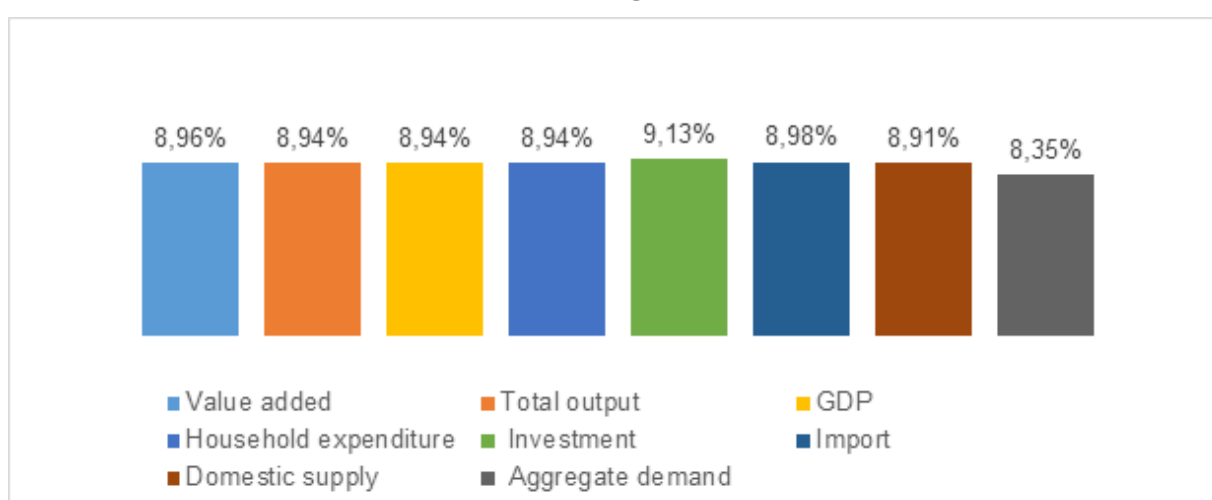


Source: SSC, 2025; Azexport, 2025b

For example, Azerbaijani cotton producers have reported securing more favourable export prices through the platform. Another notable case is AgroBioEkoTex, which used Azexport to enter foreign markets with its organic fertiliser products, despite not having previously operated as a conventional exporter.

The potential effects of export orders received through the portal on Azerbaijan's macro-economic indicators were assessed using a modelling approach. Based on official statistical data for 2021, simulations conducted with a Social Accounting Matrix (SAM) multiplier model indicate that, if the export orders registered through Azexport are successfully fulfilled, they could affect Azerbaijan's key macroeconomic indicators as follows:

Figure 2. The results of simulations carried out using multiplier models based on the Social Accounting Matrix



Source: Authors calculation

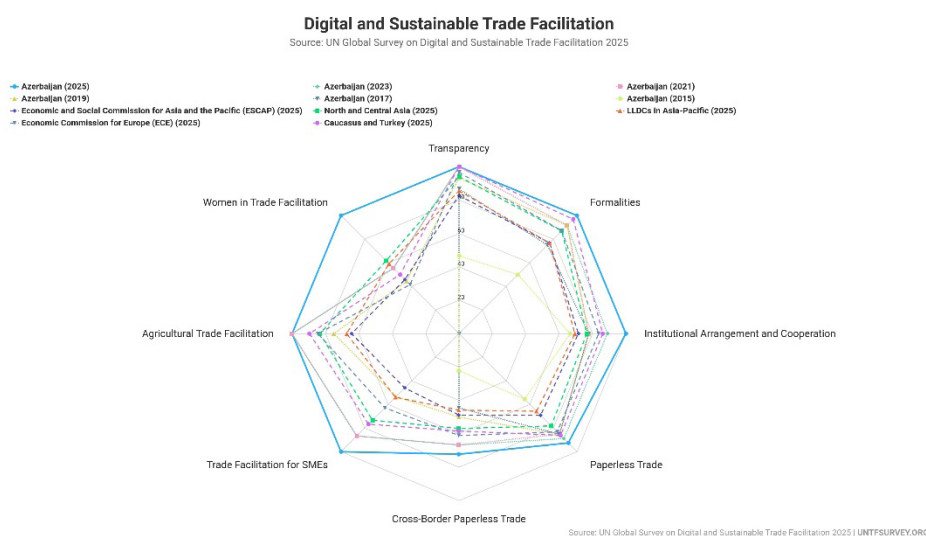
Developing a globally recognised export platform exclusively for Azerbaijan, together with a sufficiently broad product base, would have required substantial financial, technical, and institutional resources. A more strategic approach was therefore adopted by

