



# The Effect of Export Concentration on Economic Development in Iraqs

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## ABSTRACT

The research summarizes how to present and analyze the problem of export concentration in the Iraqi trade balance in terms of quality and quantity, which shows that crude oil accounts for the largest proportion of the structure of commodity exports in Iraq, as is the case with most Arab and non-Arab countries that still depend on oil to finance their annual expenses. It also addresses the most important methods and proposals to address the problem. This comes through following two main policies, one of which is applied in the short term and the second is applied in the long term, and each of them includes sub-policies that are subordinate to it and interconnected with each other. We see that following these two policies is very necessary in order to achieve sustainable and comprehensive economic development in Iraq, which can be applied in all oil countries that depend on extractive raw materials to achieve their imports. When following these two short- and long-term policies, we guarantee getting rid of all the problems of backwardness and lagging behind developed countries, and we can keep pace with global economic development and catch up with progress. The qualitative imbalance in the Iraqi trade balance can be reversed and concentration can be made a good feature essential for developing other economic sectors. Despite our disagreement about the concentration of exports, it results in many risks that cannot be We estimate its effects, whatever they may be, but we deal with it according to a realistic vision that is in line with the variables and to actually achieve a qualitative transition and a real change in the trade balance, in order to achieve economic development.

**Keywords:** Export concentration, economic development, foreign trade.

## **INTRODUCTION**

The research deals with the most important economic problem in Iraq, which is the imbalance in the trade balance in terms of the quality and quantity of goods exported abroad, as we find that it is concentrated in the export of extractive raw materials, namely oil and its derivatives, in very large quantities, while these exports are not characterized by stability in prices or continuity in export, as they are depleting materials first and the right of future generations second, which are currently being depleted and not invested in achieving comprehensive economic development (Abdullah, & Husain, 2022).

The research assumes that the continuation of the imbalance in the trade balance and the continued concentration of exports on the export of crude oil and its derivatives is a very dangerous matter for the future of economic development and leads to the fluctuation and instability of the Iraqi economy linked to the fluctuation and instability of oil prices in the international market (Abdulla, & Ali, 2019).

The importance of the research comes from the possibility of using the trade imbalance in Iraq's favor in the short term and getting rid of it in the long term. This means that the volume of oil exports is utilized and directed in a thoughtful manner according to the short and long term to achieve economic development in Iraq (Abdullah, & Husain, 2020). In the short term, the financial resources generated from oil are directed to improving and developing services and infrastructure for the various economic sectors, including the provision of (water, electricity, roads, communications, sanitation, the banking sector, etc.) in addition to the possibility of imposing and achieving it by foreign oil companies operating in Iraq as part of the social responsibility of companies towards the society in which they operate, and at the same time developing (education, health, civil society, social protection, etc.) In the long term, the economic sectors themselves are developed according to their importance and economic weight in Iraq, in addition to not neglecting the forward and backward connections of each sector being developed, for example agriculture, then industry, then tourism, etc. In this way, we move towards economic diversification and not focusing on one sector only, which reduces the economic risks that the Iraqi economy is exposed to as a result of the fluctuation and instability of global oil prices (Abdulla, & Ali, 2019).

