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## The Effects of Foreign Trade on Economic Growth: A Comparative Study

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### Abstract

Foreign trade has an influential role in economic growth, and this is represented in both exports, which is the process that Through it, surplus goods are exported to various countries, and capital and intermediate goods are imported Consumer and primary goods, as capital, intermediate and primary goods are used to achieve an increase in domestic product As for durable and non-durable consumer goods, they are used to meet the growing domestic demand For most countries of the world. This study aims to analyze indicators foreign trade in Iraq and Saudi Arabia, for the period 2003-2022.

To reach the objectives of the study and prove its hypothesis, the descriptive analysis method was adopted for the data which related to Iraq and Saudi Arabia, as well as the analysis econometrics model impact of foreign trade on the economic growth comparative study the study concluding: in Iraq The results showed that merchandise exports have a direct and significant impact on output, Long-term relationship: It showed that the relationship between merchandise exports and imports and the total labor force It has a positive and significant relationship with the gross domestic product, while the inflation rate has an inverse and significant relationship Significant. In the Saudi Arabia The results showed that merchandise exports have a direct impact on the GDP, but they are not significant Significance level, The long-term relationship: It was found that the relationship between commodity exports and imports, the inflation rate, and output The gross domestic product is related to a positive but insignificant relationship, while the global forces are related to a positive relationship. And significant with GDP.

**Keywords:** Foreign Trade, Foreign Trade Policy, Freedom of Trade Policy, Trade Protection Policy.

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## **First: Introduction, Study Problem, Methodology, Hypothesis, the Importance of Studying, Purpose of the Study**

### **1. Introduction:**

Foreign trade has an influential role in economic growth, and this is represented in both exports, which is the process that Through it, surplus goods are exported to various countries, and capital and intermediate goods are imported Consumer and primary goods, as capital, intermediate and primary goods are used to achieve an increase in domestic product As for durable and non-durable consumer goods, they are used to meet the growing domestic demand For most countries in the world, including Iraq.

The economies of many countries of the world have witnessed fluctuations in economic growth, and this is one of their features Countries at all levels and degrees of development in the twentieth century and the beginning of the first two decades of the first century Twenty years, as the issue of economic or commodity diversification takes on special importance in those decades of the two centuries after If countries, especially oil-producing ones, realize that their dependence on a unilateral resource directly affects The economy, therefore, diversifying the productive and economic base is one of the basic goals of achieving growth and development. economic growth, which requires confronting challenges, difficulties and crises, addressing them and developing policies Productivity and economic measures that aim to restructure the economic and commodity production structure and improve the level of Efficiency of commodity economic sectors Including the industrial and agricultural sectors to diversify sources of income and revive production Locally, achieving economic developments that lead to an increase in the rate of economic growth, which has been proven by the experiences of other countries Multiple, especially (Saudi Arabia), to reflect ambitious future visions aimed at diversification Economy and national income.

### **2. Study Problem:**

It can be summed up by the fact that the countries sampled for the study are similar to each other in that they are countries with reinter economies that depend on oil As an important resource that constitutes a high percentage of its exports, in addition to its dependence on imports from Abroad, being at the beginning of the path of economic diversification. Hence the importance of knowing the extent of the impact of foreign trade for these countries in economic growth. In light of this problem, the following questions arise for us: To what extent can foreign trade affect economic growth in the Kingdom Saudi Arabia and Iraq? Are these oil-producing countries at the same level of economic diversification? or do they differ greatly on the issue of economic diversification? Do these countries differ in the effect of their imports on economic growth? (Is there a moral relationship?)The impact and directness between imports to these countries and their gross domestic product?).

### **3. The Importance of Studying:**

The importance of the study is represented by focusing on analyzing inductor of foreign trade and its

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effects on Economic growth Iraq and similar economies, such as Saudi Arabia, during the specified period of time, as characterized Its commodity exchanges in dealing with various countries of the world to meet these countries' demand for oil, in addition to its openness It must increase its need for commodity and capital exports.

