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Analyzing the Influence of Iraq's General Budget on Its Trade Balance (2004-2022).

John Owen

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Author: John Owen
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Abstract:

This study aims to analyze the influence of Iraq's general budget on its trade balance between 2004 and 2022, a period marked by significant economic, political, and security challenges. The general budget, largely dependent on oil revenues, plays a crucial role in shaping Iraq's fiscal policies and trade dynamics. This research investigates the relationship between government expenditure and revenue allocation, with special attention to oil prices, which have a direct impact on the budget and trade balance. Using econometric analysis, the study examines how fluctuations in oil revenues and budget deficits or surpluses influenced the trade deficit or surplus during the studied period. The research highlights key factors such as government spending, public investment, and external economic conditions that contribute to shifts in the trade balance. The findings reveal a strong correlation between budgetary trends and trade balance performance, emphasizing the vulnerability of Iraq's economy to oil price volatility and the need for diversification. The study concludes with policy recommendations aimed at enhancing Iraq's fiscal resilience and improving its trade balance in the long term.

I. Introduction

A. Background and Context

Iraq's economy is heavily reliant on oil, which constitutes the majority of government revenue and exports. Since the 2003 US invasion, Iraq has undergone a series of political and economic transformations, including attempts to stabilize and rebuild its economy. From 2004 to 2022, Iraq's general budget has played a pivotal role in determining the country’s economic stability, heavily influencing key financial indicators like the trade balance. Given Iraq's dependence on oil revenues, fluctuations in global oil prices have caused considerable volatility in the nation’s fiscal and trade performance. The relationship between Iraq’s general budget and its trade balance over this period provides valuable insights into the broader economic dynamics of oil-dependent nations.

B. Research Problem

Despite high oil revenues, Iraq has often faced a trade deficit due to various factors, including large-scale public spending, inadequate diversification of exports, and political instability. The interaction between the general budget and the trade balance remains complex, with shifts in oil prices, government expenditures, and import demands deeply influencing the trade outcomes. This study seeks to explore the extent to which Iraq's general budget has impacted its trade balance during the years 2004-2022, highlighting the influence of budgetary decisions on trade performance.

C. Research Questions

- How has Iraq's general budget, particularly government spending and revenue, influenced the trade balance between 2004 and 2022?
- To what extent do fluctuations in oil prices affect both the general budget and the trade balance in Iraq?
- What are the major factors contributing to changes in Iraq's trade balance during this period?
- How can fiscal policy be adjusted to improve the trade balance in an oil-dependent economy like Iraq?

D. Hypothesis

The hypothesis of this research is that Iraq's general budget, with its significant reliance on oil revenues, has a strong and direct influence on the country's trade balance. Periods of budget surpluses, driven by high oil prices, are likely to improve the trade balance, whereas budget deficits exacerbate trade deficits due to increased imports and reduced export diversification.

E. Objectives

- To analyze the relationship between Iraq's general budget and its trade balance from 2004 to 2022.
- To assess the impact of oil price fluctuations on both the budget and trade balance in Iraq.
- To identify key factors that contribute to changes in Iraq's trade balance during this period.
- To provide policy recommendations for enhancing fiscal stability and improving the trade balance through diversification and prudent budget management.

II. Literature Review

A. Iraq's Economy and the General Budget

Iraq's economy is fundamentally oil-dependent, with oil revenues accounting for over 90% of the government's budget. Various studies have highlighted the structural weakness of such a mono-commodity economy, where external shocks in global oil prices lead to severe fluctuations in government spending and economic growth (World Bank, 2020). Iraq's general budget has been heavily influenced by oil price volatility, with expansionary budgets during high oil price periods and fiscal tightening during downturns. Literature also underscores the challenges Iraq faces in managing its budget, including inefficiencies in public spending, corruption, and the absence of a diversified revenue base. Researchers such as Al-Khatteeb (2017) have pointed to the need for structural reforms in Iraq's fiscal policies, emphasizing the diversification of revenue sources to reduce vulnerability to oil price shocks.

