

Foreign Trade Shocks and the Possibilities of Reducing their Repercussions on the Iraqi Economy for the Period (2005-2020)¹

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ABSTRACT

The research focuses on the issue of foreign trade shocks to which the Iraqi economy is exposed as a result of the dependence of its export structure on one sector and one commodity, and the negative aspects that this leads to related to maintaining its economic stability and achieving acceptable growth rates in it. The reality of foreign trade and the nature of trade shocks affecting the Iraqi economy have been analyzed. A set of strategies and policies have been developed that can mitigate the severity of trade shocks by diversifying the structure of exports, enhancing national production capabilities, and adopting successful and coordinated trade policies. Based on that, a research hypothesis was developed that was compatible with the research problem, and results and recommendations were made that were consistent with the goal of the research and to prove its hypothesis.

Keywords: *trade shocks; foreign trade; the Iraqi economy; mono exports.*

INTRODUCTION

Foreign trade is a major and essential joint in achieving economic growth at the global and local levels for all countries of the world. There are some problems associated with this matter, which is unilateral exports to some countries and the resulting violent trade shocks, causing suffocating economic crises for the economies concerned. These trade shocks find their image in the fluctuation of the prices of exported commodities in the international market, which leads to a fluctuation in the financial revenues derived from them, and the fluctuation in export quantities is a result of different circumstances, when there were problems in the production and shipping platforms. In addition to the unilateralism and concentration of exports to one country or a limited number of countries, and the attendant possibility of a lack of political understanding with this importing country or those of other countries, which thus also affects the volume of exports. The Iraqi economy is at the forefront of countries suffering from the phenomenon of foreign trade shocks because of its dependence on exports of one commodity, which is crude oil. These trade shocks affected the gross domestic product in the Iraqi economy between frequent periods of time that were characterized by continuity along the graph when world oil prices fell. Of course, this matter affected the revenues of the state's general budget and on investment and operational spending within the country. Economic diversification policies to expand the structure of exports, increase the number of exporting countries, and strengthen the industrial and agricultural private sector, are important tools to improve the rates of trade exchange in Iraq and reduce the degree of diversification and trade concentration based on their standards, in order to achieve the goal of mitigating external trade shocks.

RESEARCH PROBLEM

The Iraqi economy suffers, between frequent periods of time, from external trade shocks, due to the almost complete dependence of its exports on crude oil, and the attendant problems related to the fluctuation of the international oil market in terms of prices and quantities required and offered, and this negatively affected the growth rates of the national economy. It hinders the development trends of its economic sectors.

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