#### 4. Pervious Study:

Jaber's study (2016) explained the impact of foreign trade on economic growth and development in Palestine. For the period (1995-2012): The study examines the effect of foreign trade (exports & imports) of goods on Economic growth through (Gross Domestic Product) as well as its impact on economic development through (share Per capita GDP) also uses the causal method of foreign trade, economic growth and development In Palestine for the period (1995-2012). The study found a significant effect of import growth on economic growth, while export growth did not Imports per capita GDP It affects, even if it is positive, as it showed a moral effect the causality test was in one direction for imports on GDP (economic growth) and development. (Per capita GDP) on imports and the insignificant causality of exports and growth Economic.

Study by Zhaohua, Fatema, Islam Monirul, tagged (2017) Trade from to achieve the Sustainable Development Goals (The study aims to determine the impact of trade policy across two important sustainable development goals: Reducing poverty and income inequality in emerging economies. The study finds that trade facilitation as trade policy measures significantly reduces poverty As measured by the ratio of the number of poor people and the poverty gap at (1.90) dollars per day, it is noted that the average income The per capita population increases to 20% of the population in an emerging economy, while trade policy measures increase the number of people Income equality in these economies.

#### 5. Purpose of the Study:

The study aims to explain indicators of direction the change of foreign trade in Iraq and the economies of oil-producing countries A similar example is Saudi Arabia, with a focus on the econometrics analysis of the effect of foreign trade on its economic growth for the period 2003-2022.

#### 6. Study Hypothesis:

The study is based on the hypothesis that foreign trade did not affect as required to economic growth In Iraq and the Kingdom of Saudi Arabia during the study period.

#### 7. Study Methodology:

The study adopted both descriptive and quantitative methods, and the first included descriptive analysis of data taken from the bank International and other official sources for the study sample countries. The second is the quantitative method and analyze its results within Iraq and Saudi Arabia.

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## Second: the Theoretical Aspect of Foreign Trade and Economic Growth

At this point, the main concepts of foreign trade and trade policy, as well as growth, will be discussed. The economy and its various concepts and theories, as well as taking into account foreign trade with its two sides, exports and imports. Their relationship to economic growth, the reference presentation of previous studies, the location of our current study and what it was different and distinct from it.

### 2.1 Main Concepts and Foreign Trade Policies:

At this point, the various concepts of foreign trade will be discussed, as well as the most important influencing factors. Therein, as well as focusing on foreign trade policies and recent developments therein, as follows:

#### 2.1.1: The Basic Concepts:

Foreign trade appeared since ancient times, but it was the industrial revolution that began in Britain. The middle of the eighteenth century was its important beginning, as there was an urgent need for raw materials for sustainability. Production, which increased thanks to industrialization using mechanization, increased production, and the need for markets emerged for the disposal of surplus products, and from here began the idea and intentions of colonizing countries to be markets for the disposal of surpluses. Production and obtaining raw materials, and the development of foreign trade in the current era is attributed to the development of all aspects of life, especially means of transportation, beginning and ending with scientific and technological development. And policy development. Financial and monetary issues. (Al-Ashqar, 2017).

There are two facts that explain why foreign trade contributes to raising the standard of living. The first explains that not every country has the same capabilities that are sufficient to produce all goods and services, and our world today is a world of extremes. Diversity: some countries are rich in their resources and others are poor in their resources. In addition, some countries rich and poor have different things, but the second fact is due to different environmental conditions and production costs many goods from one country to another (Al-Shamsi, 2011).

**The Foreign Trade Sector is Also Important in the Economic Activity of Any Country through the Following Areas:**

#### 1. Economic Field: Foreign Trade in the Economic Field Seeks to Achieve the Following (W. Sprenkle. L. & Sawyer, 2015):

- a. Obtaining goods and services at the lowest cost, in accordance with the principle of stimulating the export sector through specialization, which is the basis for establishing foreign trade.
- B. Disbursing surplus production of goods and services to achieve additional financial resources of foreign exchange encourages increased investment.
- c. Building highly efficient economies by taking advantage of information technology and

technological progress.

- e. Foreign trade is a criterion for a country's productive and competitive ability in the international market through exports and its level of income, as well as its ability to import, and a statement of the impact of this on the country's balance of foreign transactions.

## 2. The Social Field:

- a. Changes in the economic structure lead to changes in the social structure.
- b. Obtaining the best findings of science, technology and information technology at reasonable prices through foreign trade.
- c. The direct impact of foreign trade on consumers and investors.