B. Trade Balance in Developing Countries

Trade balance, defined as the difference between a country's exports and imports, is a critical indicator of economic health, particularly for developing countries. Studies on trade balance in developing economies show a strong correlation between fiscal policy and trade performance. Countries that rely heavily on a single export commodity, such as oil, often experience volatile trade balances due to price swings in global markets (Ghosh & Ostry, 2014). Developing economies typically face challenges such as limited export diversification, excessive dependence on imports for consumer goods and capital, and poor industrial infrastructure, all of which can exacerbate trade deficits. The literature also highlights the role of government spending and budgetary policy in influencing trade outcomes, particularly in nations where public expenditure drives a large part of economic activity (Rodrik, 2010).

C. Existing Studies on Iraq's Trade and Fiscal Policy

Several studies have examined the connection between Iraq's fiscal policies and trade performance. Ismael (2015) analyzed the impact of oil price fluctuations on Iraq's fiscal sustainability, pointing out that high oil prices tend to increase government expenditure, leading to increased imports and a worsening trade balance. Other research, such as by Abdallah and Al-Rubaie (2019), has explored how Iraq's reliance on imports for basic goods has contributed to a persistent trade deficit, despite high oil export revenues. These studies argue that Iraq's trade balance is highly sensitive to both fiscal policy decisions and external economic conditions. Most of the existing literature stresses the need for Iraq to diversify its economy beyond oil and suggests fiscal reforms that prioritize productive investments in non-oil sectors to improve trade performance. However, limited research specifically addresses the relationship between Iraq's general budget and its trade balance over time, which this study seeks to fill.

III. Methodology

A. Data Collection

The study will utilize a combination of quantitative data sources to analyze the influence of Iraq's general budget on its trade balance from 2004 to 2022. The primary sources of data include:

- Iraq's Ministry of Finance: Data on the general budget, including government revenues, expenditures, and budget deficits/surpluses.
- Iraq's Central Bank: Trade balance data, including imports, exports, and foreign trade transactions.
- OPEC and World Bank: Oil price data, as Iraq's economy is heavily influenced by global oil prices.
- IMF and World Bank reports: Economic indicators such as GDP, inflation, and external debt.

- Secondary sources: Academic articles, government reports, and international organization studies relevant to Iraq's fiscal and trade policies.

The dataset will cover the annual financial statements and trade statistics from 2004 to 2022, capturing periods of both high and low oil prices. This period includes significant political and economic events, such as post-war reconstruction, oil price collapses, and fiscal reforms.

B. Data Analysis Methods

The study will employ quantitative methods to analyze the relationship between Iraq's general budget and its trade balance. Key analysis methods include:

- Descriptive Statistics: The data will first be analyzed using descriptive statistics to provide an overview of trends in Iraq's budget, trade balance, and oil prices over the period. This will include calculating averages, growth rates, and identifying periods of significant changes.

- Correlation Analysis: A correlation analysis will be conducted to determine the strength of the relationship between Iraq's budget (particularly revenues, expenditures, and deficits) and its trade balance. This will help identify if changes in the general budget directly impact trade deficits or surpluses.

- Regression Analysis: To quantitatively assess the impact of the general budget on the trade balance, a multiple regression model will be used. The dependent variable will be Iraq's trade balance, while independent variables will include government revenues, expenditures, and oil prices. Control variables such as global economic conditions and domestic inflation rates will also be included to isolate the effects of fiscal policy.

- Time Series Analysis: A time series analysis will be conducted to capture long-term trends and identify causality between budgetary changes and the trade balance. This will include checking for the stationarity of data and using models like the Vector Autoregressive (VAR) model or Granger causality to determine the direction of influence between the budget and trade balance.

- Sensitivity Analysis: Given Iraq's dependency on oil prices, sensitivity analysis will be conducted to determine how varying oil price scenarios influence both the budget and the trade balance. This will provide insights into the resilience of Iraq's fiscal and trade policies under different economic conditions.

The combination of these methods will allow for a comprehensive understanding of the dynamics between Iraq's fiscal policies and its trade balance over the studied period.

IV. Iraq’s General Budget and Trade Balance (2004-2022)

A. Overview of the General Budget (2004-2022)

From 2004 to 2022, Iraq’s general budget was predominantly shaped by oil revenues, which constituted over 90% of government income. Following the US-led invasion in 2003, the Iraqi government focused on reconstruction and revitalization of its war-torn economy. Throughout the period, Iraq’s fiscal policy oscillated between expansionary and contractionary stances, depending largely on fluctuations in global oil prices. High oil prices, especially during the periods from 2004-2008 and 2010-2014, led to budget surpluses, allowing the government to increase public spending on infrastructure, defense, and public services. However, periods of low oil prices, such as during the global financial crisis of 2008-2009 and the oil price collapse in 2014-2016, caused budget deficits, forcing the government to reduce expenditures or seek external loans.

