



ECONOMIC POLICIES IN IRAQ AND WAYS OF ECONOMIC REFORM

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ABSTRACT

Economic reform is a goal that most countries seek to achieve, especially countries with fragile economies, by following ideologies and economic policies aimed at bringing the economic reality towards a stable economy capable of confronting economic crises and imbalances. At the global and local level, and because the Iraqi economy suffers from its weak ability to confront the global shocks of oil prices due to its almost complete reliance on oil rent revenues and the underdevelopment of its productive sectors in all its branches, which was reflected in the imbalance in its internal balances and external and widening gaps in its economic variables, so it is necessary to intensify efforts and follow corrective economic mechanisms and policies on the overall macro levels of the Iraqi economy. Balanced and advancing economic growth by following stabilization and economic adjustment policies to balance supply and demand on the public and private economic levels.

KEY WORDS

Introduction

Countries with inactive and fragile economies suffer from a decline in the role of productive sectors in stimulating and reviving the economic reality, and this is reflected in the reality of economic indicators with a high rate of indebtedness, imbalance in financial balances, a decline in the level of real output, an increase in price levels, and a worsening of the problem of unemployment, thus creating a distorted picture of the economic reality of those countries. Therefore, reform is considered. The economic situation is an inevitable necessity that must be achieved in order to advance the country's economic reality, given the economic shocks and imbalances that the Iraqi economy has gone through. Therefore, it is necessary to follow mechanisms to reform the structure of its real productive sectors. Therefore, the study started from the hypothesis that (Iraq can advance its economic reality and reform it if it directs the rentier revenues that it has been relied upon almost entirely to revive the reality of the structure of the real productive sectors and to extract them from the distortions from which they suffer).

the study Problem :

Iraq's continued reliance on rentier revenues makes it a fragile economy unable to confront economic shocks and crises, in addition to the confusion it suffers in managing rentier funds and directing them towards achieving economic progress capable of driving economic growth in the real sectors of the economy.

Study hypothesis:

Iraq can improve and reform its economic reality if the rentier revenues that have been relied upon are directed almost entirely towards reviving the reality of the structure of the real productive sectors and extricating them from the distortions from which they suffer.

The first section: economic reform as a concept, goals and mechanisms

First: The concept of economic reform

The need for economic reform becomes urgent when economic distortions worsen and the loss of economic balance is reflected in the economic reality, which accumulates over time periods, causing internal and external shocks and their effects to be reflected at the overall level of the economy, which requires following mechanisms to overcome imbalances and correct the mechanisms of supply and demand by restructuring and redistributing resources () Economic reform is a reflection of the regular corrections and mechanisms used by countries, through which they aim to achieve true diversity in the economic structure and increase the effectiveness of the economy and its ability to achieve a balance between economic resources and the needs of society and confront the economic imbalances resulting from the loss of balance between needs and economic resources () while the nations gave The United Nations expressed its opinion on economic reform that it is the approved mechanisms and methods used to remobilize economic resources and redistribute them in a way that suits the real needs of the population at the present time and ensuring the fulfillment of future needs by using stabilization mechanisms and policies to address the short-term imbalances that the country suffers from, ending with adjustment policies to address deeper imbalances in the long term. For the country () Thus, economic reform expresses economic mechanisms followed by countries with long-term goals aimed at restructuring economic variables that advance economic growth, improve the standard of living, and move towards achieving the economic well-being of society.

Second: Objectives of economic reform

The policies adopted by those in charge of the country's administration aim to follow mechanisms to achieve a number of goals that are in the interest of the country's economic reform, improving the reality of its economic variables, and confronting the internal and external imbalances to which the economy is exposed, namely ()

- 1- Addressing the imbalances facing the public budget, making its expenditures consistent with the revenues obtained, working to streamline the state's role in its public spending, and providing the private sector with the opportunity to allow it to manage economic activities.
- 2- Controlling price increases, eliminating price distortions, reducing inflation rates, and working to reach the inflation target set by central policy.
- 3- Eliminate the aggravation of the problem of high unemployment rates and its economic, political and social effects, and work to reach the targeted unemployment rates within the economic framework set by economic policies.
- 4- Achieving stability in the exchange rate of the local currency against other currencies, preserving the value of the local currency and increasing its ability to confront local and external economic crises.