### **Non-oil Financial Revenues and the Gross Domestic Product**

We notice from Table (1) that there is a variable relationship between the size of non-oil revenues and the size of the gross domestic product, and the positive relationship prevailed in most years. We notice that in 2005, non-oil revenues achieved a growth rate of 149.4%, which is a very high percentage supported by the appropriate conditions prepared for it, which was positively reflected in the growth rate of the gross domestic product in Iraq, and it achieved a growth rate of 1.7%. As for 2006, the growth rate of non-oil revenues increased by a rate of 121.1%, which was positively reflected in the increase in the growth rate of the gross domestic product to 5.6%, which is higher than the growth rate of the previous year (Muhammad, 2022). The situation continued until the period from 2007 to 2011, as there was a positive relationship between the growth of non-oil revenues and the growth of the gross domestic product in Iraq, and we notice that the growth rate in the product is less than the rate of The growth in non-oil revenues is due to the nature of the GDP and the contribution of oil revenues to the largest proportion, as is known about the Iraqi economy in this regard. Therefore, we find that the growth of the GDP ranges between 1.9% in 2007 and 7.5% as in 2011, which is a good indicator of this relationship. As for 2012, after the impact of external circumstances on the Iraqi economy and the decline in the contribution of non-oil revenues in Iraq at a rate of 29.0%, Iraq relied on the rise in crude oil prices in global markets, which contributed to the continued growth of the GDP positively without being affected by the negative growth of non-oil revenues (Salam Farhan, 2023). Therefore, we indicate that there is no effect between non-oil revenues and the GDP for the period from 2012 to 2014, although there is a decrease in the growth rate of the output to only 0.2% in 2014. As for 2015, with the improvement in the size of non-oil revenues in Iraq after the government's renewed interest in them following the decline in global oil prices in the year 2014, the growth rate of non-oil revenues rose to 220.3% in 2015, which improved the growth rate of the GDP to 4.7% for the same year. In 2016, the situation was reversed to negative growth in non-oil revenues and positive growth in the GDP, meaning that there is a negative relationship in 2016. This may be largely due to the decline in interest in the possibility of achieving financial revenues from non-oil sources as a result of reliance on positive and high oil revenues thanks to their improvement in global markets. This led to this decline, and it did not affect the growth of the GDP, as it remained positive at 13.8%. In 2017, with the achievement of growth in non-oil revenues at a rate of 20.9%, this did not intercede in achieving a negative growth rate in the size of the GDP at -1.8%, and as a result, it has a negative relationship for 2017. In 2018, we note that There is no impact of non-oil revenues on the GDP, despite achieving a negative growth rate in revenues, but the GDP achieved a positive growth rate of 2.6%. In 2019, we note that the growth rate of

non-oil revenues rose to 31.6%, while the growth rate of the product rose slightly to only 0.6% (Idan, 2023). The situation is reversed for 2020, as the size of the GDP decreased by 11.2%, although non-oil revenues achieved a growth rate of 143.8%, supported by the circumstances, procedures and restrictions resulting from the spread of the Corona virus around the world, Covid-19. In 2021, we note that there is agreement between the decrease in the size of the GDP to -38.0%, with the decrease in the size of non-oil revenues by -42.6%. As for 2023, we find a noticeable improvement in the development of non-oil financial revenues by 20.1%, which is a good indicator that deserves praise. As for the size of the GDP the total also increased by a very large percentage compared to 2021, achieving 97.3%, meaning that there is a compatible direct relationship between them, as shown in the following table.

**Table 1:** *Non-oil public financial revenues and GDP in Iraq for the period 2005-2023*

Details Year	Non-oil public revenues billion dinars	Non-oil revenue growth rate %	GDP Million Dinars	GDP growth rate %
<b>2004</b>	395.70	-	101788449	-
<b>2005</b>	987.00	149.4	103568449	1.7
<b>2006</b>	2182.30	121.1	109368369	5.6
<b>2007</b>	3015.60	38.2	111455813	1.9
<b>2008</b>	4343.90	44.0	120626517	8.2
<b>2009</b>	5053.30	16.3	124659542	3.3
<b>2010</b>	6584.00	30.3	132731012	6.5
<b>2011</b>	20499.00	211.3	142696722	7.5
<b>2012</b>	14546.2	-29.0	162587533	13.9
<b>2013</b>	8389.10	-42.3	174990175	7.6
<b>2014</b>	4731.80	-43.6	175335399	0.2
<b>2015</b>	15157.65	220.3	183616252	4.7
<b>2016</b>	10142.17	-33.1	208932110	13.8
<b>2017</b>	12266.67	20.9	205130066	-1.8
<b>2018</b>	10506.20	-14.4	210532887	2.6
<b>2019</b>	13826.11	31.6	211789774	0.6
<b>2020</b>	33701.17	143.8	188112265	-11.2
<b>2021</b>	19344.50	-42.6	116593449	-38.0

<b>2023</b>	20474.43	20.1	230345915	97.3
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Source: Prepared by the researcher based on reports from the Ministry of Finance, Iraq, the Department of Statistics, annual reports for various years.

