

The Role of Trade Openness and its Implications for the Growth of the Iraqi Economy After 2003

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Abstract

Due to its significant impact on economic growth in the context of the natural economy, the research aims to shed light on the extent of the Iraqi economy's commercial openness to the outside world and the impact of that openness on some of the economic variables, as it positively affects raising the rate of economic growth as a result of competition between imported goods and the economy's actual need for those goods. To do this, a few trade openness metrics for Iraq were collected and examined. The findings indicated a good correlation between GDP and trade openness. Additionally, an extensive amount of economic exposure to foreign markets is evident from the examination of the indicator of the level of economic exposure in the Iraqi economy. Additionally, this would hurt the state of the economy, economic activity, and development.

Keywords: Trade Openness, Economic Growth Rate, The Iraqi Economy after 2003.

Introduction

Trade openness is one of the most critical issues for every economy and nation, whether it is developing or developed, as it is one of the ways for any economy to develop and advance thanks to the crucial information that trade openness provides in various aspects of the productive sectors and global findings. Technology in the areas of production, agriculture, and the delivery of a range of services to the world's population, as well as the ability of that economy to acquire this knowledge and the potential for using it to benefit its citizens.

Understanding the global level of development and if it is feasible to create productive industries to support the two sons of the Iraqi people depends heavily on Iraq's trade openness. However, Iraq's trade liberalization went on a different path, exposing its markets to foreign goods, which may have unintended consequences. This is a result of the production system's frailty and rigidity in the face of the rapid changes in the means of production that have long been absent from the Iraqi economy, as well as its inability to keep up with these changes as a result of the political circumstances that Iraq has been subject to for a long time.

In addition to numerous issues like the rentier economy, the lack of productive sectors contributing to the GDP, the militarization of available resources, and others, the philosophy of the economic system in Iraq changed after 2003 from the socialist system to the market system, and this is considered a significant and non-gradual turning point. It had a negative impact on the rate of economic growth in the country.

Research Problem

Weakness of the mutual influence between trade openness and economic growth in the Iraqi economy environment after (2003).

Research Hypothesis

Trade openness has a significant impact on economic growth in the environment of the natural economy, as it positively affects raising the rate of economic growth as a result of competition between imported goods, the actual need of the economy for those goods, and the ability of the productive system to work in increasing production in order to raise the rate of economic growth in those countries.

Research Importance

The importance of the research comes through clarifying the positive relationship between trade openness and the high rate of economic growth in a country with a flexible production system that can raise the production potential in all the productive sectors that need it in the environment of that economy by increasing the production of certain commodities or starting By producing new goods that the country needs by introducing new technology that allows that production or introducing a workforce to work on that new production and thus increasing the rate of production of the productive apparatus in that country, which generates a rise in the rate of economic growth.

Research Objective

The research aims to show the extent of the importance of the trade division and its impact on economic growth in the environment of the Iraqi economy until the year (2003), when it became apparent that the trade division and the entry of various commodities into the Iraqi markets after the year (2003) and the lack of response of economic growth to that division through the shy increase In goods and materials produced through the Iraqi production system and the weakness of cash revenues that enter the Iraqi budgets through the productive sectors despite the capacity of commodity imports that enter the environment of the Iraqi economy in various fields, including agricultural, industrial and service, which did not affect the increase in the rate of economic growth and the survival of the Iraqi economy in light of The rentier economy depends almost entirely on oil revenues.

Trade Openness as Part of Economic Openness with a Reference to Iraq

Firstly:- The Concept of Economic Openness

Economic openness is tied in some manner to the policy of economic freedom (let it operate, let it pass), which emerged during the Middle Ages when trade restrictions were established. Interior as well as foreign investments are mentioned, and it is mentioned that to fund development, the countries face wives that are difficult to deny, so money flows come from limited sources are international institutions that put conditions that may be difficult to deny, or the

[illegible]

It should be highlighted that globalization entails greater openness to market forces and international competition, the cessation of state intervention processes, and the implementation of measures to address financial imbalances in the entire economy. As there are many different perspectives on what constitutes a complete idea of openness, many countries must work hard to improve the performance of their domestic economy. However, the definition of the International Fund for Economic Openness, which he described as the emancipation of the external sector, which comprises the current trade balance fund and the balance of capital transactions, is a complete idea. (Sadiq and Al-Kurdi, 2000).