5- Making the internal economic climate attractive for local and foreign investments by creating a favorable environment that attracts investments.

6- Working to increase the economy's ability to face the burden of external debts, increase the economy's ability to repay them, and achieve no need for external debt due to the impact of external debt on future human rights and the ability to reduce high poverty rates.

7- Addressing imbalances in the macroeconomic balance internally and externally and reaching high growth rates while achieving economic stability.

Economic reform is achieved without the need to resort to international institutions, or it may be carried out with assistance provided by the International Monetary Fund and the World Bank when countries reach major imbalances and the level of their economic resources declines significantly, which prompts them to resort to the World Bank or the International Monetary Fund and submit to their conditions or Requesting loans from other countries or financial institutions, whose conditions imposed on the borrowing countries do not differ from the conditions of the International Monetary Fund and the World Bank. The reform mechanisms followed by the International Monetary Fund and the International Bank, as well as Bretton Woods, are working to implement market mechanisms in the economies that resort to them and reduce the size of the role that they play. The public sector in economic activities and working to make the private sector responsible for promoting economic activities and working to achieve economic openness to the global economy by relying on mechanisms adopted by the neoclassical school in achieving general economic stability in order to advance the development wheel at the macro level of the economy in connection with the mechanisms of the market economy ()

Third: Economic reform mechanisms:

The economy aims to bridge monetary imbalances and control price imbalances as initial measures as initial steps for economic reform in the short term and to move forward towards achieving economic reforms in the medium and long term, which are recipes for treating economic imbalances provided by the Monetary Fund, the World Bank, and private financial institutions. Therefore, the economic system works to Follow the steps to achieve the set goals:

1- Making the economy based on market mechanisms, diminishing the role of the state in managing economic activities, following price liberalization mechanisms, and reducing the size of the budget's contribution to production operations, in addition to freeing up the movement of foreign trade, reducing or eliminating customs duties, and making room for the private sector to be responsible for managing economic activities, and this is considered a step. Economic liberalization is one of the most important economic stabilization policies as initial solutions for the short term, as the policies aim to achieve economic stability, relying on short-term mechanisms and procedures to contribute to resolving sudden economic imbalances, such as the balance being in deficit, whether the trade balance or the general budget, or the decline in the value of the local currency against foreign currencies. Therefore, it depends Economic policy follows short-term economic stabilization mechanisms to reach long-term goals.

2- The second step is the step in which policies work to follow mechanisms with frameworks and goals that work for the long term and pay attention to reforming the laws related to economic policies and addressing the obstacles that stand in the way of implementing mechanisms for economic stabilization and liberalization, as this stage is the stage of restructuring the economy in the medium and long term by reducing The extent of the state's role in contributing to economic processes and its

intervention in allocating resources. This step expresses the stage of economic restructuring by following certain economic policies, such as changing the volume of trade exchanges, or external or internal shocks, such as changing political regimes. This step is concerned with the supply side, targeting these goals, which are: ()

A- Transferring productive sectors from the public sector to the private sector (privatization)

B- B- Making the environment attractive for foreign investments as it is a dynamic engine for economic activities and the wheel of economic growth.

C- T - Stimulating economic growth to reach the stage of stability that economic reform policies aim to achieve and achieve high levels of well-being for society

RESEARCH METHODOLOGY

The second topic: economic reform policies and their compatibility with the Iraqi economy:

First: Realistic data of the variables of the Iraqi economy:

The Iraqi economy is considered a fragile economy in the face of economic imbalances and external shocks due to its reliance on rentier revenues and making them the main source of public spending, and the decline in its real productive structure to reflect the decline in growth in its real output of the productive sectors, in addition to the decline in the level of real investments in the productive sectors and a very significant decline in the rates of productive investments in the private sector as well. On the dominance of activities operating in government sectors with a non-productive service role, which has led to an exacerbation of unemployment rates in Iraq (), as the Iraqi economy reflects an imbalance in its economic structure due to the oil sector's control over other commodity sectors, whether revenues or labor force, so that it is considered the main financier of the programs. Development and trends in government investment spending. Oil revenues are the main resource for the general budget compared to the productive sectors. The other fact is that it reflects an imbalance in Iraq's economic structure, as the oil sector is the main component of the gross domestic product, and the decline in the rates of economic diversification of the productive sectors. Reliance on rentier revenues leads to a weak interconnection between the productive sectors. Due to its weak productivity and contribution to the gross domestic product (GDP), the economic problems that the Iraqi economy suffers from are the result of long-term accumulations resulting from the poor use of resources and the trends in their allocation in a way that is consistent with the advancement of the development process of the real productive sectors, in addition to the wrong management of the distribution of those resources and their trends that contributed to achieving major imbalances. In the balance of aggregate demand and aggregate supply, in addition to the imbalances it suffers from in its monetary and financial stability and the high rates of unemployment and poverty (), rentier revenues are considered a reason for exacerbating these disturbances that the Iraqi economy is suffering from, as by tracking the indicators of the Iraqi economy, the reflection of the dependence on its gross product, which multiplies the indicators The basic principle that reflects the extent of the country's economic strength and the strength of its real production structure, and through it identifies the weaknesses that must be worked on to fix them by reaching the real and diversified targeted output that the economic policy aims to reach without it being associated with economic disturbances, as the output is a reflection of the country's economic image and While tracking the real GDP, the table reflects the disturbances and fluctuations in the GDP and its growth rates and their connection to oil price fluctuations or internal and external political turmoil and their reflection on oil revenues and the

percentages of the real productive sectors' contribution to the GDP and its dependence on rentier revenues and considering them the primary resource for the GDP and then the following: The non-productive service sector, with a decline in the contribution of the agricultural and industrial productive sectors and the weakness of the flexibility of their production structure in meeting societal needs and reliance on imports.

TABLE 1. : economic reform policies and their compatibility with the Iraqi economy

Contributions of local product to the GDP				Average per capita GD at current prices	Product growth rate	GDP	YEAR
Service %	Agricultural activities %	Transformative Industries%	Crude oil %				
7	6	5	4	3	2	1	
17.891	6.938	1.761	57.872	1961509.2	—	53235.3587	2004
2.959	6.886	1.320	602.826	2629674.9	38.1	73533.5986	2005
3.3181	5.8260	1.541	55.291	3274233.0	29.9	95587.9548	2006
33.816	4.929	1.631	52.9520	3754986.0	16.6	111455.8134	2007
2.610	3.847	1.683	55.510	5135262.7	40.8	157026.0616	2008
461.585	5.229	2.611	42.863	4125861.5	-16.8	130643.2004	2009
0.416	5.162	2.269	4.445	4988141.1	24	162064.5655	2010
0.0297	4.563	0.282	53.033	6518752.6	34	217327.1074	2011
4.198	4.124	2.721	49.733	7431918.8	16.9	254225.4907	2012
4.9349	4.768	2.297	45.898	7795455.5	7.6	273587.5292	2013
5.512	4.929	1.877	43.874	7648994.9	-2.6	266332.6551	2014
9.804	4.191	2.175	33.487	5528730.4	-26.9	194680.9718	2015
9.9723	39.771	2.2528	34.226	54444537.4	1.15	196924.1417	2016
7.855	2.9767	2.174	39.999	5968459.4	12.5	221665.7095	2017
7.182	2.8158	0.203	44.687	7053761.2	21.3	268918.874	2018
8.028	3.746	2.124	41.163	7101964.3	3.33	277884.8694	2019
36.257	6.919	1.807	78.616	8460140.1	0.1530	184693.3689	Mean

- Columns (1), (3), (4), (5), (6), (7): Ministry of Planning, Development Cooperation Agency, Central Bureau of Statistics and Information Technology, Statistical Group for various years.