### **The Concept of Economic Development.**

First, we must differentiate between growth and economic development, as they are two different things. Growth is an increase in the level of real output of goods and services during a certain period of time, i.e. it is the occurrence of important and tangible changes in other aspects (Anam, et al., 2024). As for economic development, it began to be discussed, and basically, since World War II, after conditions of poverty, illiteracy, unemployment, and diseases prevailed in many of those countries, which aroused the interest of them and international institutions affiliated with the United Nations and others, for humanitarian and sometimes political motives. Interest has focused on searching for ways to get out of the state of misery and raise the standard of living for the residents of those countries that were recently liberated from colonialism (Butt, 2024). As a result of the above, economic development means, in addition to growth in the national product, the occurrence of important and broad changes in the economic, social, political, and cultural fields, and in the legislation and systems that govern these fields. This indicates that growth is achieved in a society in which such changes occurred in previous periods, as is the case in developed countries today, and this is what It leads to the growth of the national product without being accompanied by broad and significant changes in the various aspects, while making such changes is considered a very necessary matter in the case of development to achieve a high rate of national product in a way that exceeds the population growth rate and to achieve an acceptable increase in the rate of individual income that allows for reducing the degree of backwardness, illiteracy, unemployment and poverty, leading to the elimination of all economic and social problems. Given the breadth of the changes required to be made in different countries in general, in addition to the diversity and multiplicity of these changes so that they include all aspects of life, this makes the role of the state essentially through its direct activity in making such changes within the framework of its work in order to bring about economic development, due to its possession of the potential and ability that enable it to do so, in contrast to the inability of the private sector and the free approach to achieve economic development, due to its lack of the potential and capabilities that help it in carrying out this role on the one hand, and because the nature of its activity is basically governed by self-interest and achieving profit without

paying the same amount of attention to achieving the state of economic development as a whole (Awad, Abbas, & Obed, 2023).

### **Economic Development Policies, Concentration and Specialization**

There is no doubt that international trade is of great importance and countries benefit from it, especially when they specialize in producing goods and services that have a comparative competitive advantage. These countries can export raw materials, raw materials, or agricultural goods in exchange for manufactured goods and mechanical equipment (Dzemydaitė, 2021). But now it has become a question about this specialization, in light of the openness of trade, globalization, inventions and development in this specialization, it has become a focus and a point of weakness and not a point of strength for these countries and has become vulnerable to changes and trade and international policies, as most developing countries have remained dependent on exporting a single crop, for example rubber, cocoa, copper, coffee or extractive raw materials such as oil, minerals and gas, and the fluctuation of the prices of these single commodities in the global market affects the economy of these countries directly, especially since the supply and demand for these goods are sensitive to the price and therefore the price fluctuates more than it is in manufactured goods, in addition to that, developed countries have begun to compete with developing countries with a focus on exporting a single commodity through alternative synthetic materials and selling them in global markets at very low prices, which has become an alternative to these primary products in developing countries, and thus any increase in the price of natural materials pushes developed countries to search for industrial alternatives such as what happened with natural fiber, cotton, fuel and others, and the conclusion is that the experience of these countries based on multi-specialization development strategies in exporting raw materials It has become frustrating and ineffective, and has even led to the concentration of exports and the economy being exposed to complex problems in various sectors, the most important of which is the decline and fluctuation in the resources for financing the state's general budget (George, 1972).

### **International Indicators of Concentration, Diversification and the Iraqi Economy**

#### **International Indicators on the Concentration and Diversity of exports of Iraqi Economy.**

There are many international indicators that are interested in knowing the general economic situation of the countries of the world and are used to conduct international comparison of export competitiveness, which in turn affects the existing and possible

cooperation in the commercial field and provides a database rich in numbers that guide researchers to know the conditions of their countries. Among these indicators is what is important for our study on knowing the concentration of exports in the Iraqi economy, as shown below, where we will discuss the situation of Iraq in comparison with Arab countries and selected countries (Hegyí-Kéri, 2013).

