

THE ECONOMIC-GEOGRAPHICAL FACTORS INFLUENCING THE DEVELOPMENT OF THE ABSHERON-KHIZI AND BAKU ECONOMIC REGION

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Abstract

The equitable distribution of economic and social development across regions constitutes one of the central strategic objectives. The expansion of the consumer base, the presence of a developed infrastructure network, and the advanced transportation systems serve as key drivers for population concentration in this area. However, the intensive nature of this development has resulted in the centralization of both population and economic activities within the capital, which not only gives rise to various challenges in the socio-cultural and ecological spheres but also impedes the development of other regions of the country, thereby exacerbating disparities in population settlement patterns.

Furthermore, this situation complicates the efficient utilization of natural resources in these regions and hinders their sustainable development. The close interrelation between economic activities and social life has led to the concentration of a substantial portion of the population in this region, causing rapid urban sprawl both within the city and its surrounding settlements, and ultimately resulting in the emergence of an expansive urbanization zone. Effective management and regulation of these dynamics have become increasingly complex, evolving into a critical issue. Addressing these challenges requires the coordinated implementation of administrative, economic, and socio-cultural measures.

Keywords: *city, settlement, urbanization, Baku agglomeration, Absheron-Khizi.*

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INTRODUCTON

Theoretical and Methodological Foundations of Urban Studies

Urbanization processes and countries where more than half of the population is concentrated in cities are of great significance for states at various levels of economic and social development. These processes play a crucial role in improving the standard of living of the population, organizing material production, supporting sectors that require the use of qualified personnel, and structuring the administration of territorial units.

Cities also serve as key centers for the development and management of surrounding regions, ensuring employment and providing services to the population.

The rapid development of cities and the increase in urban population began in the early 19th century. The onset of the Industrial Revolution, as one of the key drivers of urban formation, laid the groundwork for the development of light industry, metallurgy, and mechanical engineering sectors, followed by the chemical industry. In a short period, alongside the expansion of existing cities, new urban centers emerged in geographically favorable locations—particularly in areas with iron ore and coal deposits and along ocean coasts.

Significant contributions to urban studies in Azerbaijan have been made by researchers such as A.A. Nadirov (1966), V.A. Afandiyev (1995, 2002), and a number of other specialists. The study of demographic development and settlement processes in the Absheron-Khizi economic-geographical region began in the 1960s. The region's socio-economic and demographic development, as well as issues related to urban settlement, have been explored by scholars including A.M. Haji-zadeh, A.A. Nadirov, Sh.Y. Goychayli, E.G. Mehraliyev, A.A. Salmanov, A.A. Gurban-zadeh, N.A. Babakhanov, T.G. Hasanov, V.A. Afandiyev, Z.S. Mammadov, N.H. Ayyubov, Z.N. Eminov, R.I. Umudova, S.G. Nagiyev, F.E. Gasimova, and others. Issues related to the region's labor resources have been studied by M.M. Allahverdiyev, Sh.M. Muradov, Z.A. Samedzadeh, Z.M. Abdullayeva, and other specialists. However, considering the theoretical and methodological approaches of existing studies, comprehensive scientific research addressing the socio-demographic development and settlement system of the Absheron-Khizi economic-geographical region has not yet been fully conducted. Moreover, there is a growing need for an integrated study of current development efforts in the region, including rapid socio-economic growth, demographic pressure and employment issues, as well as changes in the structure of urbanization.

Urban Population Growth and Settlement Challenges in Developing Countries. The growth rate of urban populations is outpacing that of the general population, and this trend is increasingly dominated by developing countries. Due to mass migration, not all incoming populations are able to settle in the central and surrounding districts of cities. This is primarily due to the fact that the socioeconomic and cultural development of cities often lags behind demographic growth, and urban areas lack the capacity to accommodate all migrants. At the same time, the high demand for housing and rising financial burdens create additional obstacles for the population to concentrate within cities. These issues lead to the rapid expansion of peripheral urban areas, where both spatial and demographic growth continue at an accelerated pace. In many countries, large slum areas have developed on the outskirts of cities, occupying vast territories and housing a significant portion of the urban population.

