

## **The role of geography in the accumulation of Iraqi debt**

**By**

**Amal Abbas Nouri**

University of Baghdad/College of Education - Ibn Rushd/Iraq

**Inam Salim Witwit**

University of Baghdad/College of Education - Ibn Rushd/Iraq

Email: [inam.salim@ircodu.uobaghdad.edu.iq](mailto:inam.salim@ircodu.uobaghdad.edu.iq)

### **Abstract**

This study used data from 2003-2022 as the continuation of the fiscal deficit in the public budget led to an increase in the volume of public debt both internal and external, and the reason for the increase in these public expenditures more than public revenues is the result of Iraq's entry into more than one political and military crisis such as the Gulf War and the international sanctions imposed on Iraq and represented by the economic blockade, as well as the increase in public debt during the period 2016-2014 as a result of the decline in oil prices And the war on terror, which led to the accumulation of the benefits of the external debt. This led to the state resorting to debt as debt is the quick solution to cover this deficit Iraq is suffering from economic crises that are complemented by increased public expenditures on the one hand, low revenues, weakness of the private sector in developing countries and its inability to exploit the country's economic resources due to financial incapacity. Therefore, the increase in public debt to the extent that the government cannot cover its financial burdens will lead to the accumulation of these debts, which will make it difficult for the state to meet its obligations to creditors, and this will reflect negatively on the local economy by paralyzing development efforts and the consequent debt service and repercussions. This is due to the increase in the amount of funds allocated to pay off the burden of servicing public debt instead of using them to finance economic development plans. The recommendations of this research is to address the deficit in the general budget by increasing investment expenditures, rationalizing current expenditures and speeding up the formation of the government for the purpose of approving the budget, paying attention to the country's economy instead of preoccupied with internal problems, diversifying sources of public revenues other than oil by supporting and developing vital economic sectors such as the agricultural and industrial sector to raise their contribution to the formation of GDP and also work to increase the resources of the sovereign state, and not limited in its composition to the sector One is represented by the oil sector in order to be supportive of the national product, so the government must provide aid and financial facilities to the private sector. Preparing economic feasibility studies before starting to take any external loan, as it is necessary to stay away from these loans if possible because of their negative effects on the economy and sovereignty of the country due to the terms and conditions dictated by creditor countries or international organizations, including the development of policies that may represent an interference in the independence of the decision politically and economically, such as the imposition of measures that affect large layers of society such as the lifting of subsidies and the floating of the currency.

**Keywords:** geography the accumulation of Iraqi debt

## **Introduction**

Geographical changes have negative geopolitical effects on the economies of several countries, including Iraq. One of its most important effects is drought, which results in a decrease in the amount of fresh water and consequently a decline in the level of per capita share. In addition to several geographical factors, including the increase in population numbers, and this may cause a decrease in the standard of living. For the Iraqi individual with the increasing accumulation of indebtedness, several factors can contribute to the creation and accumulation of indebtedness.

## **Research Aims**

The objectives of the research are summarized to clarify the geographical factors affecting the economic system in Iraq, and their role in the accumulation of Iraq's indebtedness.

## **Research problematic**

What is the role of geography in creating and accumulating indebtedness in Iraq?

## **Research Hypothesis**

The hypothesis of the research is if there is a sound will to place effective programs and policies and to invest the natural and human resources owned by Iraq, where the less foreign debts on Iraq, which is reflected positively on the overall national economy and vice versa.

## **Research Methodology**

The researcher relied on the method of the analytical method and the use of the descriptive method to show the nature of the external debt in Iraq.

## **The concept of indebtedness and the role of geography in its accumulation**

It is the approach of the state to commercial banks or certain entities with the aim of establishing productive projects and industries that contribute to the development of the state and an increase in its national income and agricultural and industrial production.

- (1) Abdel Salam Makhoulf, *The Debt Crisis and Algeria's Resort to the International Monetary Fund*, Jamia Center Research, 2000, p. 1.

### ***Population size and growth***

The size of the population and its growth is one of the most important demographic characteristics of the state's strength and its regional and international standing, given the close relationship between the population on the one hand and the state's national product and its military strength on the other hand <sup>1</sup>

The problem of mobilizing domestic savings in Iraq is exacerbated by the rapid increase in the population, which reaches 3% per year compared to the global growth rate of (106%) because the population increase would lead to a weakening of the saving capacity of the Iraqi family due to the

high dependency ratio in that family Consequently, the savings achieved in this source decreased <sup>2</sup>

And that population growth is the infinite increase in the labor force, meaning a greater increase in productive workers. On the other hand, the increase in population size means an increase in purchasing power through increased demand and expansion in the size of local markets, and that the impact of population growth in the economy depends on the ability of the economic system to absorb and employ employment This capacity depends largely on the rate of capital accumulation and the availability of other components <sup>3</sup> associated with it. Iraq has enormous human resources and the population has increased in recent years. The population of Iraq in the year 2021 reached about (40 million) and thus an increase In expenditures at the level of education, health and other services, and that the increase in population is not an obstacle in the way of development except when the incentives of individuals and the quality of their skills do not interact with the growth that increases the volume of production. This crisis is reflected in particular in the public budget deficit and thus leads to inflation and stagnation The debt crisis is stifling, and many officials and those who are important to the international economic situation believe that the crisis does not lie in population growth, but rather the defect is in the increase and decrease in the volume of production. It is considered a consumer unit, but at the same time it is a production unit. It is assumed that this individual has an income that allocates part of it to consumption, part to saving and part to investment. <sup>4</sup>

- (1) Qasim Al-Dweikat, Political Geography, Mutah University, Dar Al-Kitab, 2001, p. 150.
- (2) Kamal Al-Basri, Economic Challenges and the Necessity of Investment, Iraqi Future Magazine, Iraq and Research Center, third year, Baghdad, 2007, p. 12.
- (3) Abbas Daoud, Public Debt Management and its Implications for the Gross Domestic Product in Iraq, Master Thesis, College of Administration and Economics, University of Baghdad, 2020, p. 23.
- (4) Muhammad Bin Ould Abdel-Daim, Reasons for Debt, Al-Jazeera Channel, 2014, Aljazeera net, 10/3/2009

And that the accumulation of debts pushes the population to migrate abroad and to emigrate and seek asylum. Many problems have arisen as a result of the accumulation of indebtedness, including unemployment, due to the inability of the state to provide salaries for employees and any job opportunities for new graduates, and thus the occurrence of poverty. In addition to this, the consequences of the climate challenges faced by Iraq, especially those related to Water. Studies by the United Nations have reported that half of the families migrating as a result of the war are lacking in services, especially the southern governorates of Iraq such as Basra and Dhi Qar, as families that cannot afford the cost of living reach 53% and do not have access to the financial safety net<sup>1</sup>

And the emergence of the phenomenon of internal migration into the country with the combination of the economic factor and according to a specific criterion, in search of work and earning a living. If the Iraqi population migrates from the southern provinces, for example, towards Baghdad, due to the lack of work and the high debts of the state, it can hinder the creation of job opportunities for the Iraqi individual due to the cessation of many jobs Projects, factories and poor services. As for international migration, it became more prominent after the wars that Iraq fought because of the bad economic conditions, the accumulation of indebtedness, the migration of Iraqi minds and competencies, and the lack of needs that the Iraqi individual wants to make the decision to migrate due to the deteriorating security situation and livelihood. Iraq's indebtedness was one of the main reasons for seeking asylum and

migration <sup>2</sup> To the countries of the world because future generations will repay the debt law and costs.