leveraging the infrastructure and international reach of established platforms such as Alibaba, Amazon, and eBay in ways that support the interests of Azerbaijani producers. While large companies generally possess dedicated export departments and specialised personnel, Azexport has become an important instrument for small and medium-sized enterprises (SMEs), providing access to international markets with limited cost and administrative effort.

As an e-commerce platform, Azexport reduces transaction and coordination costs across agri-food value chains by connecting producers directly with foreign buyers. Farmers can list their products free of charge and obtain the required export documentation through the portal, thereby reducing both processing time and intermediary costs (Huseyn et al., 2020). Surveys conducted among platform users indicate that more than 90% of potential exporters in Azerbaijan, particularly SMEs, are satisfied with Azexport's performance. The platform has also contributed to strengthening Azerbaijan's position in international assessments of digital trade facilitation.

According to the United Nations *Global Survey on Digital and Sustainable Trade Facilitation*, Azerbaijan achieved an overall score of 92.5% in 2025 across five major areas of trade facilitation, placing it among the ten highest-performing economies in Asia (UN, 2025). The country received full scores for transparency, formal procedures, institutional cooperation, and coordination, while achieving 92.59% in paperless trade and 72.2% in cross-border paperless trade.

Figure 3. Digital and Sustainable Trade Facilitation



Source: UN Global Survey, 2025

In the 2025 edition of the *Global Survey on Digital and Sustainable Trade Facilitation*, Azerbaijan recorded substantial progress across all major indicators. Compared with 2015, the transparency score increased by 53.3 percentage points, while formal procedures improved by 50 percentage points and by a further 8.3 percentage points relative to 2023. Institutional cooperation and coordination rose by 33.3 percentage points from 2015 and by 11.1 percentage points from 2023. Paperless trade improved by 37 percentage points compared with 2015 and by 3.7 percentage points compared with 2023, while cross-border paperless trade increased by 50 and 5.6 percentage points, respectively.

Overall, the survey confirms that Azerbaijan steadily strengthened its implementation of digital and sustainable trade-facilitation measures between 2015 and 2025. Azexport appears to have contributed to this progress by supporting digital export procedures, market transparency, and access to international e-commerce channels.

The analysis shows that most orders received through Azexport relate to agricultural and food products, including hazelnuts, tomatoes, cotton, tobacco, pomegranates, poultry, eggs, pomegranate juice, and wine. When incoming orders indicate a potential shortage of a particular product, Azexport informs relevant institutions, including CAREC, which may assess production capacity and communicate the findings to the appropriate government authorities.

Within a relatively short period, Azexport evolved into a digital marketing and trade-facilitation instrument that promotes Azerbaijani products internationally at limited cost. The platform also enables exporters to obtain the documentation and certificates required for cross-border trade through online procedures, thereby reducing administrative burdens.

### **Early Warning System and Real-Time Market Intelligence**

Azexport functions not only as a digital marketplace but also as a source of real-time market intelligence. Sudden increases in orders for particular products may signal emerging supply shortages in neighbouring markets. For example, increased demand for eggs from Russia and onions from Türkiye provided early indications of local market disruptions.

Such information enables producers and policymakers to respond more rapidly to changes in regional demand. Where necessary, public authorities may introduce export-management measures to protect domestic supply and limit sharp price increases. The use of e-commerce data for early warning, market monitoring, and policy response represents one of the platform's most distinctive functions.