Urban Development and Historical Stages of Baku City. Although the Absheron Peninsula holds strategic importance for urban development due to its favorable geographical location, the region's arid climate, limited water resources, constant winds, and the southern parts' exposure to windless zones create certain challenges for the settlement process. Nevertheless, Baku was established as a city as early as the 8th century. In the Middle Ages, it became the capital of the Shirvanshah state, and defensive walls were built around it for protection. In the 18th century, Baku became the capital of the Baku Khanate and emerged as one of the region's most important and strategically significant urban centers. The historical development and formation stages of Baku have been shaped by various socio-economic transformations and the influence of regional development [5]. The city's growth has evolved alongside fundamental transitions and the emergence of new economic and cultural phases. The period up to 1870 can be characterized as the initial and relatively weak stage of Baku's economic and demographic development. During the first half-century following its incorporation into the Russian Empire, there were no significant changes or developments in the city's economic, cultural, or

demographic domains. A new phase of economic and demographic development in Baku and its surrounding areas began in 1878, with the start of industrial oil drilling. This period marked a substantial impetus for economic and demographic growth, rarely observed elsewhere in the world.

The years between 1920 and 1945 represent the third stage in Baku's development, initiated by the establishment of Soviet rule in Azerbaijan in 1920. The period from 1945 to 1970 can be considered the fourth stage in the development of Baku city and its surrounding districts. The years between 1970 and 1988 define the fifth stage of Baku's urban development.

Towards the end of the 19th century, the increase in oil extraction and the development of the oil industry in the Absheron region led to the formation of a strong economic base in Baku and its surrounding areas. Simultaneously, from the early 20th century, a rise in the population of cities in other regions and the emergence of new economic facilities was observed. However, Baku developed in isolation from the rest of Azerbaijan, largely disconnected from interregional economic relations. This situation resulted in significant disparities in the socio-economic and demographic potential between Baku and the cities of other regions.

The unequal development between Baku and other regions began in the 1920s and 1930s, accelerating particularly during the 1950s and 1960s. Today, Baku's population is 6.6 times larger than that of Ganja, the country's second-largest city (320,700 people). Consequently, Baku has evolved into a major industrial hub on a national scale, while efforts to overcome the decline experienced in other regions during the post-independence period have encountered serious challenges [11]. The pace of socio-economic and demographic development of cities within the country has been determined by several factors, including the public-political and economic functions they perform, the structure of their economies, the level of infrastructure development in their respective territories, and their natural-geographic conditions. State-led initiatives in socio-economic development, housing provision, job creation, strict registration systems, and employment regulations allowed for the management of urban development through administrative measures. This situation contributed to maintaining a balance between the economic and socio-demographic development of cities. Nevertheless, challenges in urban planning hindered the development of cities based on sound urban planning principles. Historically, the central parts of existing cities were largely occupied by old buildings, which led to the formation of new residential areas on the periphery and the rapid expansion of urban areas.

The demolition of outdated buildings in city centers and the construction of modern residential, public, and educational facilities required significant financial resources. However, insufficient funding was allocated to this issue, and the problem remained unresolved. These difficulties were particularly evident in the capital city, Baku. The regulation of Baku and its surrounding districts' development, the consistent implementation of planning measures, the modernization of central urban areas, and the renovation or demolition of old buildings remain among the key issues requiring urgent attention.

Another significant project implemented in Baku is the restoration of the area known as "Black City" and the construction of the modern "White City" within it. This can be considered a crucial step in the redevelopment of the central part of Baku. Additionally, the master plan for the city of Baku, covering the period until 2030, is being developed. This plan will facilitate the complete reconstruction of Baku and the Absheron region, allowing for a more systematic organization of population settlement.

Research and the implementation of economic, administrative, and socio-cultural measures show that the full regulation of the development of large cities is not always sufficient, and the strategies applied in this area sometimes fail to deliver the expected results. In particular, the expansion of Baku's territory and the increasing demographic burden raise significant concerns. Solving this issue requires the mutual application of economic, administrative, promotional, and demographic approaches.

The fact that Baku administratively falls under several centers leads to rapid urban expansion, which in turn creates complex problems in managing and regulating the use of these areas. To prevent the excessive concentration of population and economic activity in Baku, one potential approach is to implement restrictive measures. Within this framework, organizing the employment system based on registration, creating job opportunities in line with the demographic potential of the regions, and opening new economic facilities in these regions, along with providing material, financial, and tax incentives for their operation, should be considered a crucial measure. One of the priority directions to prevent the excessive centralization of population and economic activity in Baku is the socio-economic development of settlements in other regions. This is achievable through solving employment problems, improving the standard of living, and developing economic sectors [18]. At the same time, expanding infrastructure networks in other regions of the country and meeting the cultural and social needs of the population will also positively impact the solution to this issue.