### Concentration Index

The export concentration index indicates the degree of dependence of a country's exports on a limited number of goods. The most important indicator for measuring it is the Herfindahl-Hirschman index, or the concentration index. This index measures the level of market concentration of a country's share of commodity exports. This index ranges between (0 - 1). The closer the index is to zero, the less concentrated the export is, which means that there is diversity in exports. However, if the values approach one, this indicates that the economy suffers from concentration in the type of exported goods. The greater the concentration, the more fragile the national economy of the country becomes in the face of external economic shocks and changes such as changes in prices and demand for goods and others, and thus the greater the fluctuations in the financial revenues of the general budget. The degree of concentration can be determined by applying the following law.

$$H_i = \frac{\sqrt{\sum \left( \frac{x_{ij}}{X_j} \right)^2} - \sqrt{\frac{1}{n}}}{1 - \sqrt{1/n}}$$

Where (x<sub>ij</sub>) means the country's exports of commodity (i), (x<sub>j</sub>) represents the country's exports of commodity (j), and n represents the total number of commodities.

### Diversity Index

It is one of the international indicators that show whether the export structure of a particular country differs from the structure of world exports. It measures the extent of deviation of the share of exports of the country's main commodities in its total exports from the share of national exports of that main commodity in global exports. This index ranges between (0 - 1). The closer the index is to zero, the higher the diversity, and the closer the index is to one, the lower the degree of export diversity. When the index reaches zero, the structure of national exports matches the structure of exports and global demand (Moga, & Constantin, 2011). Export diversity is of great importance to developing countries because the high degree

of dependence on a small number of basic export commodities increases vulnerability to external shocks resulting from shifts in global prices (trade exchange rates) or global demand. Export diversity, especially with regard to manufactured goods, is of great benefit to the economy in terms of enhancing the stability of export revenues, growth and employment (Traistaru, Nijkamp, & Longhi, 2002).. Integration and integration index. It measures the extent of integration of the country's exports with economic blocs and groups. The value ranges from 0 to 1, and complete integration of commodity exports is at a value of 1.

$$IIT_i = \frac{\sum (X_i + M_i) - \sum |X_i - M_i|}{\sum (X_i + M_i)}$$

Where (X<sub>i</sub>) means the country's exports of commodity (i) to global markets, while (M<sub>i</sub>) means the country's imports of commodity (i) from global markets. In short.

$$IIT_i = 1 - \frac{\sum |X_i - M_i|}{\sum (X_i + M_i)}$$

Most developing countries depended on only one important natural resource such as crude oil and neglected the rest of the other natural resources. These resources are available in large quantities for a long time at high prices and away from any imbalances. This helped in financing economic and social projects, in addition to the international capitalist division of labor and finding large investment outlets outside the scope of the major economies in which investment opportunities began to narrow. After the emergence of multinational companies that began to practice economic activity outside the scope of the mother countries (Dzemydaitė, 2021), the world today, as is clear, is divided by those companies affiliated with the major countries in a strange way. They do not only manage the helm of the global economy, but they are the ones who appoint kings and presidents and set political equations that serve their interests in all cases. Moreover, they are the ones who draw the economic map of the world and determine the countries that produce each type of consumer goods and who produces nothing at all except bricks, cement, materials that cannot be traded, and materials that do not generate profits or It creates a change and productive ambition in developing countries. For example, oil countries in particular do not have any diversity in their sources of income. If oil was removed from the resources of those countries, they would turn into poor, barren countries inhabited by no one. Countries with high human energies and support every