Azexport's integration with Alibaba enables Azerbaijani producers to publish product listings automatically across more than ten international marketplaces ([Alibaba, 2025](#)). Rather than requiring each producer to establish and manage separate accounts, the platform performs this function centrally and free of charge, thereby reducing financial and technical barriers for SMEs.

Azerbaijani products are managed through a centralised "Gold Supplier" account on Alibaba, which provides:

- lower marketing and promotional costs;
- greater product visibility and improved search rankings; and
- centralised management of inquiries and orders.

This model has expanded the international reach of Azerbaijani products, particularly in Europe, the Middle East, and Central Asia.

### **Facilitating Global Market Access and Digital Certification**

To support entry into international markets, Azexport introduced the Certificate of Free Sale, which helps exporters address regulatory requirements, particularly for food, cosmetic, and pharmaceutical products. The certificate facilitates access to more than 30 markets, including Qatar, Indonesia, the Philippines, the United Arab Emirates, and Israel.

Azexport has also launched a Virtual Exhibition Hall that enables exporters to present their products in an interactive digital environment available continuously to international buyers.

### **Strategic International Recognition and Cooperation**

The Organization of Turkic States has recognised Azexport as a national e-commerce model with potential for replication across member countries. Its experience in cross-border e-commerce, export analytics, and digital certification has contributed to initiatives such as the OTS AgroData platform and the emerging "OTS Made" brand.

Azexport has also signed a cooperation agreement with GS1 Azerbaijan to facilitate the in-

tegration of business-registration and product-identification data. This cooperation supports automated data exchange, improves the accuracy of exporter profiles, and promotes alignment with international identification and traceability standards.

According to the United Nations, Azexport represents an innovative approach to the digitalisation of export procedures, real-time trade transparency, and market analysis. Such recognition reflects the platform's evolution from a national export-promotion portal into a broader model of digital trade facilitation.

By 2024, more than 300 Azerbaijani products had been listed on Alibaba.com, generating over 150,000 views during that year. This level of exposure indicates growing international interest in Azerbaijani goods.

To strengthen the visibility, traceability, and legal protection of Azerbaijani products on platforms such as Amazon and eBay, Azexport should deepen its strategic cooperation with GS1 Azerbaijan. This partnership could focus on the verified use of Global Trade Item Numbers and Global Location Numbers, ensuring that products are accurately identified and traceable in accordance with international standards. Initial measures could include a formal data-sharing protocol and pilot legal-support services to help local producers protect their digital identities and product listings in international markets.

#### **4.2. EVALUATION OF AZEXPORT'S ACTIVITIES USING OECD/DAC METHODOLOGY**

The results of the evaluation of the portal's activities using the [OECD/DAC methodology \(2019\)](#) are given in [Table](#) below.

Table 1. Evaluation of the Azexport's activities using OECD/DAC methodology

| Evaluation criteria | Evaluation results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relevance           | How does the Azexport's activity support the enabling accessibility and Inclusion through digital trade and e-commerce? Are Azexport's activity objectives in line with non-oil exporters' needs? Azexport, the first platform in the South Caucasus a "virtual exhibition hall" and a "virtual conference space," has been instrumental in facilitating accessibility and inclusion through digital trade and e-commerce in Azerbaijan.<br>Findings from the survey conducted by portal demonstrate that the portal's activities are well-aligned with the needs of non-oil exporters.                                                                          |
| Coherence           | How well does the Azexport's activity align with the country's Digital Trade and E-commerce measures and with other government support measures? Azexport's initiatives are fully aligned with the Azerbaijani government's strategic objective of fostering accessibility and inclusion via digital trade and e-commerce.<br>Portal is essential to the internationalization of SMEs in Azerbaijan, particularly in promoting self-employment and giving vulnerable groups access to international markets.                                                                                                                                                     |
| Effectiveness       | Are the Azexport's activity achieving their objectives? Without incurring extra expenses, the platform enables SMEs to advertise their goods on well-known international e-commerce sites like Alibaba, Amazon, and eBay.<br>What distinguishes portal is its emphasis on actively marketing the products listed on the portal rather than the portal itself.<br>Reduced Transaction Costs and Streamlined Export Documentation: Integration with logistics providers, payment systems, and a "single window" for export certifications (including Push2Export and Free Sales Certificates) lowers coordination costs for SMEs and accelerates export processes. |