### ***Population composition and indebtedness***

Iraq is a young man with its youth and the youth of its population, who constitute a broad base for the productive workforce. Therefore, countries must not prepare the optimum for obtaining a solid and large manpower, and prepare them as the ideal tool for moving industrial bases and eliminating unemployment, and this requires large funds. And as we know that Iraq has gone through several wars and it was It has economic effects in which the national economy is exposed to changes in its course plans from its natural course in which it is proceeding in normal circumstances. Cases of tension appear in society, especially the young group of it, including monetary inflation that occurs as a result of the launch of purchasing power and the consequent increase in consumer demand or as a result of Issuing temporary currencies during the war without having a cover or balance, in addition to the unemployment that

- (1) The report of the United Nations agency for the International Organization for Migration and the facts resulting from migration due to climate change in the cities of southern Iraq, October 21, 2021.
- (2) Qais Latif, International migration from Iraq and its trends after 2003, a letter submitted to the College of Arts, Iraqi University, 2020, p. 34.

appear behind the war. And that the return of life to its normal course requires great factors after the end of the war and the restoration and construction of many infrastructures and institutions that occupy that workforce as a result of what was destroyed by the war <sup>1</sup>

In addition, the absence of economic diversification without our knowledge is one of the aspects of the internal conflict that the country is experiencing today, as an unemployed labor force, and thus represents a potentially explosive aspect of the classes that the political system is currently facing due to the high debts and the fragility of the economic situation as part of the budget to fill the shortage The expansion of the austerity policy and raising taxes, all of these burdens affect the population in addition to the Corona virus, the decline in revenues, the cessation of production and urbanization, all of these risks could lead to a deterioration in the living situation of the Iraqi population <sup>2</sup>

Achieving the financial budget, filling the deficit in the balance of payments, providing job opportunities and addressing unemployment by activating development plans and programs leads to achieving security and stability, which is positive for the economic and political strength of the state, their sense of social stability and their distance from slipping and crime, working in armed groups and gangs, or engaging in illegal activities. At the same time, it provides security and creates an atmosphere conducive to the practice of various economic and social activities to achieve advancement and development <sup>3</sup>

### ***Climate changes in Iraq and the accumulation of indebtedness***

The effects of the climate on the various Iraqi sectors have become known to all and have cast a shadow over the general climate in Iraq, and the results of the effects were clear for the sectors that directly affect the lives of citizens.

The change in temperature is more than 3 degrees above its average during the next twenty years, and that this rise has serious environmental impacts on agricultural production and

on the amount of water, and it can generate dangers and crises such as the water crisis, which leads to an increase in dependence on the waters of the Tigris and Euphrates rivers. As the Turkish Cape Project Which caused a problem in the shortage and pollution of the waters of the two rivers (Tigris and Euphrates), which exacerbated the problem of irrigation and consequently a shortage

- (1) Israa Asim, the Iraqi youth and their role in building the state, a letter submitted to the College of Education for Girls, University of Baghdad, 2003, p. 1.
- (2) Dr. Enas Muhammad Rashid, Analysis of the Impact of Public Debt on Government Expenditure and Economic Growth in Iraq, Iraqi University Journal, Issue 52, Part 3, 2020, p. 380.
- [3] Zainab Najji, Population Structure Patterns in Iraq and Their Impact on the Strength of the State, Letter to the College of Arts, University of Basra, 2014, p. 114.

In agricultural and industrial production, since drought in itself leads to the destruction of agriculture, population and economic activity, and this is reflected negatively on the economic reality of Iraq <sup>1</sup>

The climate plays a role in Iraq, as the climatic drought is called economic drought. Iraq's climate is a mixture between the desert climate and the Mediterranean climate, which is a dry climate, hot in summer and cold and rainy in winter, and this affects the quality of industrial products and agricultural products. The relationship between hydrological drought and economic drought is very clear, especially on the The electricity sector, as the decrease in suitable rivers and lakes due to the hydrological drought, which greatly affects the generation of electric power, which is reflected in the economic drought, which is the damage to the state's economy and the lack of water for the various joints of the state <sup>2</sup>

And because of Iraq's geographical location, where it is considered one of the countries most vulnerable to the effects of global warming and counter changes in its multiple dimensions, where the estimates of the World Bank for the year 2011 indicated a significant shortage and scarcity of renewable water sources for Iraq compared to the actual need during the period from 2000 to 2009, and the ratio is expected to reach 27% during the period from 2020 to 2030, especially in the agricultural sector, which left the impact of incoming immigrants on agricultural production and the economy of Iraq. <sup>3</sup>

And that the increase in the amounts of precipitation in 2018-2019 led to an increase in the discharge of water in rivers above the absorptive capacity and the flooding of agricultural lands negatively for the water year 2018-2019 in the Shatt Al-Arab shores in Al-Faw district, Al-Saniya district and Shatt Al-Arab district. The government has recently sought to ratify To the Paris Agreement, because of the dangers that arise from disasters, the climate is considered if climate and environmental activists, because of the critical situation, put pressure on the authorities and threaten the support of the international community. Activists drew attention to the effects of climate change.

- (1) Iyad Abdul Ali Salman, Where are the climatic changes in the aggravation of the water scarcity problem in Iraq, Maysan Journal, for academic studies, Vol. 11, No. 12, December, 2012, p. 68.
- (2) Dr. Salar Jaafar, Climate Drought in Iraq, Past and Present, Dar Al-Adab, Iraq, 1, 2021, p. 35.
- (3) The United Nations Program, Nationally Renewed Contributions for Roads on Climate

Change, Republic of Iraq, Ministry of Environment, Document submitted, 2020.