That is freedom from all limits and hurdles to moving products, services, and money from and from outside, including customs tariffs and quantitative, administrative, and technological constraints. (Abdul Aziz, 2011).

Secondly: The Concept of Trade Openness

Since the notion of trade openness first emerged in the early 1970s of the previous century, it is regarded as one of the more recent economic concepts. Despite its recentness, there were many different perspectives on coming up with a thorough understanding of it, making it one of the most critical subjects in the economy. On the other hand, because so many phrases need to be understood, notions often need to be revised to disseminate the correct meaning of trade openness. (Al-Shehri and Muhammad, 2016).

Trade openness is defined as "that policy that results in the elimination of policies that discriminate against exports, the adoption of neutral policies between export and import, and the reduction of the value of the high customs tariff, in addition to the transformation of quantitative restrictions into a customs tariff and the trend towards a unified system of customs tariffs, and be guaranteed." Numerous initiatives are included in the Trade Liberalization Program about import policies, export promotion policies, exchange rate policies, macroeconomic management policies, regulatory policies, and trade policies with trading partners. (Abdul Aziz, 2011).

Trade openness has several benefits for economies, the most significant of which is the benefiting from the reduction of customs tariffs and the removal of non-tariff restrictions, which increases the competitiveness of products and expands global markets by causing numerous changes in developed nations and reducing the ability of central banks to regulate trade. The value of currencies in emerging nations lowers the government's monetary and fiscal policies. (Darwish and Radi, 2009).

Trade in goods may become more competitive due to increased imports, which might reduce the activity of industrial facilities, raise unemployment, and result in social and economic constraints. Developed nations are likely to impose the protection of their markets against imports from emerging nations under the guise of upholding quality and health standards. (Quaidri, 2002).

Applying import substitution and trade openness may also hinder development and growth since rising imports result in a trade balance deficit that may be supported by external debt. As a result, trade openness is one of the reasons for foreign debt, along with other factors, including price variations for raw commodities, rising interest rates, and international oil prices. (Abdus, 2008; Abdus, 2011).

Thirdly: For a Relationship between Trade and its Liberalization and Economic Growth

Economic policies that were in effect in the 1960s and 1970s, which called for manufacturing to take the place of imports, have been abandoned since they could not bring about the sustainable growth that developing nations had hoped for. There are several instances of policies to safeguard domestic goods that are poorly designed: In addition to

promoting the development of the 20th century and promoting economic growth and growth, the stock market in 1929, which accelerated the growth of the great economic recession, as well as the projects of import alternatives that were implemented by developing countries during the 1960s and 1970s. It does not think there are any long-term advantages. However, trade liberalization contributes considerably to global stability, growth, and decreased poverty. Economic studies show that nations with more open economies take part more in boosting global commerce and experiencing faster growth rates. The nations that have succeeded among the emerging nations have some of the most restricted economies. (Al-Yousef, 1994).

Contrarily, trade alone only inevitably results in growth, job creation, and the eradication of poverty. The establishment of sound national policies, including good governance, the rule of law, robust institutions, sound monetary and economic policies, and a commitment to investing in people, is another requirement for nations that want to maximize the benefits of trade liberalization and foster economic growth. The world's highest economic growth rates are now seen in certain nations. According to studies from the non-governmental organization Oxfam, if each nation in Africa, East, and South Asia, and Latin America had raised its share of total world exports by only 1%, it would have resulted in income increases. As a consequence, 128 million individuals were rescued from poverty. (Morad, 2011).