Baku being a region with a highly centralized economy, continues to accumulate economic facilities. Under the State Program, 27.6% (153.2 thousand) of the permanent jobs created across the country are concentrated in the Baku region. This situation encourages the concentration of the population in the capital, slows down the development of other regions, makes it difficult to ensure job placement, and increases migration flows. At the same time, inequalities in the level of socio-economic development between the regions and the capital emerge, and the efficient utilization of the regions' natural resources, economic, and demographic potential becomes more challenging. As a result, the sustainable habitation and development of the population in the regions become increasingly complicated [7]. The development of labor-intensive sectors in the economic structure of the regions progresses at a relatively slow pace. Consequently, the share of new jobs created in the industrial sector in the Absheron administrative region is twice as high as that in the city of Baku, with the proportion of jobs in the manufacturing industry being 2.4 times higher. The processes analyzed around Baku further demonstrate that the integration of the capital with its surrounding areas is becoming a pressing issue. This raises the question of how Baku's governance should be organized moving forward.

In recent years, the population growth rate in the surrounding residential settlements has been higher compared to the city of Baku, and the share of these settlements in the total population has significantly increased. During the period of independence, the government took a number of important steps to address the issues related to the development of Baku, and the measures implemented have been under the relevant state control. Currently, urban planning works encompass the entire agglomeration zone. However, some of the construction works, especially the development of low-rise residential areas, carried out without adhering to urban planning and zoning requirements, have led to the expansion of the area of Baku and its surrounding settlements, the densification of residential areas, and a reduction in green spaces and park zones. Therefore, there is a need to strengthen oversight to ensure that urban planning requirements are adhered to during the creation of new residential areas.

The construction of new neighborhoods in vacant lands around the city of Baku leads to further expansion of the area and inefficient land use. For this reason, urban planning in the Absheron region should be carried out based on a unified plan. It is crucial to completely relocate agricultural processing facilities, those working with imported raw materials, agricultural service enterprises, and factories producing packaged products—along with other sectors that are not compatible with the city's economic structure—not only from Baku but also from Absheron. In recent times, plans have been developed for the relocation of some large industrial facilities (shipbuilding, oil refining, port infrastructure,

chemical and petrochemical industries) from Baku and Sumgayit. However, these plans focus on relocating these facilities from the city centers to the surrounding areas. This can be considered as the next phase of the concentration of industry and population in the region [3]. It is necessary to further expand the work related to the relocation of industries incompatible with Absheron’s economic structure to other regions.

The successful implementation of measures outlined in the state programs adopted for the socio-economic development of the regions of the Republic of Azerbaijan has created a solid foundation for the sustainable development of the non-oil sector of the national economy. As a result of economic diversification, new production and processing industries have been launched, large-scale investments have been directed toward priority sectors, and alongside the establishment of new enterprises, job creation has been facilitated. According to the new economic zoning, the Absheron-Khizi economic region has been formed, covering the Absheron Peninsula and the Khizi district. In addition to the Absheron and Khizi districts, the cities of Sumgayit and Khirdalan are also included in this region. The total area of the region is approximately 3,730 square kilometers. With its location along the Caspian Sea, proximity to Baku, and strong transport-industrial potential, the region benefits from a favorable geographical position. This has accelerated urbanization processes, contributing to increased population density and the expansion of urban areas.

The Absheron-Khizi economic region is characterized as one of the leading regions in the country, concentrating key sectors such as industry, construction, and services. Particularly, the city of Sumgayit plays a significant economic role in the fields of chemical industry, metallurgy, and the production of construction materials.

The Sumgayit Chemical Industrial Park, which operates in the city, is considered one of the main driving forces of the region's industrial development.

Khirdalan, located at the core of the suburban urbanization processes surrounding Baku, is distinguished by the rapid expansion of its residential areas and the ongoing development of trade and service sectors.