Climate on agricultural communities and urban areas by tracing the stories of people in the south, including the marshes, and climate activists usually face harsh realities, which is poor funding for climate adaptation projects <sup>1</sup>

The study concluded: The weakness of the agricultural and industrial sector and the dependence of oil as a main source, and this creates a deep gap within the Iraqi society, as Iraq depends on oil revenues in addition to the capacity of water resources, as Iran has more than 40 tributaries that flow into the Tigris River, and thus repercussions on the agricultural aspect and the threat to food security in Iraq, all of these factors frame the accumulation of indebtedness due to the fragility of the situation and the low national production in Iraq, as well as the decline in revenues and severe weakness, which leads the government to borrow to solve the problem of the internal situation <sup>2</sup>

### ***Expansionary conditions and their role in the accumulation of debts in Iraq***

Many major countries seek to ensure their expansionist interests in Iraq to extend their control, that is, as financial insurance, to take pledges on all loans and grants, in order for Iraq to be under their control and mercy. The debt trap, which facilitates the United States of America to achieve its goals represented by the following:

- 1 Destruction of Iraq's economic and military structure.
- 2 Extensive presence near oil sources.
- 3 Forcing the countries of the region to sign a special security agreement.
- 4 Increasing US arms sales to the Gulf countries in general and neighboring Iraq in particular <sup>3</sup>

And that the decisions of the agreement of the amounts granted are under the authority of the Americans, and the Iraqis have no role in their agreement, and most of them came to finance security and control and support some projects that dealt with infrastructure. It can be said that 70% of the total grant was spent in 2005-2006, and this reflects the desire American

- (1) Ali Abdul-Zahra and others, The impact of climate changes on the development used for water resources, research published in the Basra Research Journal, Iraq, No. 4, Volume 14, 2019, p. 16.
- (2) Maha Yassin, Exile Activism in Iraq is a Dangerous Endeavor, published research, Al-Bayan Center for Studies and Planning, 2022, p. 4.
- [3] Dalia Abdel Wahed, Debt and compensation and its role in impeding development opportunities in Iraq, Master's thesis, published, College of Political Science, Al-Nahrain University, 2011, p. 84.

In stabilizing the situation in light of societal conditions and the failure of the government to push the economic and social conditions to a better stage <sup>1</sup>

### ***Oil price fluctuations***

The oil sector has played a very important role in the development of the Iraqi economy since the discovery of oil in Iraq now. Or were oil revenues the main but only source of financing for reconstruction programs and economic development plans, just as the oil sector is dominant in supplying the domestic product, and it is the artery that feeds the state's revenues and expenditures, and Iraq's total dependence on the degrees of this sector due to the weak

contribution of the agricultural and industrial sector <sup>2</sup>

As the large oil reserves in Iraq call for increased production and export, and there has become a great need to increase oil exports to ensure the source of funding for all government agreements, to provide the exchange rate with a stable offer of foreign currency and to provide various life requirements, but the oil investment program for Iraq and its export capacity for the coming years until 2020 due to narrow The oil market and competition.

And that the collapse of oil prices to low levels causes a disruption in the budget of the oil-producing state, and this causes serious political consequences, and the ISIS war proves a lot of damage to the oil pipeline, and this requires the disbursement of large sums of money in addition to financial losses <sup>3</sup>

Countries that depend on natural resources expose themselves to poor performance from an economic point of view and suffer from the consequences of weak governance mechanisms, as well as become more than outbreaks and conflicts.

It will make the country subject to bargaining and subject to any condition in order to provide for food, and therefore any shortage could lead to a food gap so as to put pressure on the state budget and increase its expenditures, if food security must be achieved to prevent the occurrence of sustainable debt accumulation.

- (1) Abd Ali Kazem, Iraqi-American Relations, Journal of Political Issues, Volume 18, Number One, 2009, p. 58.
- (2) Issam Muhammad Abdul-Ridha, the economic effects of the Iraqi economic decline in oil prices, research published in the Journal of Babylon University, College of Administration and Economics, No. 58, Volume 24, 2016, p.
- [3] Dania Dhafer, Iraqi Oil: A Possible Shift in Regional Domination: Global Studies, Emirates Center for Studies and Research, No. 113, I 1, 2014, p. 83.

Also, Iraq lived with early 2021 due to the Corona pandemic and the accompanying events that negatively impacted the approval of the state's general budget in Iraq and its delay, in addition to the deterioration of oil prices, the decline in tax revenues, the high debt ratio and the high interest.

Corruption in the oil sector also leads to the follow-up of the price of crude oil in the oil market, as planned in the budget, as an additional return that can contribute to bridging the financial gap in times of need for financial compensation that results from the drop in the price of oil. Thus, corruption or smuggling in oil has become one of the most important risks that threatens the Iraqi economy, due to the targeting and sabotage of transport lines and refineries, which results in the confusion of production and distribution activities, fluctuation in export rates of crude oil and the increase in the need to import oil derivatives at high costs and hard currency <sup>1</sup> and in parallel with the phenomenon of smuggling, all of this leads to financial losses. Compensating the state by increasing its saving of hard currency <sup>2</sup> Iraq has worked to avoid the repercussions of the Russian invasion of Ukraine, as it announced its highest oil revenues for decades. Internal tensions and administrative corruption can prevent the Iraqi citizen from reaping the benefits despite the high oil prices due to political divisions. Inside the state, the bad economy, administrative and financial corruption, and oil revenues for the year 2021 amounted to 320,141,984,101 trillion Iraqi dinars. <sup>3</sup>

### *Volatility in oil prices and the repercussions of the budget deficit*

The impact of low oil prices on the Iraqi economy is reflected through oil revenues, which are almost the only source of financing the state's general budget, and it is the only source of hard currency needed to finance huge imports. For example, the drop in oil revenues of 57,611 trillion Iraqi dinars in 2016 is due to the drop in oil prices 440.81 as an average for the year 2015, and if we realize that non-oil revenues do not add more than 3 trillion dinars to the oil revenues out of the total total revenue of the government, the problem seems clear if the 2015 budget had allocated 78.1 trillion dinars for current spending 40.46 trillion For the investment budget, the revenues used in 2015 are only sufficient to cover 77% of the operating budget expenditures alone, which resulted in stopping the implementation of most of the investment budget and stopping most employment programs and the absence of sovereign funds to help provide the necessary funding in times of crises and reduce their impact

- (1) Dalia Abdel Salam, previous source, p. 240.
- (2) Abdul Qader Nayef, Measuring and analyzing the impact of monetary variables on the Iraqi balance of payments for the period 2005-2015, Faculty of Political Science, Al-Nahrain University, 2017, p. 115.
- (3) Al-Alam newspaper, an American report, oil revenues are not enough to save the economy [www.alalem.com](http://www.alalem.com)