Fourthly: Applied Studies of the Relationship between Trade Openness and Economic Growth

Studies supporting the role of trade in fostering growth and development are abundant in the trade literature. For example, Krugman (1987) demonstrated that while free trade is still the best course of action, the advantages of the intervention system are limited and can have unfavorable political consequences. Renault et al. (Levine, 1992) suggested a connection between trade openness and investment-driven economic development. Additionally, he demonstrated how the transition from the protectionist system to trade liberalization resulted in relatively high growth rates in many developing nations. Harisson (1996) obtained the same results using a range of openness measures and other estimating techniques. The outcomes of his research show a clear correlation between development and openness. (Romer and Frankel, 1999).

(1999) Frankel et Romer. They investigated the connection between growth and openness. The study demonstrated a causal link between economic development and openness levels. The interaction goes both ways; growing openness promotes growth. The exact reverse is also true. The beneficial effects of trade and high institutional quality on growth have been linked in several studies and published research examining the partial effects of trade and high institutional quality on growth. The study's findings showed that trade substantially influences growth and has a minor impact on quality. These findings demonstrated the influence of trade on short-term growth while highlighting the significance of trade and the caliber of institutions for long-term prosperity.

The link between trade openness and economic development was also the subject of comparative empirical research comparing nations undertaken (Wanikkaya, 2003). The literature supports the benefits of trade barriers in promoting growth in developing countries in some cases, such as cases of emerging sectors. This last result is consistent with the literature that confirms the benefits of trade barriers in promoting growth in developing countries in some instances.

The Iraqi Economy after 2003

Preamble

Since the start of the occupation in 2003, Iraq has seen a string of unresolvable economic difficulties that have caused the country's economy to decline drastically. The cancerous spread of corruption, the control of sectarianism and sectarianism in the rich country, the dominance of parties and militias with foreign agendas, the atrocities of ISIS and other terrorists, and the parliamentary experience that was over shadowed by electoral fraud and turned the nation into a battle field are all to blame for the failure of the economy over the past two decades.

Over the previous two decades, the administrations have taken advantage of the nation's primary source of income, oil rents, by creating yearly budgets and presuming that oil prices will continue to rise. They selected tens of thousands of state personnel with or without them, transforming the yearly budget into a storehouse for disbursing salaries, wages, and retirement benefits for around 6 to 8 million people. As a result, the state could no longer pay for the necessary development projects, infrastructure development, reduction or elimination of the scholarship program for deserving students to supplement their higher education abroad, or even the possibility of paying employee salaries in some months. The economy of the nation tanked, and unemployment increased. Protests persisted among recent graduates, and social and economic development reached their lowest points ever internationally.

As a result, there is a constant shortfall in the annual budget that cannot be fixed without incurring debt from outside. The nation is dealing with a new system of brazen looting and thievery without accountability, which is unparalleled in Iraq's modern history. Attacks are meticulously carried out, including bombings of cities and industrial facilities (infrastructures of the electricity and oil sector), given the lack of development initiatives, the influx of several million migrants and internally displaced people, and the rise in poverty and illiteracy rates.

Iraq is one of the most economically impacted nations in the world, with oil rents accounting for the majority of the economy—roughly two-thirds of the national income output—and a decline in the national income product of 11.2% in 2020 and a further 1.3% decline anticipated for 2021. Furthermore, as oil output and prices account for 95% of the yearly budget, economic growth depends on them.

In the upcoming years, it is anticipated that the government's goals will center on the detrimental impacts of the Corona epidemic, restructuring the financial system and the process for determining the yearly budget, enhancing the oil industry's performance, and establishing its independence. In a recent study, 73 nations outlined the difficulties Iraq is experiencing, including: (Walid Khoury, Middle East Magazine, No. 15449, 2021).

1. The decline in oil prices and the decline in oil production as a result of the OPEC Plus group's decisions in 2020, as a result of the Corona pandemic's closures, which imposed lengthy closures and much confusion for both the Iraqi and global economies, and Iraq was adversely affected by Covid-19 injuries, which recorded very high rates. Throughout the Middle East and North Africa for injuries.
2. In 2003, various groups continuously launched terrorist strikes against Iraq. The administration is working to find a middle ground in the struggle between Iran and the United States over territory in Iraq. Recent attempts have been made to exert pressure and control over the parties' linked militias. However, the issue of systemic corruption and a lack of openness persists, especially among the powerful parties.
3. The Institute of International Finance research further states that Iraq's economy had its worst year since 2003 in 2020. The institute's report indicates that the current account balance has changed from a surplus in 2019 to a deficit in 2020. It is anticipated that the country will experience limited economic growth over the next two years, ranging between 1.6% in 2021 and 3.1% in 2022. The expected improvement is due to the possibility of increasing Oil exports and an improvement in prices compared to 2020. The financial reserve of the state has shrunk.