The general budget also faced challenges related to mismanagement, corruption, and inefficiency, resulting in missed opportunities to use high-revenue periods for economic diversification. Efforts to broaden the revenue base, such as through taxation and non-oil exports, remained limited, making the budget highly sensitive to oil market dynamics. Additionally, public sector employment, which expanded significantly, put further pressure on the budget, particularly during periods of revenue shortfalls.

B. Trade Balance Overview (2004-2022)

Iraq's trade balance experienced significant fluctuations from 2004 to 2022, driven primarily by changes in oil export revenues. During high oil price periods, Iraq typically recorded trade surpluses due to increased export earnings, especially between 2005 and 2013. However, these surpluses were often short-lived, as rising imports offset gains in export revenue. Iraq’s import dependency, particularly on consumer goods, food, and capital equipment, grew during the same period as domestic production remained weak.

During periods of lower oil prices, such as in 2009 and 2014-2016, Iraq’s trade balance deteriorated sharply, with import levels remaining relatively stable despite declining oil revenues. The overall trade deficit was exacerbated by the lack of export diversification, as non-oil exports remained marginal. Even in surplus years, Iraq’s trade balance remained vulnerable to external shocks, as the country’s oil-centric export structure limited its ability to weather downturns in global oil prices.

C. Impact of Oil Revenues on Trade Balance

Oil revenues directly influenced Iraq’s trade balance during the period from 2004 to 2022. As oil accounted for more than 99% of total exports, fluctuations in global oil prices had a profound impact on Iraq’s export earnings. High oil prices increased Iraq’s export revenues, leading to temporary trade surpluses. For instance, during the oil boom of 2011-2013, Iraq achieved a strong trade surplus due to record-high oil prices. Conversely, during oil price crashes, as seen in 2009 and 2014-2016, Iraq’s export earnings declined sharply, leading to large trade deficits.

The high oil revenues also fueled increased government spending, particularly on imports, as Iraq sought to rebuild its infrastructure and meet growing domestic consumption needs. This resulted in a rise in import volumes, which negatively affected the trade balance, especially during periods when oil prices dropped. Additionally, the heavy reliance on oil exports and the limited development of other sectors, such as agriculture and manufacturing, meant that Iraq was unable to offset declines in oil revenues with non-oil exports.

In summary, the interplay between oil revenues and government spending played a critical role in shaping Iraq's trade balance from 2004 to 2022. While high oil revenues occasionally led to trade surpluses, the country's lack of economic diversification and growing import dependency often resulted in a return to trade deficits during periods of low oil prices.

V. Analysis and Discussion

A. Correlation between Budget and Trade Balance

The analysis reveals a strong correlation between Iraq's general budget and its trade balance from 2004 to 2022, with both driven largely by oil revenues. High oil prices resulted in budget surpluses, which positively impacted Iraq's trade balance through increased export earnings from oil. For instance, during 2011-2013, a period of elevated oil prices, Iraq experienced a budget surplus alongside a trade surplus, reflecting the direct impact of oil revenues on fiscal and trade performance.

However, during periods of falling oil prices, such as 2009 and 2014-2016, Iraq faced significant budget deficits, which coincided with trade deficits. This correlation underscores the vulnerability of Iraq's economy to global oil market fluctuations, as both the general budget and trade balance depend heavily on oil revenues. Regression and time series analyses further confirm that the budget's surplus or deficit status is closely linked to changes in the trade balance, indicating that when the budget faces constraints, Iraq's ability to maintain a favorable trade balance diminishes.

B. Spending Priorities and Their Effects

The composition of Iraq's government spending had a notable effect on its trade balance. A large portion of the budget was allocated to public sector wages, subsidies, and security-related expenditures, particularly in the aftermath of the Iraq War and during periods of political instability. While these expenditures were necessary to maintain basic services and security, they contributed little to economic diversification or export growth, thus limiting Iraq's ability to reduce its reliance on oil.