The negativity on the economy and society has also worsened because of the ISIS war and terrorist operations, which creates pressure on oil revenues to finance the losses of the war, and thus this situation led to deflation and budget deficit, in addition to the dependence of investment companies contracting with Iraq to reduce investments that were previously approved and promised low cost to Changing its plans, a drop in the price of a barrel, a collapse in demand for derivatives, as well as the layoff of many workers in the oil fields located in the south, as well as other fields <sup>1</sup>

These repercussions were evident, in particular, on the transport sector and Iraq's ability to pay salaries and pay the accumulated interest to pay off debts <sup>2</sup>

If the value of the oil sector production in the year (1990) grew (36,408) million dinars until it reached (4,216,753) million dinars in the year (1995) as a result of the national efforts exerted to develop the sector, while it decreased in 1996 to (3,711,820) million dinars as a result of deduction of (30) % of the oil revenues according to the terms of the memorandum of understanding in exchange for allowing the export of oil in exchange for food and medicine. As for the year (2000) the value of the oil sector developed to reach (41849,981) million dinars as a result of the improvement in oil prices and then declined during the period (2001=2003) for no reasons After that, the production of the oil sector developed, achieving its highest value in (2012) about (127,225,674) million dinars as a result of the improvement in oil prices and the increase in its exports from the investment of oil fields through contracts of licensing rounds and entry Foreign companies, but in (2015) the development of the oil sector decreased to reach (65,590,963) million dinars as a result of security and political instability and the decline in oil prices. In 1990, the contribution of the oil sector to the GDP was (65.7%), and then it decreased to (57.1) in (1996) as a result of economic sanctions, then it returned to a fluctuating rise in (2000) to (83.3%), achieving the highest percentage of GDP as a result of the improvement of oil exports and the stability of its prices. During the period (2004-2014), the relative importance was roughly fluctuating as a result of the stability of the overall economic situation, while this percentage decreased in (2015) as a result of



- (1) Issam Muhammad, The Economic Effects of Low Oil Prices on the Iraqi Economy, previous source, p. 133.
- (2) Ahmed Hashem, Unconventional Energy and Implications for the Economics of Countries Using Conventional Oil, Economic Reality, Master's Thesis, College of Administration and Economics, University of Kufa, 2020, p. 161.

The deterioration of oil prices and the turmoil of the security and economic conditions, and then returned to rise in recent years, where it reached in 2019 to achieve a rate of (44.5%) and the Corona pandemic, Iraq's economic problem and the expenses of what it suffers from the aspects of social and economic fragility, and the gross domestic product gradually reached 109% in 2021. <sup>1</sup> And the rise in oil prices, especially in 2022, as a result of the Russian-Ukrainian war, which affected the oil crisis and consequently the increase in prices (a hundred dollars per barrel), which leads to an increase in revenues that it is necessary to make optimal use of, especially in investment projects.

### ***The agricultural sector and debt service in Iraq***

The agricultural sector has declined significantly in Iraq, especially after opening the Iraqi markets to imported agricultural commodities, which are characterized by their low cost and inability to compete with them <sup>2</sup> With neighboring countries regarding the Tigris and Euphrates rivers, the decline in the amount of irrigation water, the decline in the number of the workforce and the development of the agricultural sector during the period (1990) with a value of (9,613) million dinars to the year (2002) and a value of 3,512,658 million dinars, achieving the highest growth rate in 1994 at a rate of (56,897) and the reason In that economic blockade, which forced Iraq to rely on its own capabilities to meet the food requirements of agricultural crops. After 2003, the agricultural sector witnessed a continuous increase until 2014 with a value of 15,128,622 million dinars and a growth rate of 50%. The reason for this is the relative improvement in this sector as a result of Expansion of the cultivation of strategic agricultural crops.

But in 2015, the agricultural sector deteriorated due to the turmoil of the security and political situation and the war of ISIS <sup>3</sup> in addition to this the lack of oversight, marginalization, the security and political situation, sabotage and destruction in large areas, burning and destruction of many areas due to terrorist acts and the emergence of the phenomenon of desertification, which greatly affected On large areas, this is in addition to the rapid increase in population numbers during the three decades In the past, increasing demand and weak production, as Iraq turned to imports, and this cost the Iraqi economy large sums of hard currency.

- (1) World Bank data, 2021.
- (2) Abdul Qader Nayef, The Impact of Intervention in Stabilizing the Iraqi Economy, Master Thesis, Al-Nahrain University, College of Political Science, 2013, p. 215.
- (3) Abbas Daoud, Public Debt and Its Implications for Iraq's Gross Domestic Product, Master's Thesis, College of Administration and Economics, University of Baghdad, 2020., p. 69.

And that Iraq began to depend on imports from abroad, reaching 80% to include many basic materials such as wheat, rice, vegetable oils and protein materials. Iraq's import of these materials is due to the destruction of the industrial factories producing these materials, in addition to financial and administrative corruption and the inefficiency of administrative cadres

working to embezzle funds. In addition to this the problem of water allocated for agriculture, the Iraqi government has adopted to this problem the water allocated for agriculture. In recent years, the Iraqi government has adopted a policy that it has adopted with Turkey by building dams to reduce Iraq's water share from the Tigris <sup>1</sup> and the Euphrates, in addition to the neglect that has solved Livestock and the spread of many diseases such as bird flu, rinderpest and other diseases and pests, and the smuggling of numbers of livestock abroad, especially neighboring countries, all of these factors led to weak agricultural revenues <sup>2</sup> after Iraq was about 75% of the world's income and occupies First place, but it has fallen during the past four decades to the ninth place, due to the lack of water quotas, diseases and wars that destroyed millions of people Nakhil in 1980 <sup>3</sup>

Where the number of date palms in Iraq declined in the last ten years from 33 million palm trees that Iraq had reached until the eighties and nineties of the last century to 15 million palm trees, and this is what causes a waste of national wealth and negatively affects the state's revenues if Iraq is one of the exporters, not the production of dates at the top Mattresses are one of the tributaries of the Iraqi economy because of the hard currency they provide that can lead to the payment and installments of many debts. The lack of growth is due to the scarcity of water and the reduction in cultivated areas and the increase in reform rates left by previous wars. This is due to the deficit of the payments budget as a result of the failure of the previous government's studies plans in the field of Activating the process of economic development along with the decline in oil prices <sup>4</sup> and the continuation of the decline until

- (1) Sattar Mashadhan, Political and Economic Reforms in Iraq in 2003 and Its Future Establishment, Thesis, College of Political Science, Al-Nahrain University, 2015, p. 86.
- (2) Shafak News Agency, Iraq, one million tons of dates in 2021, Newspaper, 2022.
- (3) Rodents calm down, produce dates on basrapr.com link.
- (4) The Iraqi Gazette, The Federal General Budget of the Republic of Iraq for the Fiscal Year, Issue (4625), 2020, p. 18.