Firstly: The Main Features of the Economy After 2003

We are interested in learning how certain economies succeed while others fail and how powerful governments operate. Others have no bearing, and it makes no difference whether a society is prosperous or stagnant. In that circumstance, it is critical to see economics as a discipline capable of concurrently addressing political science and society.

The gross domestic product of Iraq is skewed toward the oil industry, accounting for up to 70% of the country's GDP, and this industry's profits account for more than 95% of all budgetary receipts. The seeming inadequacy in the real estate market reflects the real sector's poor productivity rates and disruption in its output level. Contrary to its historical rate of 9%, the manufacturing sector now contributes around 1.5% of the GDP to the activities of the whole supply of commodity sectors in the economy. Comparatively, agriculture production's contribution to the GDP has decreased to 5% from its historical level around five decades ago about 22.2%. (Al-Hilfi, 2007).

Additionally, the ongoing fall in the GDP contribution of the private sector has been accompanied by structural distortion at the qualitative level of the productive sectors. At the same time, it demonstrated the state's growing economic influence over production and distribution. On the other hand, instead of using tools, the state has directly participated in redistribution through public spending. The characteristic of this distortion is the conventional financial tax. Due to the high unemployment rates in the Iraqi economy, this distortion has also been accompanied by a degradation in the management of resource disposal, which allows the rent abundance to serve as a cover for any delay or failure in addressing the causes of administrative inefficiency. More than 1.3 million unemployed people are out of an estimated 8 million workers, or more than 15% of the labor force. This has deepened the manifestations of consumption in oil revenues due to the historical reversal of public budgets from budgets of a surplus investment nature to budgets of a current consumer nature that predominates. The shortfall is this. For instance, the general budget for 2006 reflected the state's meddling in economic activity by continuing to increase and being released with a projected deficit. As the level of exposure of the Iraqi economy has dramatically increased, there is a vigorous expulsion of economic development, chasing the actual economic surplus and historically transforming it into a potential economic surplus that compensates for accumulation and maximizes wasteful consumption. A deficit of \$5,817 billion was readily seen in the balance of payments for 2009. (Salem, 2001).

Despite a clear and explicit reference to a market economy in the Iraqi constitution, the state's economic philosophy and position are ambiguous. This is due to the procedures used to shift from an economic system of centralization to one of market democracy: generous pay and financial and administrative corruption. For 2010, the percentage of financial infractions was around 2000 violations. In terms of administration, there is nothing wrong with the administrative flaws in all areas of the state, including top positions, which led to poor government performance, as some foreign organizations, including the Vision Humanity Foundation, where the This institution surveyed 144 nations, including Iraq, in 2009 to determine the level of system stability experienced by various nations throughout the world. According to this poll, even Somalia and Afghanistan performed better than Iraq. It is essential to note that Iraq's ranking is based on a limited number of measures used to gauge stability and order, such as government performance. Performance-wise, the Iraqi government received a score of 0 out of 10. (Arab Monetary Fund, 1992).

Secondly: The Deterioration of the Economic Situation in the Productive Sectors

With the exception of the oil industry, the following list of productive sectors may be used to characterize the productive sectors in the Iraqi economy:

1. The Agricultural Sector

Due to its crucial function in the Iraqi economy, the need for improved food security, and the opportunity it offers to diversify the Iraqi economy, alleviate poverty, and improve the trade balance, agriculture is a substantial economic activity. Nevertheless, agriculture is the second biggest employer and the fourth greatest contributor to GDP. Iraq is now a net importer of cereals, fruits, and vegetables for non-governmental organizations. (Shendi, 2015).