national industrial and productive initiative remain of little importance that diminishes their importance, and the high reputation and popularity of the products of advanced countries and giant companies and their interests and factories remain. Bangladesh and Afghanistan, for example, because they do not have oil and do not have skilled human energies, have become poor countries to the point of poverty, as if they are living the conditions of societies in primitive centuries. They are on the economic map in a position where they do not find any role or importance, but on the political map they have some importance in order to be a reason for protecting the interests of some advanced countries and companies in economically important countries, Structural and structural imbalances and the dependence of developing countries on one main sector in terms of production, export and employment and not searching for sectors Another economic way to finance their budgets, many countries despite their lack of natural resources began to depend on producing one commodity or providing one service, relying on raw materials from other countries or part of it from within, so they manufacture and export them, in addition to not guaranteeing the flow of those raw materials and changing their prices, and thus their economy is also fragile and exposed to international variables and political pressures and others. In their belief, they seek through this to achieve the highest rate of gross national product, believing that achieving this goal will solve the problems of poverty and unfair distribution of resources and deterioration of living conditions for a large segment of society, but experiences have proven that it led to opposite results represented by more disparity in income distribution and deterioration of the standard of living for most of the population and the absence of democracy, as simply increasing the gross national product alone has no meaning for the issue of development. Many developing countries have begun to develop their manufacturing industries despite the fact that a large part of their workforce depends on agricultural work, and the industries of these countries have taken their place in the national economy, as their industries have begun in Competition with other countries' industries in the local market due to customs protection and government aid, in addition to the fact that it does not go beyond the framework of transformational products that do not require large capital and do not concern developed countries in any way, so developing countries, whether they possess natural resources such as crude oil or not, remained dependent on agriculture and pastoralism and a few transformational industries necessary for them such as the textile industry, vegetable oils, cement and some food products from canning and transformation in addition to preparing agricultural production for export abroad, and therefore their industries remained dependent on what is available from agricultural, pastoral and mining production and they aspire to catch up with developed countries and this is still the case.

## Commodity Composition and the Export Concentration in Iraq.

The export sector is the most prominent sector of the Iraqi economy, and it depends mainly on the export of crude oil and raw materials, and it is subject to the prevailing conditions in the global market, and thus the rate of economic growth is linked to these conditions, as many economists have confirmed that economic growth is a function of exports, so any activation or disruption of the export sector will certainly reflect positively or negatively on the process of economic growth. The commodity composition of exports expresses the structural composition of the national economy, and through it the nature of the production structure can be revealed by knowing the extent of diversity of the components of commodity exports and the distribution of their relative importance to the largest number of exported goods. In the case of diversity of the components of commodity exports, the risks of obtaining foreign exchange returns are reduced. On the contrary, the lower the number of commodity components of exports and the higher the degree of their concentration, this indicates the backwardness of the production structure. The following table shows the relative composition of Iraq's exports according to the international classification.

When looking at Table No. (2), we find that the materials exported abroad are diverse, but they are all characterized by their contribution rates to the trade balance being very low and do not rise to the level of establishing the concept of economic diversity in Iraq. As a result, this means that the relative importance of exports for all types is not useful and cannot be relied upon in developing any economic sector in Iraq. Except for the increase in concentration in the mineral fuel sector, which is oil, where we find that there is a continuous increase in it that led to The structural imbalance in the structure of Iraqi exports, which leads to linking the process of economic development in Iraq to external variables related to the change in global oil prices, due to the concentration of exports in this oil basin.

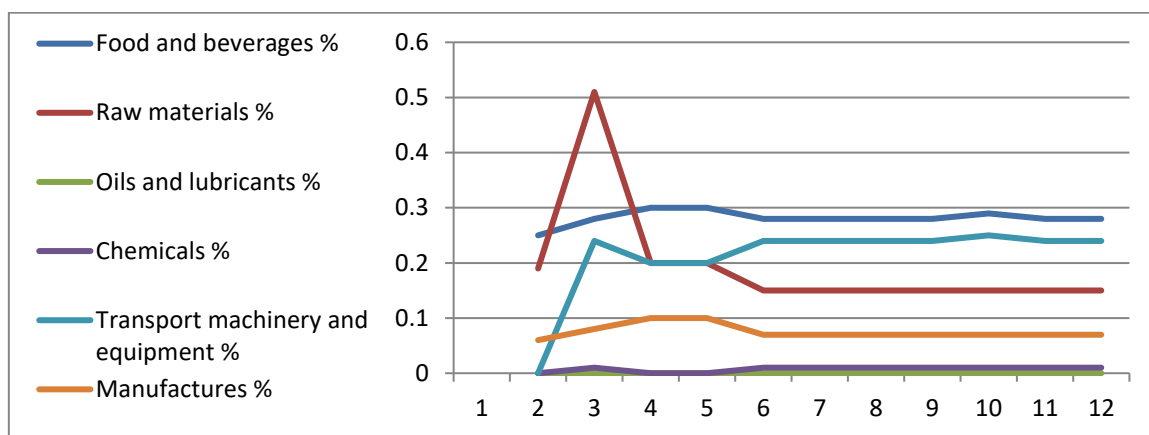
**Table 2:** *The relative importance of Iraq's commodity exports classified by type of materials for different years (Percentages)*