If the government finds nothing but internal borrowing to fill the deficit and that Iraq's revenues are used to pay the interest arising from external debts, as the state has been forced to continue <sup>1</sup> borrowing from the International Fund for Agricultural Development out of the amount of loans amounting to (15,730) million dollars fifteen million seven hundred and thirty A thousand dollars in favor of the Ministry of Agriculture and the small holdings project and a project to rehabilitate the seed and machinery purification plant in the governorates of Salah al-Din, Nineveh, Anbar, Diyala, with a value of 30 million dollars in favor of the Ministry of Agriculture, and Iraq was also affected by wars, especially against the war on ISIS due to the drop in oil exports on the one hand and the interruption of oil exports on the one hand. External financing, which affected the state's financial allocations for the agricultural sector, and this led to a decrease in the purchasing power of the Iraqi dinar, and this was reflected in agricultural projects, as the allocated funds were no longer sufficient to advance the agricultural reality and fund programs, so the possibility of importing agricultural production inputs and even foodstuffs declined to a large extent. To the high food dependency as well as the rise of the insecure population, if it is noted that the volume of specializations is few if compared with the ability to Purchasing and high levels of indebtedness can lead to a food crisis, as food security is important to the strength of countries.

And that Iraq today has a high capacity for economic diversification, as long as the vast arable lands are exploited, it is possible to achieve self-sufficiency in agricultural production

and avoid food crises, especially strategic crops such as wheat and barley <sup>2</sup>

***The industrial sector and its role in the exacerbation of the volume of indebtedness***

After 2003, the economic policy shifted to the application of a market economy, which excludes the abolition of protection measures and the opening of doors to foreign trade, which led to a significant decline in animal and agricultural production due to the inability to compete for low-efficiency imported goods <sup>3</sup>

The industrial sector also declined due to the collapse of the infrastructure of many Iraqi factories after the 2003 occupation, as well as neglect due to the lack of use of modern production techniques, which led to the deterioration of the level of production.

- (1) Talaat Muhammad, Iraqi food security from a geopolitical perspective, University of Mosul, College of Education, 2021, p. 47.
- (2) Sahar Qassem, Mechanisms to Provide for Iraq's Transition from a Planned Economy to a Market Economy, Central Bank, Department of Macroeconomics and Monetary Policy, 2011, p. 12.
- (3) Abdel Qader, Nayef, previous source, p. 71.

Where the industrial environment of Iraq presented was characterized by rapidly changing conditions, and this is related to the nature of regional and international economic and political relations. The industrial system was affected by internal and external factors, including:

Internal factors outside the industrial system related to economic and social developments such as population growth, education level, social peace, development of the infrastructure, services and political stability.

(internal factors) within the industrial system, which is the implementation of the reforms required by legislation and the completion of the infrastructure or the slowdown, which hinders the implementation of programs.

External factors in neighboring countries on the economic situation, such as world oil prices, the movement of economic growth, global industry, the foundations of international competition, the flow of foreign investment, technology transfer, and others <sup>1</sup>

As for the internal conditions of Iraq, the population rate has increased in recent years, reaching an estimated 40 million in 2021. The industrial sector is the sector most capable of achieving sustainable growth, as it is an effective driver of economic growth, due to the industry's ability to create real platforms for growth, as well as its ability to communicate with economic activity

It also creates job opportunities. This is what has been exploited and activating activity here. The sector eliminates unemployment and undermines dependency and increases the volume of hard currencies. If the industrial reality of Iraq is paralyzed due to the closure of many factories and laboratories, and dependence on imports and providing the required field for industry is a problem in developing countries and that is not It suffers from a severe shortage in financing industrial projects because its economies are in the process of growth and to provide them may resort to one of two means, either saving or borrowing. The state resorts to loans in order to improve its economic conditions. It depends on the state's ability to obtain

external loans and on the principle of the state's response to external pressures imposed. It often leads to the postponement of changes in its foreign, internal or economic policy, such as Iraq's resorting to the application of austerity policy and the payment of taxes on the Iraqi citizen.

- (1) Dr. Imran Bandar, Salam Fadel, Geography of Industry, College of Education - Ibn Rushd, University of Baghdad, 2017, 1st edition, Dar Al-Kutub, 2017, p. 245.
- (2) Sahar Qassem, a previous source, p. 13.

The decline of the industrial labor force and the rapid shift from the public sector and state ownership of the means of production to the market mechanism system. This means that the state's support for the public sector facility, especially the provision of cash, has stopped, and it has stopped and is unable to repair its used equipment. And that the decline of industry within the country makes that country weak and consuming industries that enter the country in addition to its competition for national production and thus a decrease in the percentage of its contribution to the formation of the gross national product of Iraq. If the indebtedness affects the emergence and development of industries, the absence of planning, the absence of control and the competition of foreign companies, all of these challenges can leave returns that affect the industry and cause an economic recession <sup>1</sup>

The neglect in this sector came as a result of economic policies resulting from poor planning and management on the one hand, and wars and security and political turmoil on the one hand. Therefore, the Iraqi government must take real steps towards diversifying the Iraqi economic structure and raising the contribution of other sectors to the formation of the gross domestic product to avoid the large fluctuations that it is exposed to. The oil revenues and their negative effects on economic life, the reluctance, the lack of coordination between government departments, the central bank and the commercial bank, the weakness of regulation, the failure to exploit and develop the national industrial expertise, causing, rehabilitating and placing the right person in the right place, the weak supply of electricity, and that the lights that affect the agricultural sector are negatively reflected on the sector agricultural <sup>2</sup> The dominance of the public sector over the economic activity of the country, its inflation, and the weak role of the private sector in all activities and activities. All of these factors weaken and end the role of the industrial sector, which is a sector that can contribute to the explanation or limit the indebtedness, if it is developed or activated, and vital conditions are met, the local need is met, and the requirements of citizens that constitute the state are increased, and public expenditures are increased, as the rise in exports is pressure. It is the balance of payments, i.e. reducing imports and raising per capita income, and a resource that can contribute to reducing debts <sup>3</sup>

- (1) Abdul-Zahra Ali Al-Janabi, Industrial Geography, 1st Edition, College of Education, University of Babylon, Dar Safa Publishing and Distribution, Amman, 2003, p. 191.
- (2) Dr. Naji Sari Faris, The Reality and Prospects of the Industrial Sector in Iraq, Research Center for Basra and Arabian Gulf Studies, Al-Iqtisadi Al-Khaleeji Journal, No. 36, June 13, 2018, p. 112.
- (3) Fadel Kreia, the International Monetary Fund and its impact on the Iraqi economy, research of the Iraqi Journal of Economic Sciences, Issue 69, 2021, p. 29.