### **The State Seeks to Achieve A Set of Goals Through Its Foreign Trade When It Enters Into Commercial Exchange. It Is As Follows (Heshmati & Sun, 2010):**

- a. Generating revenues for the state's public treasury by exporting goods and services across borders, provided that they are The price elasticity of demand is low.
- b. Benefiting from surplus production, because exporting leads to an increase in national product, which is reflected in Employment situation, generating additional income, as well as providing basic goods.
- c. Substituting imports. This goal is linked to cost, as if the goods can be produced locally at lower costs It is reasonable that it will meet the need of local demand and the surplus will be exported abroad, as for the goods that are expensive to produce It is higher than the cost of importing it, so it is imported from abroad, and this is the case in most developing countries
- d. Transferring technology and technology to build and restructure infrastructure and change its public policies by benefiting from it by narrowing the gap between developed and developing countries.

#### **2.1.2: Factors Affecting Foreign Trade:**

Concerned studies in the field of foreign trade have indicated the presence of several factors that directly and indirectly affect it, namely relative superiority in some branches of production and their high production efficiency. Whenever a country enjoys relative superiority and high efficiency in some industries, this would support its trend toward specialization and expansion in this industry and increase its exports. In addition to transportation costs and ease of transportation in the country those with good and low-cost transportation to their homes and other countries have an increased volume of trade compared to them other countries are inferior in this regard.

The theories also gave important consideration and an effective role to the demand side, especially the (Linder theory), which is considered the most important and famous, as it is based on two assumptions: that the probability of a country exporting a commodity increases with the availability

of The local markets for the commodity and that the group of commodities present in those markets depends on the per capita income rate.

We conclude from the above that in the real world, trade occurs due to a combination of all these different reasons, as each presents The model only glimpses some of the influences that may arise, and therefore entails that we expect a mix of outcomes The different models that are presented in different models are the true description of the real world, as all theories are Foreign trade, which gave a theoretical and philosophical explanation for the reasons for the establishment of foreign trade, has all been agreed upon The variation and difference in the costs of producing different goods and services is the main reason for the establishment of trade Foreign affairs between different countries of the world.

### 3. Foreign Trade Policies:

The trade policies adopted by the countries of the world are a reference base for them so that they can liberalize Its trade and shall be the basic reference for conducting foreign trade therein, and for determining trade policies The Foreign Ministry will focus on the concept of this policy, its types and tools, as well as its objectives, as follows:

#### 3.1. The Concept of Foreign Trade Policy:

Trade policy represents a set of means that countries resort to in their foreign trade to reach Certain goals, along with other means, namely financial and monetary, as well as stabilizing and approving exchange rates Balance in the balance of payments. Thus, we confirm that it is a specific destination for the state to determine its commercial relationship with abroad within two policies: freedom of trade and trade protection, also known as a set of laws the procedures that govern imports and exports of various goods and services serve the objectives General economic policy of the state. It also represents a set of rules and regulations that aim to increase flows International trade (Mahmoudi, 2012).

Trade policy can also be defined as “the total measures taken by a state in its economic relations with other countries in the world, including the exchange of products and services, exchange rates and investment, with the aim of achieving certain objectives consistent with the rest of the objectives of economic policy and public policies For society, it has also been defined as all the procedures that govern these external economic relations The state means all measures taken by the state that could promote or hinder export or import Goods and services (Loussif, 2014).

#### 3.2. Types and Tools of Foreign Trade Policy:

Many economic studies have indicated the existence of two types of foreign trade policies:

##### a. Freedom of Trade Policy:

It represents the policy followed by the state when it does not interfere in foreign trade with other countries through Customs duties, tariffs, and quotas, and supporters of free trade have many

justifications for this. They are as follows:

- Freedom of trade permits the enjoyment of the advantages of a broadly based division of labor and geographical specialization The market.
- The difference in relative production expenses leads to the establishment of international trade, and this is related to the difference in the presence of factors Production rates vary among countries of the world.
- Supporters of this policy believe that the trade protection policy plays a role in impoverishing other countries, as Imposing customs tariffs will reduce the volume of imports and restrict them, which will affect Foreign trade.