Statement Years	Mineral fuels %	Food and beverage s %	Raw material s %	Oils and lubricant s %	Chemical % s	Transport machiner y and equipme nt %	Manufactur es %

2005	99.50	0.25	0.19	0.00	0.00	0.00	0.06
2006	99.52	0.28	0.51	0.00	0.01	0.24	0.08
2007	99.20	0.30	0.20	0.00	0.00	0.20	0.10
2008	99.20	0.30	0.20	0.00	0.00	0.20	0.10
2009	99.25	0.28	0.15	0.00	0.01	0.24	0.07
2010	99.25	0.28	0.15	0.00	0.01	0.24	0.07
2011	99.25	0.28	0.15	0.00	0.01	0.24	0.07
2012	99.25	0.28	0.15	0.00	0.01	0.24	0.07
2018	99.44	0.29	0.15	0.00	0.01	0.25	0.07
2022	99.90	0.28	0.15	0.00	0.01	0.24	0.07
2023	99.39	0.28	0.15	0.00	0.01	0.24	0.07

Source: Mineral fuels % Oils and lubricants % Chemicals % Machinery and transport equipment % Manufactures%

**Table 3:** *The relative importance of Iraq's commodity exports classified by type without oil of materials for different years (Percentages)*



Source prepared by the researcher based on the data available on the channel's website.

**Causes and Effects of the Concentration of Exports in Iraq.**

There are many reasons that led to the increased concentration of exports in Iraq, perhaps the most important of which are:

Reliance on one important natural resource such as crude oil and neglecting other natural resources. These resources are available in large quantities in light of high prices and increasing demand due to industrial progress in developed countries, which increased the availability of

financial resources that directly helped in completing service, social and economic projects. Thus, reliance was placed on primary oil resources to cover the general budget by more than 95% (Ministry of Planning, 2014, 28).

Structural and structural imbalances in the various economic sectors in terms of production, export and operation, and the lack of guarantee of obtaining primary resources and exposure to continuous changes in global prices, which made its economic situation fragile, in addition to political pressures, the absence of strategic planning and the government's continuous pursuit of achieving the highest rate of gross domestic product, believing that this would solve the problems of poverty, poor distribution of wealth and deterioration of the standard of living for a large segment of society.

Global competition for Gulf oil through multinational companies. The roots of transnational companies (multinational companies) according to the United Nations terminology go back to the beginning of Western colonialism in the sixteenth century, when the Eastern and West Indian oil companies and the Dutch company were established. These companies worked to complete the colonial plunder projects practiced by the first Western merchants and pirates in developing countries. At the beginning of this century, competition began between Britain and the United States to control Gulf oil, including Iraqi oil. The first foothold for the United States was its 23.5% participation according to the Red Line Agreement in 1928 in the capital of the Iraqi Oil Company. This success was followed by its control through its companies over the entire Gulf oil. After that, these companies appeared as international capitalism that relied on itself and was independent of its countries. Thus, these multinational companies became the main tool in financing production and capital according to their interests first and implementing the policy of their countries according to long-term plans second, as they enjoy economic power that transcends national borders resulting from their ability to Mobilizing financial, natural and human resources worldwide and its ability to develop modern technology and production, administrative and marketing efficiency on the widest scale and focusing on producing and developing certain types of products and services such as high-tech and science-intensive industries (Nouri, 1999, p. 50)

The increase in external debt and the lack of equivalence in trade terms for exports in terms of primary goods versus production or consumer goods imported from capitalist industrial countries, in addition to the weakness of the role of economic aid and the scarcity of its allocations until its benefit was almost negligible in the field of international support for the

government. The government itself does not greatly support encouraging the private sector and promoting various economic activities and relying only on the oil resource to finance the state's general budget, in addition to the lack of readiness of developed countries to work on bridging the rift and reducing the existing gap between countries until it became a permanent, structural and entrenched phenomenon that is difficult to solve.