The Absheron district similarly exhibits a dynamic development trajectory, marked by growing population settlement, the creation of new residential zones, and the expansion of social and infrastructural projects in recent years. By contrast, the Khizi district has pursued a distinct path of development, shaped primarily by its economic structure. Characterized by relatively low population density, Khizi is predominantly recognized for its agricultural and tourism potential. The district’s abundant natural resources, mountainous topography, and forested landscapes render it particularly well-suited for an ecologically sustainable and tourism-oriented development model.

According to statistical data from 2024, the population of Baku has reached approximately 2.4 million. Sumgayit records a population of 350,000, while Khirdalan is home to approximately 110,000 residents. In contrast, Khizi remains sparsely populated, with an estimated 17,000 inhabitants. The high level of urbanization observed across the region has facilitated the expansion of the labor market. Population growth—driven by both natural increase and migration—has emerged as a critical factor necessitating the continued development of social infrastructure, particularly in the domains of education, healthcare, and public utilities, throughout these rapidly transforming territories.

Table 1.

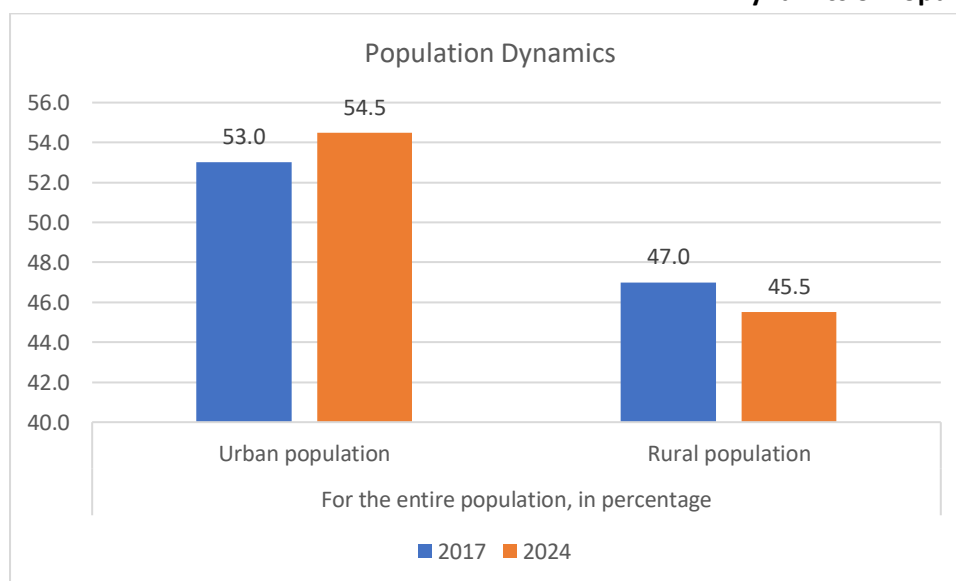
Number of New Jobs Created by Economic Regions

Economic Regions	2023	2024
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		9 months	3rd quarter
Total for the Republic of Azerbaijan	82318	69587	24178
Including:			
Baku City	65563	53882	17824
Absheron-Khizi Economic Region	2914	2959	817

In the nine-month period of 2024, 77.2% of the 10,505 newly registered enterprises and organizations in the country were established in Baku city, while 7.4% began operations in the Absheron-Khizi economic region.

Chart 1.
Dynamics of Population Growth



In 2017, the urban population accounted for 53%, whereas in 2024, it is projected to reach 54.5%. Meanwhile, the rural population was 47.5% in 2017 and is expected to decrease to 45.5% by 2024. The population of the region is primarily concentrated in urban centers. Notably, the cities of Sumgayit and Khirdalan stand out from other settlements in the region, not only in terms of economic indicators but also in terms of population size. The intensive urbanization process observed in these cities has placed additional pressure on infrastructure, social security systems, and service sectors, making it essential to expand these facilities. As a result, the Absheron-Khizi economic region consists of a blend of cities and districts with distinct socio-economic characteristics. This diversity directly impacts the region's demographic structure and population dynamics.