| Evaluation criteria | Evaluation results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Efficiency          | <p>Could the outputs be produced with fewer resources or do they cost more than initially foreseen?<br/>Was the policy implemented in a timely manner?<br/>As a result of Azexport's efforts, Azerbaijan's products are now 2500 times more prevalent on various international digital trade platforms, and the country has risen from the bottom of the CIS rankings to the front rows.</p> <p>Positive Price Effects for Key Commodities:<br/>Evidence indicates a substantial increase in cotton fiber export prices for companies using portal, with reported gains of approximately USD 400–450 per ton compared to previous benchmarks, suggesting improved price discovery and market access.</p> <p>High Return on Investment Indicators (Require Verification):<br/>Internal data reports indicate strong leverage, with claims such as every USD 1 invested generating approximately USD 3,000 in quotation requests, and every USD 0.7 spent yielding USD 1,470 in quotation requests and sales.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Sustainability      | <p>Are the outcomes achieved sustainable?<br/>The information gathered through portal is extremely valuable for forecasting future output, tracking price movements, and in certain situations, acting as an early warning system.<br/>In the case of Azerbaijan, portal has played a unique role in implementing the Enabling Accessibility and Inclusion through Digital Trade and E-commerce initiative, and it is currently being discussed for implementation in other Organization of Turkic States members.</p> <p>International Recognition and Replicability:<br/>Azexport has gained recognition from initiatives such as EU4Digital and the Organization of Turkic States, positioning it as a replicable model for other countries aiming to enhance digital trade infrastructure and export promotion.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Impact              | <p>Has the Azexport platform contributed significantly to the growth and internationalization of Azerbaijan's non-oil exports between 2017 and 2024?<br/>To what extent have the results contributed to immediate or ongoing change?<br/>As a result of Azexport's efforts, Azerbaijan's products are now 2500 times more prevalent on various international digital trade platforms, and the country has risen from the bottom of the CIS rankings to the front rows.</p> <p>Strong Non-Oil Export Growth Coinciding with Azexport Development:<br/>Azerbaijan's non-oil exports increased 2.2 times over the period, reaching USD 3,357 million in 2024. The growth in export orders and the expansion of Azexport's platform activities closely track this upward trend.</p> <p>Rapidly Growing Order Flow and Platform Expansion:<br/>Since its launch with 100 companies in 2016, Azexport grew to register 3,500 companies by 2024. The portal cumulatively processed over 50,000 unique orders and inquiries, reflecting significant market engagement.</p> <p>Broad International Reach with Regional Concentration:<br/>Export orders originated from 154 countries in 2024. However, a majority of orders were concentrated in Russia (34.5%), Türkiye (30.5%), and Georgia (10%), mirroring the country-level export shares reported by the State Statistical Committee (Russia 35%, Türkiye 16%, Georgia 8%). This pattern reflects both demand structures and logistical advantages.</p> <p>Inclusive SME Participation and Social Impact:<br/>Azexport lowers barriers to international trade by offering SMEs including persons with disabilities and artisans cost-free access for product listing, marketing, and membership. The platform actively supports the export of handmade and creative products on global marketplaces such as Amazon and eBay, promoting social inclusion.</p> <p>Market Intelligence and Early-Warning Capabilities:<br/>The platform functions beyond marketing by serving as a real-time observer of international demand fluctuations. Spikes in orders for specific products (e.g., eggs, onions) have enabled timely policy responses to stabilize domestic markets and prices.</p> <p>Macroeconomic Multiplier Effects:<br/>Simulations based on a Social Accounting Matrix (SAM) model suggest that fulfilling Azexport-generated orders has positive effects on GDP and employment.</p> |

The analysis of Export operations highlights several structural and institutional challenges that continue to affect the expansion of Azerbaijan's non-oil exports:

**Insufficient Supply to Meet Regional Food Demand.** Market analysis indicates strong demand for Azerbaijani food products, particularly in neighboring countries. However, domestic production volumes remain inadequate to fully capture these opportunities, re-

flecting constraints in agricultural capacity and productivity.