This means an increase in local demand, an increase in consumption, and dumping the local market with goods of all kinds of imported goods, as well as the emigration of factory owners and qualified hands abroad, and the deterioration of the security situation that prevailed in the country, in addition to the lack of protection of the national product, the high costs of

production and technological development, all of these factors led to a decrease in the productivity of the sector. In fact, in the industrial sector, its contribution decreased from 37% in 1990 to (07%) during the siege period, in an attempt to raise the contribution of this sector's production to the GDP, but there is no benefit and the reason for this is The dependence of this sector on raw materials and raw materials imported from abroad, which no longer reach Iraq due to the economic blockade. In 2004, the contribution of the industrial sector to the GDP was (108%), at a rate of about (208.7%), equivalent to (931,601 million dinars, and the contribution rate of the industrial sector's production continued to fluctuate at close rates until 2019 at (109%) and with a growth rate of (506%) or the equivalent of (4,259,101) million. Here, it becomes clear to us that its contribution to The total output was low and amounted to 3% contribution rate to the total output for the year 2020 <sup>1</sup>

- (1) Report of the Central Statistics Authority, the ninth of the Ministry of Planning for several years.

### **Schedule**

Percentage of contribution of economic sectors in the formation of the gross product for the years (1990-2021)

<b>Industrial Sector Ratio</b>	<b>Agricultural Sector Ratio</b>	<b>The ratio of the oil sector to the total</b>	<b>Year</b>
3,7	8,2	65,1	1990
3,2	15,6	45,3	1991
2,9	19,9	46,3	1992
2,7	15,5	52,3	1993
1,5	20,1	53,7	1994
1,4	20,6	63,0	1995
1,5	18,6	52,1	1996
0,7	8,5	23,9	1997
0,9	10,9	68,9	1998
0,9	7,2	78,2	1999
0,9	4,6	83,3	2000
1,5	6,9	74,6	2001
1,5	8,6	70,8	2002
1,0	8,4	68,9	2003
1,8	6,9	58,0	2004
1,3	6,9	51,8	2005
1,5	5,8	55,5	2006
1,6	4,9	53,2	2007
1,7	3,8	55,7	2008
2,6	5,2	43,3	2009
2,32	5,2	45,4	2010
2,8	4,6	53,4	2011
2,7	4,1	20,0	2012
2,3	4,8	46,22	2013
1,9	4,9	44,1	2014
2,2	4,2	33,7	2015
2,3	4,0	34,4	2016
2,6	2,9	39,5	2017

1,8	2,0	47,1	2018
1,9	2,1	45,5	2019
0,84	2,02	-	2020
2,29	3,0	1,9	2021

**Source:** The Iraqi Gazette, The Federal General Budget of the Republic of Iraq for the Fiscal Year, Issue (4625), 2020, p. 18

### ***Foreign trade and the accumulation of indebtedness***

The importance of trade in the national economy differs from one country to another due to the disparity of countries in their resources, raw materials and natural wealth, as well as technological progress, which affects the foreign trade sector a great deal in economic life, especially economic growth, as it led to a decline in the prices of raw materials in global markets to the deterioration of conditions \ The trade exchange exporting these materials, which aggravated the balance of payments deficit, in which the tendency to debt increases, and the rise in crude oil prices may have a significant impact on the increase in the indebtedness of the oil-importing developing countries <sup>1</sup>

And the emergence of the trade balance with the inflation of oil revenues and not from another commodity source, which is an imbalance resulting from the first occupation. <sup>2</sup> .The decrease in export revenues leads to a decrease in the internal trade relations between Iraq and the outside world due to the reciprocal relations at home, the rise in indebtedness and the deficit in the balance of payments that hinders the interest in encouraging the export of dates, for example <sup>3</sup>

And that the debt problem is one of the most harmful problems and affects the marketing of industrial and agricultural products. Iraq obtained loans from advanced industrial countries, and the purpose of these debts was to implement development plans, build infrastructure, agricultural and developing projects, and raise the standard of living for all developing countries. The foreign affairs resulted in discussing its imports of consumer goods and the delay in the development process <sup>4</sup>

Also, the decline in imports and the rise in exports could lead to a deficit in the budget of payments and thus a decrease in the amount of trade exchange, the control of multinational companies, and the reduction of large fees, in addition to the failure to protect the national product and dependence on imports and economic openness and dependence on the outside in importing foodstuffs an essential feature in most countries The city, especially Iraq, which was exploited by global capitalism to subjugate and pressure these countries, so it is not possible to get rid of the debt trap and not fall into it In the future, except by consciously addressing the issue of food security

- [1) Haider Jawad, Measuring the impact of public debt on some economic variables in an Arab country, thesis submitted, College of Administration and Economics, University of Kufa, 2014, p. 35.
- (2) Yahya Hammoud Hassan, Studies in the Iraqi Economy, Iraq Center for Studies, Al-Baqi Press, Iraq, 2012, p. 194.
- (3) Youssef Yahya Tamas, Transfer and International Trade, Iraq, University of Baghdad, 1, 1989, p. 433.

as Iraq must rely on developing exports and reducing expenditures, especially military

expenditures <sup>1</sup>

Despite the increase in oil revenues during 2022, basic foodstuffs that were imported from Russia and Ukraine have become very expensive, which leads to preventing citizens from experiencing significant improvements in their livelihood, as needs erupted in southern Iraq after the rise in the prices of cooking oils and flour in markets, which has already exacerbated the exponential consumer crisis <sup>2</sup>

And that relying entirely on foreign imports to meet the local need, because a kind of consolation, any commodity, represents a negative aspect and a weak point for that country in its foreign policy, and since Iraq is imposed on many economic sectors, the most important of which is the deterioration of the standard of living of the Iraqi individual, so that the Iraqi individual has become in a deteriorating food situation As it often resorted to quantity and not quality, therefore, the country's need for a strategic food stock is very important in the face of natural emergencies and political conditions, and that Iraq relies on importing food requirements, even if they are estimated, and the interruption of import will make the ratio of external debt to total exports and this indicator reflects the extent The state's ability to sustain debt, as its rise indicates that the volume of external debt and its service has become greater than the state's resources in hard currencies. The continuity of its rise is that the state will face a debt crisis. The level of safety of this indicator depends on how debt is used in terms of its use for investment or consumer purposes. Investments with longer management periods may appear difficult to put in debt in the short term Overcome them as soon as the export growth rates rise as a result of those investments. Either if the purpose of the indebtedness is consumption, as is the case in Iraq, and the dependence of oil exports and its high level indicates the signs of a debt crisis. As a natural result of the economic and security conditions experienced by the Iraqi economic activity, due to the disruption of export devices and its economy to crude oil in quantities less than the quota established for Iraq within the OPEC <sup>3</sup>