Regarding the challenges the agricultural industry in Iraq faces, some of them include the deterioration of local agricultural output, which fell to extremely low levels and failed to meet 15% of Iraq's needs as a result of the sharp decrease in agricultural productivity between 2006 and 2012, The market's dependency on imports for more than 85% of its food, the lack of strategic inventories of critical grains, and the sharp increase in agricultural production costs as a result of the high prices all resulted from the quantities produced falling short of the market's supply by 5%. Production inputs, the inability of local agricultural crops to compete with imported agricultural products in local markets, where agricultural products are characterized by high prices because of their high costs, low levels, and poor quality, weak local agricultural investments, the absence of foreign direct investment in the agricultural sector, and the agricultural sector's weak financial, technical, technological, informational, and marketing capabilities. The whole agriculture industry is taken over by the commercial sector. (Khalaf, 2012).

2. Industrial Sector

The industrial sector in Iraq is currently facing a number of difficulties, such as the suspension of the majority of small and medium-sized private industrial projects, which could total up to 34,000 projects, as a result of the end of state support, electricity outages, and the opening of the Iraqi market to international markets, which resulted in the entry of subpar industrial goods and their sale. In addition to the cessation of emerging industries, the flight of industrial capital abroad due to the inappropriateness of the local environment, which has become investment-repelling, and the suspension of the majority of large industrial projects, these projects were mostly productive in varying degrees during the siege period due to low prices and the inability of the local product to compete with the importer. Additionally, some of them, like those in the chemical, pharmaceutical, food, leather, and textile industries, have extremely low production capacities and are a burden on the state budget. Prior to American occupation, the industrial sector contributed only 63% of the items on ration cards; after occupation, that percentage dropped to less than 5%. Additionally, indigenous industrial products are permanently absent from the Iraqi market as a result of Iraqi goods' generally low level of competitiveness. Additionally, the pyramid was turned upside down, making Iraqi goods exceedingly expensive with a high price in exchange for poor quality and a sharp decline in production. (Rasheed, 2006).

3. The Tourist Industry

Tourism is the phenomena of people traveling outside of their regular location for a period of time that is at least 24 hours and no more than a year, excluding media delegations. (Al-Zahir et al., 2007).

Iraqi tourism still faces many challenges that prevent it from growing and prospering in a way that reflects the country's actual tourism situation, such as a lack of marketing resources, a lack of media coverage of tourism, a lack of public awareness of the industry among citizens, and subpar tourist services in hotels and restaurants. Spread in religious cities, in a manner that is not commensurate with the work of tourism, in addition to the weak health and tourism control over those services, the weak role of air transport because there aren't enough airports, and the existing airports are used for other purposes instead of serving the tourist purpose, as well as the absence of the role of maritime

transport. The Iraqi economy is dependent on outdated sectoral classifications that combine the tourism sector with wholesale and retail trade into keep up with modern sectoral classifications, which limits access to the role of tourism. In transporting tourists and relying primarily on land transport, which in turn suffers from the poor roads leading to tourist and religious cities. Particularly the precise and thorough function of national income in the Iraqi economy. (Dashur, 2012).

Thirdly: Ways to Boost the Iraqi Economy

The most effective use of Iraqi oil, the avoidance of waste and waste operations that this resource was previously subjected to, the use of this resource to advance other sectors and make it a source of income for Iraq rather than being satisfied with it as the only source of wealth, and the requirement that the state continue to own this sector and industries, petrochemicals and fertilizers, not only for constitutional reasons but also for its strategic justifications. As it is expected to be the world's primary source of these products, this industry is distinguished by the integration of its natural resources in Iraq and a geographically integrated region. It withdraws from the other sectors by priorities announced to the public and with transparent borders. Additionally, the emerging nations whose governments have regressed are the ones that have seen strong economic development. It has given up on all production and distribution activities by welcoming the private sector. To efficiently coordinate these activities, it has subsequently created a favorable market climate. Commercial conflicts are settled by an impartial judiciary, which also decides property rights and the complete protection of private property. (Shendi, 2011).