**Limited Export Experience among SMEs.** Small and medium-sized enterprises (SMEs) possess minimal experience in engaging with international markets. Even when potential buyers are identified, many enterprises face difficulties in completing transactions due to a lack of export specialists and limited capacity to prepare the required documentation.

**Weak Compliance with International Standards.** Entrepreneurs seeking to access foreign markets need to improve product quality and obtain internationally recognized certificates. Azerbaijani producers often lag behind competitors in this regard. In response, Azexport has initiated targeted training programs to enhance awareness and compliance with international certification requirements.

**Small-Scale Agricultural Production.** A significant proportion of Azerbaijani agricultural producers operate on fragmented, small land plots, resulting in limited production volumes. This prevents them from fulfilling bulk foreign orders. Encouraging producers to form cooperatives or producer groups has been identified as a pathway to achieving economies of scale and meeting international demand.

**Unlocking Hidden Export Potential through Digital Trade.** Digital trade platforms have demonstrated their ability to create market opportunities for products previously considered non-tradable. A notable example is sheep wool, which remained largely unused in Azerbaijan for years but was successfully marketed to international buyers through portal.

#### **4.3. PROBLEMS REQUIRING RESOLUTION**

Several challenges remain to be addressed in order to expand the activities of Azexport and enhance the development of the portal. It is important to note that when Azexport was launched in 2016, the global and domestic landscape of digital trade and e-commerce was considerably different from what it is today. Over the past nine years, this field has undergone rapid transformation, driven by technological innovation, regulatory shifts, and changing consumer behavior. In particular, the growing integration of artificial intelligence into trade facilitation, market intelligence, and e-commerce operations presents both new opportunities and policy challenges compared to the conditions that prevailed at the time of Azexport's inception.

To fully unlock the potential of e-commerce for Azerbaijani exporters, it is proposed that amendments be made to the following key legal acts: the "Rules for the Declaration of Goods and Vehicles Moved Across the Customs Border," approved by Decree No. 263 of the Cabinet of Ministers of the Republic of Azerbaijan dated July 22, 2014; and the "Rules for Regulating Import-Export Operations in the Republic of Azerbaijan," approved by Decree No. 609 of the President of the Republic of Azerbaijan dated June 24, 1997.

##### **Customs and Contractual Requirements**

**Identified problem.** Under paragraph 2 of the *Rules for the Declaration of Goods and Vehicles Moved Across the Customs Border*, goods must be declared to the customs authorities using a contract and an invoice confirming the underlying foreign trade transaction. This requirement creates a significant obstacle for business models used by major e-commerce platforms such as Amazon. These platforms generally do not require exporters to conclude a traditional sales contract or issue an invoice before goods are placed in overseas fulfilment centres. Instead, sellers must maintain an active platform account and comply with the platform's packaging, labelling, and product-listing requirements.

##### **Proposed legislative amendments.**

- Amendment to Cabinet of Ministers Decree No. 263. The applicable rules should include specific provisions for e-commerce transactions and permit the use of alterna-

tive supporting documents in place of a traditional contract and invoice. Acceptable documentation could include an agreement with the e-commerce platform, confirmation of an active seller account, or an electronic export order generated through the platform's internal system.

- Simplified customs procedures. A simplified customs declaration or dedicated clearance procedure should be introduced for low-value e-commerce consignments. Such measures would accelerate customs processing, particularly for goods exported through Azexport and the Digital Trade Hub.