- (1) Haider Jawad, same source, p. 145.
- (2) Hassoun Abboud Al-Houri, Food stocks and their role in achieving food security in Iraq, Al-Qadisiyah University, College of Administration, Vol. 11, 2015, p. 230.
- (3) Shaimaa Adel Fadel and others, Challenges of External Debt in Iraq after 2003, Research of the Journal of Development and Orientalism, Vol. 6, No. 51, 2005, p. 56.

When the indicators of the external debt in Iraq exceeded, the limited ones were built, and this is a result of the deterioration of the political, economic and social conditions in the state and the inability of the local government to pay the debts and accordingly, just as the indebtedness was not aimed at development, as the establishment of development projects, but rather poured into the military operations of the war, and the armament that In addition to the conditions of the Corona pandemic and the suspension of economic activities, and thus the deterioration of the productive capacity of the economy in the country, and consequently, the lack of exports and the increase in imports of the state, and this leads to a deficit in the trade balance and makes Iraq vulnerable to regional and international blackmail. 10) billion, and the amount of the deficit decreased to (8) billion dollars in the year 2010, then it rose again in 2015 to (11.3 billion dollars), and this is due to the high percentage of operational expenditures for the government budget for the year 2015 amounting to (705), which led to an increase in demand This in turn leads to an increase in domestic demand, and the deficit reached within the 2021 budget (28,672,867,307). The budget also stipulated allowing the export of all raw,

semi-manufactured, food and animal materials, with the exception of iron, scrap, copper and aluminum, because they are one of the country's wealth and that the industrialized countries complain of a lack of minerals <sup>1</sup>

***The second topic: the ratio of external debt to total public revenues***

This indicator measures the extent to which the civil state can sustain loans, as this state suffers from budget constraints resulting from the rise in debt service on an annual basis. The structure of imports is a measure of the income of economic development that a country reaches. For this purpose, it tries to find out whether imported goods are consumer goods or production goods. In Iraq, the first type constitutes a large space in the import structure, with the high rates of serious consumerism among the population and the failure of its production apparatus to meet local needs. Or the internal demand, in contrast to the imports of developed countries, in which intermediate goods come to occupy the first place, as this amount is characterized by high prices and the dominance of the industrial state over its trade <sup>2</sup>

- (1) The Iraqi Gazette, the Official Gazette of the Republic of Iraq, the federal general budget of the Republic of Iraq for the fiscal year 2021, House of General Cultural Affairs, No. 4625, 2021, p. 9.
- (2) Shaimaa Adel Fadel, a previous source, p. 58.

***Average index of the individual affected by the Iraqi debt***

After this indicator, it is one of the important indicators that shows the individual's share of the public debt, in other words, that individuals are the ones who bear the debt repayment and the burdens raised on it, whether they are the current or future generations. of the public debt with the average per capita national income, and that it does not exceed (50%) of his average income in a year. If this percentage does not challenge 50%, it is within the limits of safety <sup>1</sup>

This indicator shows the per capita share of the public debt, in other words, that individuals bear the repayment of these debts and the resulting burdens. Therefore, the government works to deduct part of the individuals' income in order to be able to pay these debts. Through the data, it becomes clear to us that the average per capita share of public debt has decreased during the period. (2004-2008\*) as it amounted to (185,339) dinars in 2008, compared to (499,989) dinars after 2004, and the reason for this decrease is due to the lifting of the economic blockade and the liberation of Iraq from the sanctions and restrictions that were imposed on it before 2003, as well as the implementation of the Paris Club Agreement, which It contributed to the exemption of (805) and had a major role in the decrease in the average per capita share of the public debt during that period, as well as the rise in oil prices and the government's ability to pay its debts with the increase in the population growth rate.

The decline continued for the years (2011, 2012, 2013) due to the decline and the government's ability to pay off the principal debt. In the year (2014, 2017), the average per capita share of debt took (166,3054) dinars in 2014 and continued to rise due to the two shocks of the drop in oil prices and thus The lack of oil revenues, the increase in expenditures, the war on ISIS and the face of terrorism, which led to the financial deficit and resort to borrowing, and thus the average per capita debt decreased. The year 2018 also witnessed an increase due to the increase in the population. This expected contraction of oil production will have significant repercussions on the level of GDP in light of the sector's contribution The oil sector is about 60% of the gross domestic product, and it will also be reflected in the activity of the oil sector,



in light of the significant impact of public revenues that depend on oil revenues, and then the process of financing projects included in the budget and implementing infrastructure projects that support activity in the non-oil sector, which will also be affected. The repercussions resulting from the spread of the new Corona virus and its effects on supply chains, and on the activities of a number of productive sectors, such as neglecting trade, tourism, and transportation, and what resulted in low rates Investment and the impact of the Corona crisis on small and large projects that have financial surpluses,

- (1) Riam Ali Talib, Measuring and analyzing the impact of public debt on some economic variables in selected countries for the period (2001-2007), PhD thesis, College of Administration and Economics, University of Kufa, 2018, p. 32.

And that this halt has important repercussions on the level of financial policy that faces challenges related to the need to increase spending to confront the crisis at a time when public revenues have witnessed a decline and the Iraqi economy is expected to shrink by 6.6 years As for the year 2021, the prospects for growth improved with the recovery of world oil prices, which reached 2.2%<sup>1</sup> The total actual internal and external debt of Iraq is \$79 billion, indicating that it represents about 45% of the volume of GDP of 178 billion dollars in 2021, according to the Iraqi News Agency.

The country's actual external debt is \$29 billion, while the internal debt is about \$50 billion. And that "these debts are still within the safe range of the European Union's standards of stability and growth," noting that "the increase in oil revenues will provide high financial leverage to settle the residual debt and with soft options." As for the external debt, there is an outstanding amount that has not been settled under the Paris Club Agreement to settle the external debt of Iraq, and it goes back to the so-called debts before the year 1990, estimated at 41 billion dollars, which, if the debt is correct, requires that it be deducted by 80% or more according to the terms of the Paris Club Agreement. No more than \$8-9 billion."