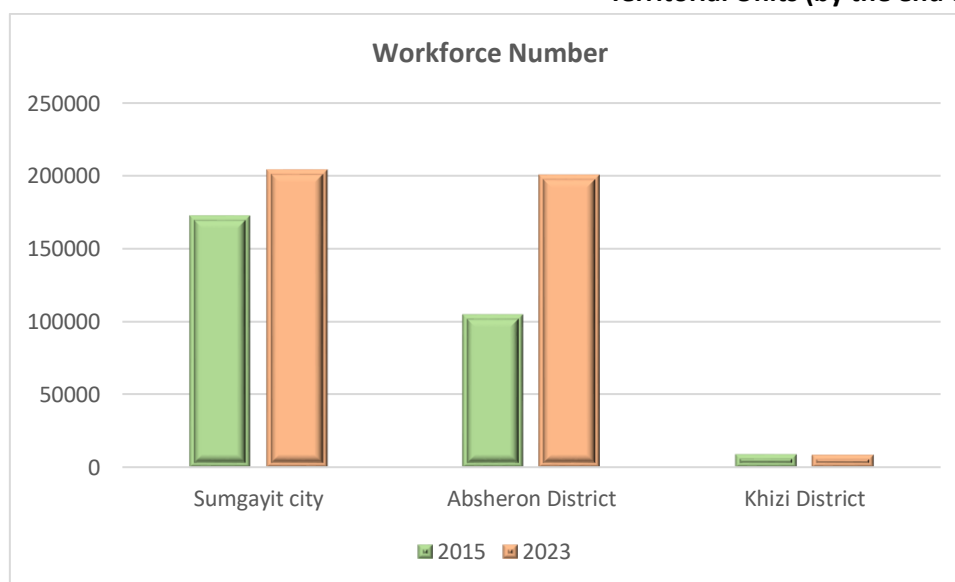
Table 2.
Number of newly opened jobs in Baku city

Economic Districts and Administrative Units	2023	2024	
		9 Months	3rd quarter

Baku city - total	65563	53882	17824
Including:			
Baku			
Binagadi	6957	6403	1828
Khatai District	6654	6659	2041
Khazar District	1631	1263	667
Garadagh District	858	1001	291
Nerimanov District	11823	11392	4185
Nasimi District	12851	7800	2433
Nizami District	5621	3174	1094
Pirallahi District	7	8	2
Sabunchu District	2409	3013	957
Sabail District	6903	5757	1962
Surakhani District	1973	1515	541
Yasamal District	7876	5897	1823

During the period from January to September 2024, 11.9% of the newly created jobs in the country were in newly established enterprises and organizations, 87.1% in existing enterprises and organizations, 0.3% in enterprises and organizations that resumed their operations, and 0.7% resulted from other measures.

Graph 2.
Number of Workforce by Economic Regions and Administrative Territorial Units (by the end of the year)



The statistics on the number of the workforce by economic regions and administrative territorial units show that the workforce in the Absheron-Khizi economic region has increased from 2015 to 2023. Overall, the workforce has risen from 287,218 to 413,677 people, indicating a significant increase in 2023 compared to 2015 (an increase of 126,459 people, approximately a 44% growth).

In Sumgait city, the workforce, which was 172,703 in 2015, increased to 204,175 in 2023. This shows an increase in the workforce in the city (an increase of 31,472 people, approximately an 18% growth). Since Sumgait is one of Azerbaijan's industrial and manufacturing hubs, the increase in the workforce could be a sign of economic development and population growth.

In Absheron district, the workforce in 2015 was 105,109, while in 2023 it reached 200,591. This represents an increase of 95,482 people or nearly 91%. Since Absheron district is located close to Baku, rapid urbanization and the growth of job opportunities could be the main reasons for this increase. In Khizi district, the workforce in 2015 was 9,406, but by 2023, this number had decreased to 8,911. Thus, a decrease of 495 people occurred, representing a decline of approximately 5%. This situation suggests that Khizi district might be a less developed area with relatively weaker urbanization processes.

Overall, we can conclude that the growth of the workforce in the Absheron-Khizi economic region indicates the region's overall development and an increase in the number of job opportunities. The growth in Absheron and Sumgait cities, in particular, reflects the development of urbanization and industry, while the decrease in Khizi district may be related to lower development and lack of urbanization. This data also reflects how the economy is developing at the regional level and shows trends of either an increase or decrease in the workforce in certain areas.

Table 3.

Number of newly created jobs in the Absheron-Khizi Economic Region

Economic regions and administrative territories	2023	2024	
		9 months	3rd quarter
Absheron-Khizi Economic Region - Total	2914	2959	817
Including:			
Sumgayit city	1380	1341	367
Absheron district	1521	1601	438
Khizi district	13	17	12

According to this statistic, the number of newly created jobs in the Absheron-Khizi economic region has been increasing year by year. In 2023, a total of 2,914 new jobs were created, and by the 9 months of 2024, this number increased to 2,959. In the third quarter of 2024, 817 new jobs were created.