- Column (2) ratios and growth rates are the work of the researcher based on data from the Ministry of Planning, the Central Bank of Statistics, Technology and Information, the Statistical Group for various years.

Because of Iraq's reliance on the oil sector to fuel its public spending, it has expanded the circle of weakness that the productive sectors suffer from and exacerbated the gaps in its balance sheets, and because of the depletive consumption of resources that characterizes Iraq, the directing of oil revenues towards operational spending in the form of wages and salaries, and its decline in supplementing the financial reserve to confront the economic crises that It increases the fragility of the economic power due to its economic reality () and because oil revenues are characterized by their rapid vulnerability to crises and economic shocks, both internal and external, it was reflected in the reality of the revenues that the Iraqi economy collects due to its almost complete dependence on oil revenues, which reflected negatively on Iraq's financial strength and its decline in Payment of its financial obligations, and this is reflected in Table (2), which reflects a strong correlation between the gross domestic product and

fluctuations in oil prices for the period (2003-2020), as the table reflects the increase in the gross domestic product for the period (2003-2008), recording a compound growth rate of up to (53.8%). Linked to the changes occurring in oil prices until the output reached (167,037) in 2020 and with a negative compound growth rate (%-28) affected by the two shocks to which the economy was exposed, which is the crisis of the outbreak of the Corona epidemic and its impact on production processes, and then the decline in oil prices to reflect negatively on the gross domestic product. The total Iraqi economy.

Table (2) GDP/million dollars and its correlation with oil prices for the period (2003-2020)

Crude oil price	Acc. growing rate	GDP	YEAR
28.1	53.8%	15282	2003
36.05		36638	2004
50.64		49887	2005
61.08		65159	2006
69.08		88809	2007
94.45		131623	2008
61.06	15-%	111661	2009
77.45	19.2%	138517	2010
103		185750	2011
107		218032	2012
103		234638	2013
94.9	0.7%	224186	2014
44.7		163597	2015
36		165482	2016
49.3		186274	2017
65.6		225982	2018
60.38		232065	2019
40.69	28-%	167037	2020

In addition to the increasing rates of unemployment in Iraq and the decline in investment opportunities due to Iraq's dependence on the rentier resource and the decline in productive investment projects capable of absorbing working energies, Iraq is considered a country with high scientific and technical qualifications, but it lacks the presence of appropriate opportunities to absorb those energies and qualifications and the lack of matching job opportunities for them, which reflects the image of Structural unemployment in the Iraqi economy (), in addition to the lack of compatibility between population growth and the operational plans proposed by the Ministry of Planning, as well as with the individual's production level and the level of wages, which contributed to their understanding of the problem of unemployment in general and disguised unemployment in particular, as the phenomenon of unemployment and lack of job opportunities in Iraq is considered a problem. It has a complex framework. Although it possesses diverse resources and enjoys an abundance of those resources, it has not worked to advance the reality of the Iraqi economy and build a diversified production base based on these abundant and diverse resources and based on knowledge foundations that support the advancement of the investment reserve, the withdrawal of unemployed workers, and the provision of appropriate job opportunities that contribute to increasing The level of productivity in the real sectors in the future. Therefore, the problem of unemployed workers is considered a

problem that poses risks to the Iraqi reality and to the various political, social, and economic trends in Iraq

Table (3) Unemployment rates in Iraq and population numbers

Unemployment	Male per	Female per	Total (M)	Male	Female	year
6	5	4	3	2	1	
26.8	0.502	0.497	27139	13629	13510	2004
17.97	0.502	0.497	27963	14055	13908	2005
17.5	0.503	0.496	28810	14493	14317	2006
11.7	0.503	0.496	29682	14943	14739	2007
15.34	0.503	0.496	31895	16058	15837	2008
-	0.502	0.497	31664	15910	15754	2009
-	0.509	0.490	32490	16561	15929	2010
8.3	0.509	0.490	33338	16985	16353	2011
11.9	0.509	0.490	34208	17420	16788	2012
-	0.509	0.490	35096	17864	17232	2013
10.6	0.508	0.491	36005	18319	17686	2014
-	0.505	0.494	36934	18660	18274	2015
10.8	0.505	0.494	36169123	18273505	17895618	2016
13.8	0.504	0.495	37139519	18673758	18375761	2017
-	0.505	0.494	38124182	19261253	18862929	2018
-	0.505	0.494	39,127,889	19,768,324	19,359,565	2019