## Financial Transactions and Repatriation of Export Proceeds

**Identified problem.** Under the *Rules for Regulating Import-Export Operations*, approved by Presidential Decree No. 609, legal entities and individuals must ensure that export proceeds are transferred to an authorised bank account in Azerbaijan within 180 days. However, payments generated through e-commerce platforms are commonly processed through international payment service providers such as Payoneer, Wise, and WorldFirst. As accounts held with these providers are not recognised as authorised bank accounts in Azerbaijan, exporters may encounter difficulties in satisfying the repatriation requirement and may consequently face the risk of financial penalties.

Proposed legislative amendments.

- Amendment to Presidential Decree No. 609. The rules should include a dedicated chapter or exemption governing e-commerce transactions. This provision should recognise funds received through approved international payment systems as legitimate export proceeds. Official account statements, transaction reports, or payment confirmations issued by e-commerce platforms and payment providers should be accepted as supporting evidence.
- Cooperation with authorised banks. The Central Bank should authorise selected domestic banks to establish direct operational arrangements with international e-commerce payment providers. Special verification and processing procedures could then be introduced for e-commerce exporters, facilitating both the receipt and monitoring of export proceeds.

### 4.3.3 Full Digitalisation of Export Certification Procedures

**Identified problem.** The transition towards fully digital export certification has not yet been completed. Remaining paper-based or fragmented procedures continue to increase the administrative burden on exporters and limit the efficiency of cross-border e-commerce.

The following measures are therefore recommended:

- complete the online issuance of all export-related certificates, including phytosanitary, veterinary, and certificates of origin;
- develop and implement an AI-supported electronic customs declaration system specifically designed for e-commerce exports; and
- establish a legal framework for simplified digital customs declarations applicable to small-scale and low-value e-commerce transactions.

## 5. CONCLUSIONS

Azexport has developed into an important government instrument for promoting exports by domestic producers. By combining digital infrastructure with data-driven market intelligence, the platform directly connects Azerbaijani suppliers with international buyers. Rather than functioning solely as a product catalogue, it generates verified export inquiries and commercial opportunities, thereby reducing traditional market-entry barriers

and demonstrating how digital trade ecosystems can strengthen the international competitiveness of smaller economies.

Through integration with global platforms such as Alibaba, Amazon, and TradeKey, as well as the provision of export services and analytical tools at no cost, Azexport has broadened access to international trade, particularly for small and medium-sized enterprises. Its experience demonstrates that well-designed digital trade platforms can contribute to export diversification, business internationalisation, and sustainable economic development.

Between January 2017 and January 2025, the total value of export quotation requests and sales received from 136 countries reportedly reached USD 4.2 billion. Initial key performance indicator analysis suggests that every USD 0.70 spent on the platform generated approximately USD 1,470 in quotation requests and sales. The visibility of Azerbaijani products across international digital marketplaces also increased substantially, helping domestic manufacturers identify new buyers, obtain more competitive prices, expand production, and initiate new export-oriented projects.

The Digital Trade Hub of Azerbaijan further strengthens this ecosystem by providing integrated electronic business services through a single digital interface. Based on the “single-window” principle, the Hub automates business procedures, generates documents required for export and import clearance, and integrates trade-related public services. By replacing fragmented offline procedures with a unified online system, it reduces administrative costs, saves time, and simplifies business operations for both domestic entrepreneurs and foreign investors.

These developments indicate that Azerbaijan’s digitalisation strategy in support of export-led growth and business development has generated significant institutional and commercial benefits. Azexport has facilitated international market access, supported national export objectives, and promoted accessibility and inclusion in digital trade. SMEs can use global marketplaces without incurring substantial listing and promotional costs, while services such as the Virtual Exhibition Hall and Virtual Conference Space provide additional channels for international visibility and business communication.

The platform also supports the economic participation of vulnerable groups by facilitating self-employment and the international promotion of their products and services. Its integration with major global marketplaces enables businesses and public institutions to monitor changing demand, respond to market disruptions, improve supply-chain coordination, and contribute to domestic price stability.

Overall, Azexport illustrates how government-supported digital trade infrastructure can combine export promotion, administrative simplification, market intelligence, and social inclusion. It therefore provides a potentially replicable model for countries seeking to strengthen their participation in the global economy through digital innovation and inclusive trade facilitation.

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