There are also differences among the three main administrative units of the region:

Sumgayit City: In 2023, 1,380 new jobs were created, and in the first 9 months of 2024, this number decreased slightly to 1,341. In the third quarter, 367 new jobs were created. This indicates that Sumgayit, as an industrial and manufacturing hub, continues to create new job opportunities.

Absheron District: In 2023, the number of new jobs in Absheron was 1,521, which increased to 1,601 by the 9 months of 2024. In the third quarter, 438 new jobs were created. This reflects the rapid development of the district and the growing number of new job opportunities, particularly linked to urbanization and infrastructure development.

Khizi District: In Khizi, 13 new jobs were created in 2023, and this number rose to 17 by the 9 months of 2024. In the third quarter, 12 new jobs were created. This indicates that economic development in Khizi is slower compared to other districts, and the increase in the number of jobs is more modest.

Overall, the increase in jobs in the Absheron-Khizi economic region demonstrates the region's socio-economic development, but this development occurs at different speeds in different areas. While job growth is more noticeable in Sumgayit and Absheron, the development in Khizi remains slower.

CONCLUSION

In the future, several directions should be identified for the development and utilization of Baku's territory. For this purpose, it is advisable to divide the area into different zones. When dividing into zones, the economic-geographical location (EGL), the specialization of economic sectors and development prospects, local natural-geographical resources, as well as recreational potential, should be taken into account. Based on these principles, the following zones can be designated according to the leading economic functions of the Baku agglomeration:

- ❖ **Northern and Eastern Zone:** This zone covers the areas of the Caspian Sea and the newly established Pirallahi district. The main priority in this zone should be the development of the recreation and service sectors, along with the promotion of agricultural activities.
- ❖ **South-Western Zone:** Located in the territory of the Garadag district, special attention should be given to the development of industry and transportation infrastructure in this region. In the future, the construction of shipbuilding and ship repair facilities, as well as a new seaport, will have a positive impact on the dynamic development of the transportation sector.
- ❖ **North-Western Zone:** This zone encompasses the city of Sumgait, where the development of industry and recreation sectors can be identified as priority directions. At the same time, in the Western Zone, within the Absheron administrative district, the development of agriculture should be defined as the main strategic area.

It is necessary to form certain strategic directions for the prospective development and efficient utilization of the Absheron-Khizi economic region. These directions are aimed at stimulating the region's socio-economic development, taking into account its existing resource potential and geographical advantages:

- **Strengthening Industrial and Technological Development**

Since Sumgait and Khirdalan cities serve as industrial hubs, the modernization of existing industrial zones and the establishment of new high-tech enterprises are of significant importance. In particular, the expansion of the Sumgait Chemical Industrial Park and the application of innovative technologies could accelerate the development of this sector.
- **Specialization and Modernization in Agriculture**

Considering the agricultural potential of the Khizi district, it is advisable to implement modern agro-technical approaches to increase productivity and expand the diversity of crops. This could also play a crucial role in ensuring food security in the region.
- **Development of Tourism Infrastructure**

The natural and cultural landscape features of the Absheron Peninsula and Khizi district create favorable opportunities for the expansion of the tourism sector in this area. Improving infrastructure in areas such as ecotourism, coastal tourism, and the promotion of cultural heritage, along with organizing promotional activities, is crucial for enhancing the region's tourist appeal.
- **Development of Transportation and Logistics Systems**

The region's proximity to Baku and its location along the Caspian Sea make it a crucial hub for transportation and logistics. The modernization of existing transportation infrastructure and the creation of logistics centers will contribute to further expanding the region's economic connections.

➤ **Protection of Ecological Balance and Sustainable Development**

Along with the processes of urbanization and industrialization, environmental protection also requires special attention. Conducting ecological monitoring in the region, ensuring efficient and sustainable use of natural resources, and implementing projects in line with the principles of a green economy are essential for sustainable development.

As a result, the implementation of comprehensive measures in the specified priority areas can create conditions for a more full realization of the socio-economic potential of the Absheron-Khizi economic region and transform it into a competitive economic space.

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