Abstention from work is one of the obstacles to achieving real economic reform in Iraq and its negative effects on the social, economic and political reality, as well as a waste of young working energies. Iraq's policy of attracting the unemployed force in the military sector is considered an ineffective policy as it has exacerbated the problem of disguised unemployment in the military sector. In addition to its increasing percentage in the public sector, this is exacerbating the problem of finding solutions to reduce unemployment rates and its negative effects on the economic reality. These effects are reflected in the high rates of poverty in Iraq, making it more difficult to achieve economic reform. Iraq records that a quarter of Iraq's children suffer from acute malnutrition and high Mortality rates of children under the age of five have reached 40%. The exacerbation of this problem in Iraq is due to several factors, including negative economic planning to absorb the workforce and provide opportunities for it, in addition to the decline in security stability that Iraq is suffering from, which has made it an environment repulsive to foreign investments and weak demand for The local labor force, in addition to the decline in the role of the private sector's contribution to real productive investments (), all of the above has increased the imbalance in the Iraqi balance of payments to acquire the character of a deficit, even though it was recording surpluses in its trade balance, so those surpluses are due to errors in the national accounts due to their inability to distinguish between income and its count. This is due to the inflation of the added value of the extractive industries, and the description of the Iraqi balance of payments as a deficit is due to the imbalance in the Iraqi trade structure, the dependence of the Iraqi economy on rentier revenues from the export of oil, the dominance of oil exports on the export side, and the import side bearing the import of all consumer products necessary for society. () As the Iraqi markets were linked to the global markets by preparing the Iraqi markets for their consumer and necessary needs and Iraq's dependence on rentier oil

revenues to obtain foreign currencies. Table (3) reflects a surplus in the years of the study except in the years (2004, 2009, 2015, 2016) in which the balance of payments recorded a deficit. These surpluses recorded by Iraq are due to several factors that contributed to achieving the surplus recorded by the balance of payments. The most important of these factors are the surpluses achieved by the trade balance as a result of the high volume of oil exports, in addition to the secondary factors represented by aid and grants to contribute to achieving surpluses that have a positive impact on the balance of payments, despite the negative results in The balance of payments recorded in 2004 is due to a very large increase in imports to the Iraqi economy, and this is reflected in Table (3), resulting from a deficit in the trade balance of (3492.3) million dollars, in addition to the deficit recorded by the services account of (822.3) million dollars (.). The deficit recorded by the balance of payments in 2009 was due to a decline in the value of assets and reserves and the current account deficit resulting from a reflection of the services account deficit. As for the decline in 2015, it was due to a decline in the level of exports due to a decline in oil prices until they reached \$44.7 per barrel after the price of a barrel was 94.9 in 2014. Negative impact on the balance of payments, in addition to the deficits recorded in the transaction register resulting from the increase in transfers abroad, as it recorded a deficit of approximately (1.5) million dollars, while the current account recorded a decrease to reach (18445)

Table (4) Balance of Payments of the Iraqi Economy for the Period (2004-2019): Billion Dollars

Growth rate of imports	Imports	The growth rate of exports	Exports	Balance of payments	Year
5	4	3	2	1	
-	21302.3	-	17,810.00	-2404.6	2004
10.47	23532	33.06	23,697.40	4374.5	2005
-11.22	20892	28.83	30,529.40	16748	2006
2.99	21516.2	29.68	39,590.00	11757.9	2007
64.97	35496	60.97	63,726.10	18800	2008
8.29	38437	-37.57	39,782.20	-5817	2009
14.25	43915.3	30.12	51,763.60	6286.3	2010
8.85	47803	53.93	79,680.50	10393.7	2011
17.64	56233.7	18.19	94,171.60	7986.8	2012
4.56	58795.9	0.04	94,208.60	24427.9	2013
-9.56	53177	-4.71	89,767.90	22590.3	2014
-26.58	39045.1	-6.45	83,980.90	-14066	2015
22.96	48,009.90	-38.88	51,327.70	8344.1-	2016
-0.21	37866	57.55	57559	27012.2	2017
0.20	45736	0.500	86360	5695.8	2018
0.07	49417.6	-0.40	81585.2	8724.6	2019