Building an economic model for prosperity in Iraq that is cooperative, political, and democratic, in line with the objective conditions of the rentier state, in which the government is a contributing owner power and an intrusive monitoring power simultaneously. This model should provide justice and sufficiency. In exchange, the person and the group control, participate in, interfere with, and monitor the government via speech. The electoral process by stable social norms of behavior and, consequently, the capacity to transition from economic centralized to market democracy, encourage foreign direct investment, work to improve the investment climate through legislation and activate the investment law, and work to create an investment environment that guarantees investor rights and enhances the growth of experience and expertise and the transfer of necessary technology. A clear strategy that challenges the priorities of the projects that local governments must carry out in the governorates after completing the technical requirements for these projects by the work rules of the Ministry of Planning in this field must be oriented towards comprehensive development for all economic sectors (industry, agriculture, and services). (Al-Hilfi, 2007).

The ability to treat it both according to its state of debt and to work internationally to get rid of the dread debt that Iraq is currently accumulating, as well as making the process of reducing foreign debt a standard for economic and political dealings with developing countries with Iraq and combating administrative and financial corruption with all strength and progress, is provided by the study of the reality of external debt and its classification. It is the actual plague that devours all potential for growth and advancement. Sincere motivations are what validates their efforts and mark them as successful. God Almighty, the other is destined for failure. Work on allocating spending to increase the investment side's percentage and decrease the consumption elements. (Shendi, 2011).

Analysis of the Relationship of Trade Openness to Economic Growth in Iraq After 2003

Firstly: The Impact of Trade Openness on some Economic Variables

1. The Impact of Trade Openness on Economic Expansion

It is well known that the impact of trade openness on the growth of the GDP is positive, as trade openness to imports leads to the expansion, development, and modernization of the production base by providing the necessary means of production and benefiting from the effects of technology as a result of trade liberalization and increases exchange, thereby stimulating national production through technological innovation. Numerous studies have shown that export development leads to an increase in total production in two ways: on the one hand, by encouraging local manufacturers to compete with foreign goods on both domestic and international markets, and on the other hand, by encouraging exports. The first is that the export industry positively impacts other industries. The other technique is non-exporting, and the second method is to improve the output by raising the overall productivity of the factors of production. (Abdul Aziz, 2010).

Research undertaken by the World Bank (1987) on several developing nations found that trade openness increases exports and GDP. (Abdulaziz, 2010).

2. The Influence of Trade Openness on Inflation

The impact of trade openness on Inflation is viewed from two different perspectives; the first is that trade openness leads to lower inflation rates, while the other is that trade openness leads to an acceleration of inflation rates; in a study conducted on forty-eight developed and developing countries to examine the causal relationship between trade openness and Inflation, the causal relationship between trade openness and Inflation was found to be inverse. Suppose the ratio of exports to GDP is the criterion for trade openness. In that case, trade openness will lead to an acceleration of inflation rates, as will the criterion of the ratio of imports to GDP. The study revealed a causal relationship between trade openness and Inflation [20]. The acceleration of the phenomenon of Inflation leads to a decrease in the purchasing power of the members of society, particularly low-income groups, which reduces their ability to acquire necessary goods, thereby increasing poverty rates. (Belhaj, 2014).

In contrast, imported Inflation, which is generated by the increase in prices in foreign markets on which the nation depends, is a result of the state's reliance on those markets. Inflation causes a rise in the pricing of locally produced items and reduces their competitiveness in international markets, resulting in a reduction in exports. A drop in the cost of imported items relative to their domestic counterparts, whose prices have increased, increases imports. Imports result in an imbalanced trade balance and increased dependency on the outside world.

3. The Influence of Openness to Trade on Unemployment

The trade liberalization and trend toward trade openness define how this policy might boost employment prospects. Several research suggests that this approach can generate additional employment prospects. These nations' policies are built on labor-intensive activities, and as a result, they have attained strong growth rates, created employment possibilities, and increased wages. (Abdul Aziz, 2010).