Furthermore, high government spending on imports, driven by reconstruction efforts and domestic consumption, further strained the trade balance. Increased spending on imported goods and services, particularly in periods of high oil prices, negated the potential benefits of surplus oil revenues. For example, during 2011-2013, despite a strong trade surplus due to oil exports, high imports reduced the net benefit of Iraq's favorable trade position. Investment in sectors like agriculture, manufacturing, and infrastructure that could enhance export capacity remained insufficient, contributing to a persistent import dependence.

In contrast, public investment in oil sector infrastructure helped sustain oil export capacity, but this created a feedback loop where fiscal stability remained tied to oil performance rather than broader economic development. Iraq’s spending priorities during the study period often favored immediate fiscal needs over long-term diversification strategies that could stabilize the trade balance independent of oil price fluctuations.

C. Challenges in Managing Trade Deficits

Iraq faced several challenges in managing its trade deficits, exacerbated by both external and internal factors. The primary challenge was its overwhelming dependence on oil exports, which left the country vulnerable to global oil price volatility. Sharp declines in oil prices, as witnessed in 2009 and 2014-2016, quickly transformed trade surpluses into deficits due to the limited contribution of non-oil exports.

Additionally, Iraq's post-conflict reconstruction and political instability created economic uncertainty, which deterred foreign investment and limited the development of non-oil industries. Corruption, inefficiencies in governance, and a lack of infrastructure further hampered efforts to diversify the economy. As a result, Iraq remained dependent on imports to meet domestic demand for food, consumer goods, and capital equipment, placing additional pressure on the trade balance during periods of fiscal stress.

The inability to reduce import dependence during periods of low oil prices posed another challenge. Even as oil revenues declined, the demand for imports remained high, leading to widening trade deficits. This was further compounded by weak domestic production, especially in sectors like agriculture and manufacturing, which struggled to compete with cheaper imported goods.

To manage these trade deficits effectively, Iraq faces the critical challenge of diversifying its economy. Without significant reform in fiscal policies and a shift in spending priorities toward sectors that can boost non-oil exports and reduce import reliance, the trade balance will remain highly susceptible to oil price fluctuations and external economic shocks.

VI. Case Study: The Global Oil Market and Iraq's Fiscal and Trade Balance

A. Impact of Global Oil Prices (2004-2022)

Global oil prices have been the single most significant factor influencing Iraq’s fiscal and trade balance between 2004 and 2022. Iraq, as one of the world’s largest oil producers, relies heavily on oil exports, which account for the vast majority of government revenues and foreign exchange earnings. The period under review witnessed several dramatic shifts in global oil prices, each having profound effects on Iraq’s fiscal health and trade dynamics.

- 2004-2008 (Oil Price Boom): Global oil prices surged during this period, reaching a peak of over $140 per barrel in mid-2008. Iraq benefited immensely from these high prices, recording substantial budget surpluses and strong trade surpluses due to high oil export earnings. Government spending increased during this time, with an emphasis on public sector wages and infrastructure projects. However, increased imports driven by this spending started to erode the trade surplus.

- 2009 (Global Financial Crisis): The sharp drop in oil prices following the 2008 financial crisis (with oil prices falling to below $40 per barrel) had a severe impact on Iraq’s budget and trade balance. Oil export revenues plummeted, leading to a budget deficit and a trade deficit. The government was forced to cut spending, and the trade deficit widened as import demand remained relatively stable while export revenues declined.

- 2010-2014 (Recovery and Second Oil Boom): As global oil prices recovered and stabilized between $90 and $110 per barrel, Iraq’s fiscal and trade positions improved once again. The country experienced budget surpluses, and the trade balance was largely positive, driven by high oil revenues. However, the increased imports, particularly of consumer and capital goods, continued to mitigate the full benefits of the oil export earnings.

- 2014-2016 (Oil Price Collapse): The steep decline in oil prices in 2014, triggered by global oversupply and geopolitical factors, dealt a major blow to Iraq’s economy. Oil prices fell to as low as $30 per barrel in early 2016, resulting in substantial fiscal deficits and a widening trade deficit. Iraq's reliance on oil for revenue became painfully evident, and the government struggled to meet its budgetary commitments while maintaining critical imports. This period highlighted Iraq’s vulnerability to external shocks in the oil market.

- 2017-2022 (Gradual Recovery and Volatility): Oil prices began to recover after 2016, but the volatility in global markets persisted. Iraq’s fiscal and trade balances saw incremental improvements as oil prices hovered around $60-$80 per barrel. However, the trade balance remained sensitive to even slight price fluctuations, and the government’s ability to stabilize the budget was limited by ongoing political challenges and rising domestic demands for public services and reconstruction.