And that "the aforementioned amount appears in the accounting books of four Gulf countries at a rate of approximately 66% distributed between Saudi Arabia, Kuwait, Qatar and the Emirates, and it dates back to the era of the Iran-Iraq war and is expected to be written off by 100% because it is a debt associated with wars and not for development purposes." Yesterday, Thursday, the Central Bank of Iraq announced the payment of all financial compensation approved by the United Nations in favor of Kuwait due to the Gulf War, amounting to 52.4 billion dollars, amid optimism about an economic recovery and openness to global investment. The bank said in a statement that "the last remaining installment of the State of Kuwait's compensation, amounting to \$44 million, has been paid, and thus Iraq, more than 31 years after its invasion of Kuwait, has completed paying the full amount of compensation approved by the United Nations Compensation Committee of the UN Security Council. under Resolution 687 of 1991.

We expect the continued recovery of oil prices to "increase these reserves to more than 90 billion dollars by the end of 2022, which is a record level for Iraq," and since "the depreciation of the Iraqi dinar against the US dollar in December 2020 contributed to the decrease in demand for the US dollar, While that The current demand for the dollar is higher than the declines seen in the year 2020,

- (1) Central Bank of Iraq (2020) Iraq, Arab Monetary Fund, Arab Economic Prospects Report Questionnaire, Twelfth Edition, 2020.

But it is much lower than the period before the year 2020. And that “the continuation of the Ministry of Finance’s sales in US dollars reflects the increase in oil revenues, and the government’s increased provision of goods and services to citizens,” stressing that “the rise in The Ministry of Finance’s sales of US dollars in exchange for a decrease in the demand for dollars will lead to an increase in foreign currency reserves with the Central Bank.”

Regarding Iraq’s commercial debt, the Minister of Finance said that “the only real commercial debt of Iraq is two of three Eurobonds with an interest rate of 5.8% and 6.72%, while the third at an interest rate of 2.149%, which is guaranteed by the US government and all other debts are on very concessional terms.” Noting that “the external debt does not include the debts of the previous regime, which amounted to 57.8 trillion dinars, or the equivalent of 39.9 billion dollars, which have been frozen since 2003 without interest or repayment as part of the Ministry of Finance's work to reduce debts.”

And that “the ministry has reconfigured all domestic debts as follows: The entire balance of domestic debts has medium or long-term terms, after the government agreed with the Central Bank and public banks in 2020 to convert all current treasury transfers (bonds) into loans for 10 years and for 20 years, with payment of installments. Starting from March 2021 and a reduced interest rate to 2%,” while “the total external and internal debts amount to more than 99 trillion dinars.”

He continued, “The Council of Ministers, in its session held on Tuesday, April 5, 2022, approved the adoption of the strategy for repaying the internal public debt for the years (2022-2024), which was prepared by the Public Debt Department / Ministry of Finance within the draft budget law. The Federal General Assembly of the Republic of Iraq for the fiscal year 2022. It should be noted that “inflation in Iraq is lower than that of the emerging economies and the group of oil-exporting countries.” The total actual internal and external debt of Iraq is \$79 billion, which represents about 45% of the gross domestic product of \$178 billion in 2021. .

The actual external debt owed by Iraq is \$29 billion, while the internal debt is about \$50 billion, and these debts still fall within the safe range of the European Union’s standards of stability and growth,” he said, adding that “the increase in oil revenues will provide high financial leverage to settle the residual indebtedness and choices. soft”.

With external debts he described as outstanding, and he explained this by saying that “there is an outstanding amount that has not been settled under the Paris Club Agreement to settle Iraq's foreign debts, and it dates back to before 1990 and is estimated at 41 billion dollars, which is required to be reduced by 80% or more according to the terms of the Paris Club agreement, with no more than 8-9 billion dollars.”

The accumulated debts that the Iraqi economy suffers from came as a result of mismanagement of state resources and administrative corruption by successive governments that tended to increase the volume of external and internal borrowing to finance the deficit in the federal budget, which portends dire consequences for the country’s economy. Iraq needs 27 years to repay its foreign debts with benefits that The delay in approving the budget as a result of political differences led to the deterioration of all sectors in the country, including

agriculture, industry, transportation, tourism, investment, etc. Therefore, the budget must be approved and benefit from the revenues that came as a result of the rise in oil prices as a result of the Russian-Ukrainian war and what caused an energy crisis on At the global level, it should be noted that the Russian-Ukrainian war has repercussions on foodstuffs and the rise in commodity prices, which requires a response through the budget to the crisis and the rise in food prices.

## **Conclusions**

- 1 The problem of public debt is one of the problems that Iraq has been suffering from for a long time and the low growth rates of sectors.
- 2 Debts have had negative effects on national income and gross domestic product, and thus negatively affect the capacity of the Iraqi economy.
- 3 Most of the debts that have been transferred are used in infrastructure projects, education, health, training and filling the budget deficit.
- 4 No amount of money has been allocated to carry out a productive project, whether industrial or agricultural. Rather, the service sector has been directed to fill the public budget deficit, which reduces the extent of these transformations, especially in the long run.
- 5 There are debts to the Gulf countries that supported the previous regime with Iraq, and these do not result in interest and are not repaid, because they occurred without the knowledge and approval of the Security Council.

## **Recommendations**

- 1 Establishing the Oil Revenue Stabilization Fund for Iraq, which is the only country within OAPEC that does not have a fund for the continuation of oil revenues, as Iraq depends on oil revenues, which constitute 85% of public revenues.
- 2 Directing the largest proportion of oil revenues towards investment projects in the various sectors constituting the GDP to increase its contribution to its formation and reduce dependence on oil as a major source of GDP formation.
- 3 Activating the role of geographical locations that have a return in providing the difficult process and because of Iraq's strategic location.
- 4 Speeding up the approval of the budget law, because the delay in forming the government will cause a delay in approving the budget, and this causes the disruption of all sectors in the country from agriculture, industry, trade, tourism, investment, etc.
- 5 Addressing the water problem with neighboring countries, because all sectors are disrupted, especially agriculture, on which the country relies heavily to fill the food shortage, especially after the rise in food prices as a result of the Ukrainian-Russian war and as a result of water scarcity after it was cut off by neighboring countries, especially Turkey.
- 6 Interest in establishing investment projects with economic returns, such as the port of Al-Faw in Iraq, which contributes to the elimination of unemployment and a great economic return for the country.
- 7 Benefiting from the revenues that came as a result of the rise in oil prices as a result of the Ukrainian-Russian war and as a result of selling oil in dollars, whose value has increased recently.

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