Several studies have attempted to determine the causal connection between trade openness and unemployment. The most notable of these studies is the 1995 World Bank research, one of the most well-known studies that shed light on the link between trade openness and the labor market, based on the experiences of several countries in Asia, Africa, and Europe. As it established the crucial connection between economic growth and working conditions, it necessitates an increase in human and material capital investments to bring about changes in the structure of employment and a substantial productivity improvement. These nations should move toward adopting a strategy of increasing exports and expanding their domestic markets since doing so would have immediate beneficial effects on economic growth rates and subsequently improve labor demand. (Abdulaziz, 2010).

Secondly:- Analysis of Trade Openness Indices in Iraq

1. Indicator of the Degree of International Economic Exposure

Economic exposure represents the degree to which the Iraqi economy is open to the international economy, the amount to which foreign economic policies influence it, and its capacity to adopt economic policies relatively independently of foreign events.

Table 1: Shows the Value of Iraq's Exports, Imports and GDP for the Period 2003-2017 (Million Dollars)

year	export value	Import value	GDP at current prices	economic exposure%	Exports to % GDP	Imports to % GDP
2003	7990	9934	26.193	68.4	30.5	37.9
2004	18490	21405	36.267	110	50.9	59
2005	23697	20002	54.584	80	43.4	36.6
2006	30520	18708	74.911	65.7	40.7	24.9
2007	40448	16622	88.038	64.8	45.7	18.8
2008	63627	30171	130.204	72.1	48.9	23.1
2009	42405	32673	118.579	63.2	35.7	27.5
2010	54599	37328	144.867	63.4	37.6	25.6
2011	85635	40633	185.749	67.9	46.1	46.1
2012	94171	47799	218.023	65.1	43.1	21.8
2013	89792	49977	234.637	59.5	38.2	21.2
2014	89767	50447	228.490	61.3	39.2	22
2015	43441	39045	171.136	48.1	25.3	22.8
2016	40759	34279	172.478	43.5	23.6	19.8
2017	57559	38765	191.197	50.3	30.1	20.2

Source: Ali Ismail Abdul Majeed and Ali Imran Hussein Al-Taei, *Journal of Karbala University - Volume Sixteen - Issue Four 2018.*

The indication of the level of economic exposure outside of the Iraqi economy over the years is shown in Table 1 (2003-2017). The Iraqi economy has been exposed throughout the years, with its lowest point (43.5%) in 2016 and its maximum point (110%) in 2004.

The analysis of the growth of the indicator of the level of economic exposure to the outside world in the Iraqi economy demonstrates unequivocally that there is a high level of economic exposure to the outside world, which would have adverse effects and ramifications on the overall economic situation as well as on economic activity and its developments, making the Iraqi economy more susceptible to global economic fluctuations. The degree of enormous exposure rendered the Iraqi economy easy prey to the economic policies imposed by the advanced industrial nations that influence these countries, making it vulnerable to it and losing the ability to ameliorate its losses.

2. An Indicator of the Number of Exports Compared to the GDP

Exports show what kinds of goods can be made locally. They are also one of the most important ways to measure the volume or level of foreign trade. The higher the percentage, the better it will be for the trade balance. Due to Iraq's weak production capacity and lack of economic diversity, it can only export oil. This creates a significant imbalance in the structure of exports and makes the country less competitive in the international market. Changes in crude oil prices, which are not set by the country itself but are primarily based on the state of the global market, whether it is due to politics or something else, also make Iraq less competitive.

The Iraqi economy has been hurting for a long time because of a significant imbalance in how it works with the rest of the world. This is because of how oil exports have distorted the trade balance, the growing surplus in the trade balance and the balance of payments (which includes oil exports), and the worsening situation with the deficit (except for oil exports).

Going back to Table (1), we see that the value of Iraqi exports, especially oil exports, has gone up by more than 25%, which shows a high level of openness since the ratio of Iraqi exports to GDP has changed from 23.6% in 2016 to 50.9% in 2004.

That is, when the value of exports as a percentage of the gross domestic product is high, it shows how significant the global demand for a state's products is and how it directly affects the growth of the state's economy. It directly affects the number of exports and, in turn, the number of imports, as well as the national economy as a whole, if it needs to be taken into account and planned for. (Odeh, 2016).