This confirms the link between the imbalances in the balance of payments and the imbalances occurring in oil prices, as well as the external economic and political turmoil as a result of the correlation of oil prices with international oil prices and political fluctuations and their impact on the Iraqi balance of payments. Given the disciplined financial policies in both their revenue and expenditure aspects and the necessity of controlling the level and direction of revenues to achieve

economic reform of the country, and when tracking Iraq's financial policy and the extent of its ability not to borrow and achieve economic reform, this is what Table (5) reflects.

Table (5) Budget for the period (2009-2019) and deficit level

Shortage	Expenses	Revenue	Year
-345.537	55589.062	55243.525	2009
44.022	70134.201	70178.223	2010
25231.423	78757.665	103989.088	2011
14677.649	105139.574	119817.223	2012
-5287.48	119127.555	113840.075	2013
-730179.603	835566.226	105386.623	2014
-3927.263	70397.515	66470.252	2015
-12658.167	67067.437	54409.27	2016
1845.84	75490.115	77335.955	2017
25696.645	80873.189	106569.834	2018
-4156.529	111723.522	107566.993	2019

It becomes clear from the table that the level of deficit in financial budgets is high due to Iraq's revenues being linked to rentier revenues and their lack of diversification.

The economic decline and the real production structure of the real productive sectors in Iraq, which reflects the necessity of reducing the level of government spending to work to reduce the level of external and internal debt and the benefits resulting from it to bridge the deficit and thus making it an obstacle to achieving economic reform, as Table (6) reflects the Iraqi economy exceeding the debt ratios specified within The Master Yacht agreement is within the debt rule, which stipulates that the loan percentage of the output must not exceed (3%), as Table (6) reflects the decline in the ability of financial policy to achieve financial control and Iraq's lack of planning directed to spending trends in a way that is compatible with the development process, as the revenues obtained from borrowing were directed to backfilling. The fiscal deficit gaps in the budget are not a mechanism to improve the economic situation and drive growth, as large sums of money were directed to pay off Iraq's accumulated debts from the wars that Iraq fought, which worked to impose compensation on the Iraqi economy, as Iraq's external debt was estimated according to the Paris Club estimate at \$37.15 billion. To the Paris Club countries, its debts outside the Paris Club were estimated at (67.4) billion dollars, and Iraq's commercial debts recorded (20) billion dollars, and Iraq recorded debts to international organizations amounting to (0.5) billion dollars. Table (6) reflects Iraq's exceeding the percentage specified by the Master Yacht Agreement.

Table (6) Ratio of GDP at current prices to the planned deficit and debt of the Iraqi economy
(billion dinars)

Total public deb	External debt	Internal debt	Deficit to output ratio	Deficit decided in the budget by the government	Gross domestic product at current prices	year
6	5	4	3	2	1	
191946.839	186021.778	5925.061	0.02975466	1584	53235.3587	2004
154352.578	148097	6255.578	-0.095501378	-7022.56	73533.5986	2005
101067.565	95422.175	5645.39	-0.058279906	-5570.857	95587.9548	2006
98951.705	93758	5193.705	-0.086697479	-9662.938	111455.8134	2007
81403.058	76947.489	4455.569	-0.057868687	-9086.892	157026.0616	2008
84423.647	75989.598	8434.049	-0.143576611	-18757.308	130643.2004	2009
76813.642	67632.836	9180.806	-0.141438413	-22922.155	162064.5655	2010
80722.191	73275.332	7446.859	-0.072370061	-15727.976	217327.1074	2011
81760.519	75213	6547.519	-0.058200427	-14796.032	254225.4907	2012
76573.549	72318	4255.549	-0.069915263	-19127.944	273587.5292	2013
77648.019	68128	9520.019	–	Not yet	266332.6551	2014
100733.205	68590.4	32142.805	-0.124279835		194680.9718	2015
118767.051	71404.8	47362.251	-0.109990267	-24194.919	196924.1417	2016
125815.396	78136.6	47678.796	-0.056456707	-21659.739	221665.7095	2017
121173.318	79350.4	41822.918	-0.102402366	-12514.516	268918.874	2018
117400	78490	38910	0.02975466	-27537.929	277884.8694	2019