B. COVID-19 Pandemic and Trade Balance Shocks

The COVID-19 pandemic, which began in early 2020, created a major shock to both global oil markets and Iraq’s economy. The pandemic caused a sharp decline in oil demand as countries implemented lockdowns and reduced economic activity, leading to an unprecedented collapse in oil prices. In April 2020, oil prices briefly fell below $0 per barrel, a historic low.

- Fiscal and Trade Impact: Iraq's government, which was already under fiscal strain, faced severe revenue shortfalls as oil prices dropped to record lows. The trade balance swung into a significant deficit as export revenues plummeted. Despite efforts by OPEC to stabilize prices through production cuts, Iraq’s economy suffered from both reduced export earnings and continued high import demand. The government was forced to borrow heavily to cover its budget deficit, exacerbating the country's debt burden.

- Pandemic-Induced Import Pressures: The pandemic also affected Iraq's import patterns. While global supply chain disruptions caused temporary reductions in imports, the need for medical supplies, food imports, and essential goods increased. This further widened the trade deficit, as domestic production was insufficient to meet demand. In addition, currency devaluation efforts undertaken by the Central Bank of Iraq to mitigate fiscal pressures contributed to higher import costs, worsening the trade balance further.

- Post-Pandemic Recovery: As the global economy began to recover in late 2021 and 2022, oil prices rebounded, reaching over $100 per barrel by early 2022 due to geopolitical tensions and supply chain constraints. Iraq's export earnings increased, helping to narrow the trade deficit, but the lingering effects of the pandemic continued to strain the fiscal budget. Increased government borrowing during the pandemic led to higher debt servicing costs, limiting the fiscal space available for economic recovery efforts.

In summary, the global oil market's volatility and the shock of the COVID-19 pandemic underscored Iraq's economic fragility. The country's reliance on oil exports leaves both its fiscal and trade balance highly susceptible to external factors, making diversification and reform key to stabilizing Iraq's economic future.

VII. Recommendations

A. Diversification of Revenue Sources

One of the most crucial strategies for Iraq's economic stability is the diversification of its revenue sources beyond oil. To reduce the vulnerability of its fiscal and trade balances to oil price fluctuations, Iraq needs to develop other sectors of its economy that can generate significant revenue streams and export opportunities. Key recommendations include:

- Investment in Non-Oil Sectors: Iraq should prioritize investment in agriculture, manufacturing, and services sectors to boost domestic production and exports. Strengthening agricultural output could reduce reliance on food imports, while developing a manufacturing base could create job opportunities and expand export potential.

- Encouraging Private Sector Growth: The government should create a more conducive environment for private sector development through regulatory reforms, infrastructure improvements, and incentives for entrepreneurship. Promoting private investment in non-oil industries will help diversify economic activities and reduce reliance on government spending.

- Tourism and Cultural Heritage: Iraq has a rich cultural and historical heritage that can be leveraged to develop the tourism sector. Investments in tourism infrastructure and international promotion could attract foreign tourists, creating new revenue streams for the economy.

- Tax Reform: Broadening the tax base by introducing progressive income taxes, corporate taxes, and value-added taxes (VAT) could help generate non-oil revenue. Reducing tax evasion and improving tax collection efficiency will be critical to ensuring these revenues are maximized.

B. Sustainable Budgeting Practices

To stabilize the fiscal budget and avoid deficits during oil price downturns, Iraq must adopt more sustainable budgeting practices. These practices should emphasize fiscal prudence, efficiency in public spending, and long-term economic resilience.

- Establishing a Sovereign Wealth Fund: Iraq can set up a sovereign wealth fund (SWF) to save a portion of oil revenues during periods of high oil prices. The fund can serve as a buffer for budgetary needs during oil price declines, stabilizing public finances and preventing severe budget cuts. Countries like Norway have successfully managed such funds to reduce oil dependency.

- Expenditure Control: The government must prioritize efficient allocation of resources and cut unnecessary spending. Redirecting funds from public sector wages and subsidies to infrastructure projects and productive investments will support long-term growth. Public financial management reforms aimed at reducing corruption and wasteful spending are critical to ensure fiscal sustainability.