There are many other reasons that led, directly or indirectly, to the concentration of Iraqi exports, including engaging in Pointless and unprofitable wars of attrition, the flight of capital abroad, the flight of merchants and people of knowledge, skill and knowledge abroad, the imposition of international conditions and standards on exports in a manner that is compatible with those countries according to the arguments of ISO standard specifications and others, in addition to the desire of developed countries for Iraq to remain specialized in exporting only raw materials and not manufactured materials according to the international division that they adopt towards developing countries.

### **Methods of addressing the Problem of Export Concentration in Iraq**

Adopting an economic policy that would contribute to diversifying production in all economic sectors, taking into account the importance of each sector and the forward and backward connections of the economic sectors according to what is stated in economic theories, including Hirschman's theory of unbalanced growth, where Hirschman is considered the most prominent pioneer of the "unbalanced growth strategy", and he even provided the most brilliant performance from an analytical point of view through his book entitled (the strategy of economic development) in 1958. He presented a formula for unbalanced growth under the name "growth poles". The theory of growth poles sees that growth is launched from specific geographical areas or points that enjoy some advantages such as geographical location or because they contain minerals or oil or the like, and such points or areas play a pioneering role in driving the wheel of economic growth, and are centers of attraction for other geographical areas in one country. Consequently, the unbalanced growth of some sectors leads to encouraging investment in other sectors. Investment in these other sectors can be viewed as a paid or induced investment, in an attempt to restore balance again. Hirschman "emphasizes that the "strong push" should be concentrated in limited strategic sectors or industries, which have a decisive impact in stimulating other investments instead of dispersing them on many fronts that vary in their degree of importance, especially in light of the scarcity of financial resources. According to Hirschman, a trade-off should be made between the various activities that directly

produce, and this depends on the distinction between the effects of backward linkages and forward linkages. Backward linkages mean what results from investing in a specific industry such as (A) in terms of encouraging investment in industry (B), which provides industry (A) with the production requirements it needs. For example: the establishment of an iron and steel industry stimulates the establishment of an iron ore extraction industry, as the establishment of the iron and steel industry leads to the creation of a market (or demand) for iron ores, which is an industry that comes in the stage prior to the production of iron and steel. As for forward linkages, they mean what results from investing in a specific industry in terms of stimulating demand in industries that use the final product of these sectors as production requirements Other or final use.

An example of this is what results from the establishment of the iron and steel industry in terms of encouraging the establishment of industries to produce machinery, equipment, and iron products, and what results from the establishment of an oil refining industry in terms of the establishment of petrochemical industries, which are industries that come in the subsequent stage of oil production.

Through the premises of this theory, we find that it is appropriate for the case of Iraq, especially in the first stage of implementing this proposed policy, as it needs to direct investment towards other economic sectors necessary to carry out the process of economic development and thus diversify exports from various productive sectors, whether goods or services, and be under government supervision and large capital directed by the state due to the inability of the private sector to undertake the volume of investments required at this stage, in addition to the private sector's lack of interest in achieving comprehensive sustainable development, as it thinks about achieving profits from the investments it undertakes more than achieving social benefit, as it is the responsibility and oversight of the state to achieve it.

Establishing a special government body concerned with increasing Iraqi non-oil exports and ensuring their diversification, in addition to commercial openness to global markets and employing all its economic capabilities to improve the export environment by developing programs and providing incentives to exporters and supporting them in various ways that do not violate market freedom and international trade agreements, but rather work in accordance with what other countries provide in support of their exports, i.e. reciprocity, in addition to ensuring the protection of the national product internally from competition from goods imported from abroad, and this is done by setting conditions and standards that do not allow

any goods to pass except after ensuring that they are inspected and conform to global and national standards. At the same time, local goods prepared for local consumption or prepared for export are developed in accordance with quality requirements and global standards, which reflects and enhances the status of Iraqi products and ensures their entry into global markets, and is an important tributary to the national economy to solve the economic problems that Iraq is currently suffering from, such as the concentration of exports, the spread of unemployment, poverty, information ignorance, etc. This body is also written with a vision, mission, and specific, measurable goals that are implemented on time. Specific, measurable and evaluable. The main objectives that must be achieved through this body in order to develop and diversify non-oil exports are:

1. Enacting commercial laws that are consistent with international laws of freedom of trade in general and laws related to monitoring the specifications required for each type of goods and following instructions, policies and procedures that encourage and motivate the export of national products abroad.
2. Removing obstacles that may face any individual wishing to produce and export, as the Authority facilitates the exporter's task from the beginning of his production until he exports his goods abroad, and even guides him to the most important and best international markets for his product in order to achieve high profitability and low costs.
3. Increasing individuals' awareness of the importance of foreign trade, especially those related to exporting national products abroad, as well as focusing on developing their skills by participating in specialized practical training courses that will give them a general idea of the most important goods that can be produced at low costs and with great profitability and acquaint them with the nature and requirements of their production and other information, as well as introducing them to international standards and specifications and guiding them on how to export them abroad and the most important markets they are heading to through
4. Increasing the export capacity of the ideal facility while maintaining the spirit of full competition and non-monopoly, by increasing the necessary support for that facility and raising its capabilities to enable it to enter and expand in international markets and to continuously improve the quality of its products to ensure the continuity of its export and acceptance by countries and global markets.

5. Providing exporters with the latest information related to international tenders and the most prominent international investors in the markets and providing them with comprehensive reports on everything related to markets and buyers.
6. Work to establish a direct commercial relationship linking exporters with buyers and potential partners in order to ensure the existence of a market for disposing of products and ensuring the improvement of product quality according to the buyer's desire.
7. Facilitate the task of this body in everything related to its work with all state ministries and give it priority to facilitate the work of those dealing with it, namely exporters.
8. Pay attention to the technical aspect and information technology and open electronic windows that display all commercial activities and provide information for export and free workshops and display all information and make it available to everyone with the possibility of participating in these electronic windows as buyers of the displayed goods or for follow-up and others. This procedure will provide the largest information base for the exporter and buyer and individuals on an international scale.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

A set of factors were available that led to Iraq's dependence on the oil element and the neglect of other economic sectors. The most important of these factors are the availability of oil in very large quantities, the rise in global oil prices, the increase in the consumption of oil by developed countries, the lack of interest of developed countries and the United Nations in directing the exports of oil countries, including Iraq, and the lack of interest in diversifying their exports.

Structural and structural imbalances in the Iraqi economy in general and the state's dependence on developing and advancing the extractive sector only and neglecting other sectors as the main sector that leads to economic development, but this was not achieved, but rather deepened the gap between the economic sectors.

The lack of effective development plans that would establish the infrastructure for all economic sectors such as (water, electricity, roads, communications, etc.) and the insufficiency of the existing ones in addition to the disappearances in the existing infrastructure.



Increasing external debt, unequal trade conditions for exports, and discrimination between countries in global trade.

### **Recommendations**

In order to address the problem of export concentration in Iraq, researchers have reached the following recommendations.

1. Adopting an economic policy according to the theory of unbalanced growth and moving towards other economic sectors that are financed in the first stage by oil imports until they reach the launch stage and rely on themselves and are with government capital or government oversight for the purpose of achieving the goals.
2. Establishing a national body called (the Iraqi Non-Oil Exports Development and Diversification Authority) which takes upon itself the development of commercial laws according to international specifications and standards and following policies and procedures that encourage and motivate exports and build partnership relations with different countries of the world according to the needs of each country, in addition to paying attention to the technical aspect and opening an electronic window that allows international followers to purchase or know the specifications of each Iraqi product.
3. Increasing individuals' awareness of the importance of diversification in production and export and developing their skills within their sectoral field of work and according to the state's orientation within specialized training courses that introduce them to the most important global markets and the most important products required worldwide and the best markets in which products can be sold.
4. Providing direct and indirect government support, including following trade policies appropriate for each case such as following the quota system, customs tariffs, changing the exchange rate in favor of national projects... etc.
5. Providing the latest information to Iraqi traders producing national goods such as information on international tenders and the most prominent international buyers in the markets and providing them with comprehensive and appropriate reports for their trade.
6. Granting Iraqi producers' facilities in all administrative and export fields and granting them banking facilities and others that encourage them to export with ease.

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