Development Without People: The Paradox of Nakhchivan's Economy

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The world is producing unmanned aerial vehicles and self-driving cars and is even working on pilotless aircraft projects. We Azerbaijanis, too, are part of this global race with our own experiment in developing a region without people. A comparison between the arguments used in a grandiose article by the APA News Agency, one of the Azerbaijani government's main propaganda outlets, devoted to the Nakhchivan region, and the region's actual economic conditions gives grounds for such a conclusion. The article was published after President Ilham Aliyev's visit to Nakhchivan on August 11.

The article indicates that 258 million manats have been allocated for the region's development under the "State Program for the Socio-Economic Development of the Nakhchivan Autonomous Republic for 2023–2027." The funds will be used to construct four different power plants (solar and hydropower), or to complete projects already under construction, as well as to build 420 kilometers of roads and develop transport and social infrastructure, including education facilities and housing.

The problem is that Nakhchivan is an Azerbaijani region that has experienced the largest-scale population outflow. A study published by the Baku Research Institute showed that although official statistics put Nakhchivan's population at 470,000, the actual number of people living in the Autonomous Republic is approximately 140,000 lower. This means that the gap between the officially reported and actual population is around 30%. The outflow of people from Nakhchivan has not been driven solely by the region's difficult socio-economic conditions over the long term. Harsh political repression, serious human rights violations, and the absence of economic competition have also accelerated migration from Nakhchivan.

Official statistics on the changes in Nakhchivan's economy over the past 15 years paint an even more striking picture. According to data from Nakhchivan's statistical agency, the region's gross domestic product amounted to 1,7 billion manats in nominal terms in 2025 – the same level as 15 years earlier, in 2011. By contrast, over the same period, Azerbaijan's non-oil GDP increased fourfold in nominal terms and by 91% after adjusting for inflation, according to official data. If Nakhchivan's GDP has remained unchanged in nominal terms over 15 years, then, after accounting for inflation, the region's gross domestic product must have contracted by at least two to three times in real terms. Unfortunately, because Azerbaijan does not publish long-term data on regional GDP dynamics in real terms, it is difficult to calculate the scale of this real contraction. Nevertheless, official statistics cannot conceal the fact that Nakhchivan's regional gross output declined cumulatively by 21% over the period in question.

Incidentally, according to official data, nearly 36% of Nakhchivan's GDP – roughly one manat out of every three – is generated by social services. These mainly include services provided by the public sector in education, healthcare, culture, and the arts. In other words, the public sector accounts for a significant share of Nakhchivan's GDP. Trade contributes 17% to GDP, agriculture 13%, and industry close to 9%. Although agriculture accounts for a substantial share of the region's GDP, the physical volume of agricultural production in Nakhchivan declined by nearly 32% between 2019 and 2025. Over the past five years, the region's cultivated area has nearly halved, falling from 65.000 hectares to 35.000 hectares. Grain production dropped from 133.000 tons to 53.000 tons, while wheat production fell from 84.000 tons to 26.000 tons. These figures show that Nakhchivan does not produce enough wheat to meet even one-third of the needs of its actual population. A similar trend can be observed in livestock farming. Over the past three to four years, meat production in the region has declined by nearly 35%.

A similar trend has also been observed in industry. For example, over the past 15 years, electricity generation has declined by nearly 50%, while brick production has almost halved.

Official propaganda remain silent about the scale of this contraction in the region’s overall economy, as well as in agriculture and industry. Can large-scale investments and elaborate infrastructure projects bring people back to a vast region that tens of thousands have left and where many villages have largely emptied out? At the very least, during the president’s visit to the region, neither his public remarks nor his interview with the state media made any reference to these facts – facts that reflect the reality on the ground but would create a negative impression.