3. An Indicator of the Number of Imports Compared to the GDP

Imports are just as crucial to the economy as exports. They are one of the most important ways to measure the level of economic development a country has reached through its foreign trade. Imported goods, whether for consumption or production, are one of the most important ways to do this. Imports also indirectly help raise national income rates by allowing the economy to get investment goods needed for production. (Barihi and Abdel Amir, 2017).

Looking at the numbers in Table (1), we can see that the ratio of Iraqi imports to GDP changed from a low of 18.8% in 2007 to 59% in 2004. This is a high percentage. It shows how open to trade Iraq's economy is and how much it depends on other countries' goods to meet its consumption and capital formation needs.

In this case, it is essential to point out that when imports are much bigger than exports, the gap in openness gets bigger. This affects the state's economy as a whole, which can make inflation rates seem to go up. Then it runs the risk of money leaving the country. So, its cash reserves are borrowed against, and its currency has moved into the area where it is losing value.

Lastly, it can be said that continuing with the policy of free imports will hurt the local product. This is especially true in light of the dumping policy, which has become the best teacher of the food business in Iraq to the point where Iraq is now one of the biggest importers in the region, which means that the rates of trade exchange (except for crude oil) are going against Iraq. The customs tariff system is expected to work within limits set by Iraq's agreements with the International Monetary Fund and the World Bank.

Conclusions

1. Globalization means increasing openness to market forces and international competition, ending state intervention processes, and implementing measures to eliminate financial imbalances in the overall economy.
2. The concept of trade openness, as stated by the International Monetary Fund, is the liberation of the external sector, which consists of the balance of current trade transactions and the balance of capital transactions, i.e.,

openness to the flows of goods, services, and capital, from foreign exchange, debt, debt and foreign exchange debts. and artistic

3. Since the occupation of 2003, Iraq has faced intractable economic crises, one after the other, which has led to the deterioration of its economy to lower levels. The failure of the economic experience during the past two decades is due to the cancerous spread of corruption and sectarian and sectarian control over the capabilities of the rich countries.
4. The optimum use of Iraqi oil and the non-recurrence of the waste and loss processes that this resource was subjected to previously, but instead use it to advance other sectors and make it a source of revenue for Iraq and not be satisfied with it as the only source of wealth and the need for the state to continue to own this sector and other productive fields not only for a constitutional reason but for its justifications Strategic and economic, as this industry is characterized by the integration of its natural resources in Iraq.
5. The effect of trade openness on GDP growth is positive. Trade openness to imports leads to the expansion, development, and modernization of the production base by providing the necessary means of production and benefiting from the effects of technology as a result of trade liberalization and increased exchange, which leads to stimulating national production through Motivating local producers to compete with foreign products, whether in local or foreign markets.
6. The analysis of the development of the indicator of the degree of economic exposure abroad in the Iraqi economy clearly shows that there is a large degree of economic exposure to the outside, and this would lead to adverse effects and repercussions on the general economic situation and on economic activity and its developments, which made the Iraqi economy more sensitive to fluctuations In addition to that, the high degree of exposure made the Iraqi economy an easy prey to the economic policies imposed by the advanced industrial countries.

Recommendations

1. The optimal exploitation of the oil resource and its revenues to develop the rest of the productive sectors, such as the industrial, agricultural, and service sectors, and the integration of these productive sectors with each other to serve the Iraqi economy as a whole.
2. Paying attention to the infrastructure to develop the productive sectors in a way that is reflected in the cost of production so that the local product can compete with imported foreign products, which are cheap and of poor quality in most cases.
3. Encouraging and motivating the private sector to participate actively and honestly in the productive sectors in order to participate in raising the economic growth rate in the country.
4. Putting customs restrictions on imported goods that compete with locally produced goods, that is, protecting the local product as stated in the charter of the World Trade Organization.
5. Successive governments endeavor to conclude bilateral agreements with neighboring countries and developed countries to serve the development of local production and attract foreign investments to gain expertise and compete with imported products.

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