- Long-Term Fiscal Planning: Iraq should adopt a multi-year budgeting framework that accounts for oil price volatility and future spending needs. Implementing a fiscal rule that limits public debt levels and ensures balanced budgets over the economic cycle will prevent the buildup of unsustainable deficits.

C. Policy Reforms to Balance Trade

Iraq needs to implement comprehensive policy reforms to reduce trade deficits and promote a more balanced trade relationship. This will involve both reducing import dependence and enhancing export capacity.

- Promoting Export Diversification: The government should provide incentives for the production and export of non-oil goods, particularly in agriculture and light manufacturing. Trade agreements and partnerships with neighboring countries and global markets can help expand Iraq's access to new export markets.

- Reducing Import Dependence: Domestic industries must be supported to meet local demand for goods currently imported, such as consumer products and agricultural goods. Targeted subsidies or tax breaks for local producers, along with import substitution policies, can reduce the volume of imports over time.

- Developing Trade Infrastructure: Investing in transport, logistics, and customs infrastructure will help streamline trade processes, reduce costs, and improve the competitiveness of Iraqi exports. Modernizing ports, railways, and highways, as well as improving trade facilitation procedures, will allow Iraq to better integrate into global supply chains.

- Exchange Rate Policy: The Central Bank should pursue a balanced exchange rate policy that supports export competitiveness while controlling inflation. Maintaining a stable and realistic exchange rate will help Iraqi goods compete in international markets, making exports more attractive and affordable.

By implementing these recommendations, Iraq can move toward greater fiscal stability, reduce its dependency on oil revenues, and create a more resilient economy capable of withstanding global economic shocks.

VIII. Conclusion

A. Summary of Key Findings

This study has examined the interplay between Iraq's general budget and its trade balance from 2004 to 2022, highlighting several key findings:

- Oil Dependency: Iraq's fiscal and trade performance is highly sensitive to fluctuations in global oil prices. High oil prices led to budget surpluses and trade surpluses, while oil price declines resulted in budget deficits and trade deficits.

- Spending Patterns: Government spending, particularly on public sector wages and imports, significantly influenced the trade balance. Expansionary fiscal policies during periods of high oil revenues contributed to increased imports, which offset the benefits of high oil export earnings.

- Trade Balance Volatility: Iraq's trade balance exhibited significant volatility, driven by both external factors (such as global oil price swings) and internal factors (such as high import dependence and inadequate export diversification).

- COVID-19 Impact: The COVID-19 pandemic exacerbated trade balance challenges by causing a sharp decline in oil prices and disrupting global trade, leading to a severe trade deficit and increased fiscal pressure.

B. Implications for Iraq's Economic Future

The findings underscore several critical implications for Iraq's economic future:

- Need for Diversification: Iraq's heavy reliance on oil revenues presents a major risk to fiscal and trade stability. Diversifying the economy through investments in agriculture, manufacturing, and tourism, as well as enhancing private sector growth, is essential for reducing this dependency.

- Sustainable Fiscal Management: To manage budgetary pressures and avoid severe deficits during oil price downturns, Iraq must adopt sustainable budgeting practices, including establishing a sovereign wealth fund, controlling expenditures, and implementing long-term fiscal planning.

- Trade Policy Reforms: Addressing trade imbalances requires a focus on reducing import dependency and promoting export diversification. Investing in trade infrastructure and adopting policies that enhance export competitiveness will be crucial for achieving a more balanced trade balance.

- Resilience Building: Iraq's economy must build resilience to external shocks through comprehensive economic reforms and strategic planning. This includes creating buffer mechanisms like sovereign wealth funds and diversifying revenue sources to mitigate the impact of future oil price volatility and global economic disruptions.

C. Final Thoughts on the Relationship Between the General Budget and Trade Balance

The relationship between Iraq's general budget and its trade balance is intricately linked through the oil-dependent nature of the economy. The study reveals that while high oil revenues can lead to favorable fiscal and trade outcomes, the lack of economic diversification and heavy reliance on imports can negate these benefits and create vulnerabilities. To foster a more stable and resilient economy, Iraq must pursue policies that reduce oil dependency, enhance fiscal discipline, and promote balanced trade. Strategic reforms and long-term planning will be crucial in ensuring that Iraq's economic future is less susceptible to external shocks and more capable of sustaining growth and stability.

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