Second: Economic reform and the extent to which it can be achieved in the Iraqi economy:

Achieving economic reform in Iraq requires removing many of the obstacles that hinder the work of mechanisms to achieve economic reform for all economic, social and political trends that stand in the way of the approved reform plans and policies to advance Iraq's economic reality. This is what was reflected in the previous statements, as the state was unable through its intervention in the economic process. By following expansionary policies and increasing the level of the financial deficit, it is impossible to achieve economic reform to advance the economic reality and its productive structures. Therefore, the state has moved away from the corrective path that it must achieve, in addition to the impact on the Iraqi economy of the worsening number of the unemployed and the increase in poverty rates, which included a large percentage of society. The Iraqi economy is characterized by a decline in its real production structure, which constitutes an economic and social obstacle to achieving economic reform in Iraq. These variables and their effects constitute obstacles to achieving economic reform in Iraq, which necessitates the necessity of Iraq working to follow mechanisms to advance the infrastructure of the structure of its real productive sectors that work to achieve productive diversity. The economy in Iraq, and because Iraq possesses a natural resource that qualifies it to achieve these mechanisms, a strong foundation must be made for the diversified production structure of the various sectors of the Iraqi economy, which requires developing strong mechanisms and strategies to activate the role of investment sectors and developing strategic plans to build an attractive environment for private and foreign investments, facilitating the granting of credits and loans. To spend for investment, this necessitates the need to establish laws and legislation that give the investor a feeling of security and protection by guaranteeing their rights, which increases the diversity of real economic production and is able to increase business by providing investment loans that support the achievement of the goals of economic reform and then create job opportunities that increase the

opportunity to reduce the rate of the unemployed and increase The level of productivity to work to reduce the growing demand gap in the supply of local production that is satisfied by imports and thus reduce the volume of consumer imports, in addition to the necessity of making room for the private sector and providing an encouraging environment for investors in the real productive sectors, whether agricultural, industrial, or technological, and supportive towards achieving the economic diversification that reform aims to achieve. economic to achieve it.

CONCLUSIONS:

- 1- The Iraqi economy suffers from a weak infrastructure due to its almost complete reliance on rentier revenues, and the weakness of its real production structure has made it a fragile economy in the face of economic imbalances, whether internal or external.
- 2- The Iraqi economy suffers from a disconnect between the work of the state's economic policies and the activities of the productive economic sectors as a result of the rentier nature of the economy and its dependence on oil revenues, coupled with its lack of mechanisms and legislation that work to direct revenues towards advancing the developmental reality of the economy.
- 3- The exposure of the Iraqi market to the global market due to its reliance on satisfying essential and consumer needs through imports, in exchange for reliance on oil exports.
- 4- Iraq's lack of legal mechanisms, rules and legislation that protect investors, private investment, production and the productive process, which has exacerbated the increasing levels of imports in the face of Iraq's unilateral oil exports.

RECOMMENDATIONS:

- 1- The necessity of creating sovereign funds to address the differences in oil prices between estimated and actual prices and transfer them towards the production process in the real productive sectors to advance the real productive sectors.
- 2- Removing obstacles to the work of the private sector and developing mechanisms to build an attractive environment for internal and external private investments.
- 3- Reducing the level of public operating and consumption spending, raising investment spending rates, supporting the investment process, and the necessity of raising the importance of taxes in public revenues.
- 4- Establishing legal legislation and frameworks supporting investment that supports real productive operations and increasing the level of loans and credit facilities to increase the level of productive investment to bridge the economic gaps in the economic balance.

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