#### **b. Trade Protection Policy:**

Trading countries resort to some means and legislation in order to protect local production in return Foreign competition, by restricting freedom of trade using certain methods such as imposing customs duties on goods imported from other countries, thus determining the share of their imports during a certain period of time, and as also called the policy of restricting international trade, where the state uses its public authority for influence on the volume and style of foreign trade, Globalization today determines the position of the state and reflects its main advantages through improving the living standards of the population, developing international trade and establishing a single market. And ensuring the price balance. (Albana, 2023, 175)

#### **There Is a Group of Justifications That Support This Policy:**

- Emerging industries cannot compete with foreign industries in producing similar goods, especially in the early stages of emergence and growth, the role of the state comes by imposing its authority to preserve it and the sustainability of its success.
- Expanding domestic industries and reducing unemployment by restricting foreign trade, which in turn concentrates on the optimal exploitation of other economic resources.
- The protectionist policy is used to address the balance of payments deficit by imposing customs duties the high increase on revenues from luxury goods or its cancellation on imports of productive goods reduces demand for foreign currency.
- This policy achieves economic progress and development of national income through stabilization of conditions and circumstances Economic quantities represented by prices, income, production, and other economic quantities.

#### **The Economic Literature Also Made Clear the Existence of Foreign Trade Policy Tools That Can Be Summarized as Follows:**

- a. Tariffs and Customs Duties:** Customs duties are represented by a set of regulations and legislation that Determined by the state on goods exported and imported across its borders in

order to achieve certain goals, either Regarding customs tariffs, each country has a list of customs duties imposed on imported goods And it has several types: Simple, double, and multiple tariffs, in addition to the preferential tariffs for developing countries.

- b. **Ad Valorem Fees:** These fees are imposed on the value of imported goods and are usually fixed and specific A percentage of the value of the imported commodity, and ad valorem duties are directly proportional to inflation and price changes Globalism.
- c. **Specific Fees:** This type of fees is imposed on the number and weight of imports or exports this custom is applied in developing countries, and has no relationship with prices in global markets, and highlights the importance of this fees when commodity prices decrease during recessions and crises.
- d. **Preferential Duties:** They represent the tariff rate imposed on imported goods in relation to their source Geographical, as the country granting preferential treatment pays a lower tariff for that country's exports.
- e. **Import Quotas:** These are the quantitative restrictions imposed on goods, regardless of their quantity Exports or imports, which are trade barriers used by some countries in order to protect and enhance their trade.
- f. **Import Licenses:** a group of licenses (permissions) that allow the possibility of importing goods it is granted through concerned administrative bodies, and it complements the quota method, as it specifies a share of a commodity. Certain licenses are not announced, and highlight the importance of these licenses in protecting local production from the revenues of some countries.
- g. **Technical and Administrative Methods:** It is a set of administrative procedures imposed by the country in which it is established it prevents the entry of a certain commodity within a specific time, and some countries set rules Technical regulations that require imported products to meet safety, health, and environmental conditions, with consumer protection as their cover. While other countries require imported products to have the international quality mark as these procedures limit Trade exchange operations between countries.

### 3.3. Objectives of Trade Policy:

There are a set of objectives for trade policy, including economic, social, political and strategic, that can be achieved. It is presented as follows:

- Increasing the financial resources of the state treasury and using this increase to finance all types and forms of public spending.
- Protecting the national industry from competition from foreign products.
- To protect against fluctuations in the national economy that occur abroad, such as deflation and

inflation.

- Protecting the nascent industry emerging in the country and providing supportive conditions for it.
- Protecting the national economy from the risks of dumping, i.e. selling at a price lower than production costs.

Basic products of vital importance to society.

- Redistribution of national income among different groups of society.
- Maintaining economic, food and military security in the country.

#### 4. Main Concepts of Economic Growth and Its Theories:

Economic growth represents one of the basic goals that countries seek to achieve, and it is one of the necessary conditions to improve the standard of living of individuals, as it is linked to a group of basic factors, including: Availability of qualified institutions High qualification, good governance, community participation, scientific research, health, education, etc., and that is achieved A satisfactory level of growth is linked to the availability of this influential climate.

##### 4.1 Concepts of Economic Growth:

Economic growth is a recent historical phenomenon whose emergence coincided with the industrial revolution, and its concepts have differed Because it represents the increase in real production per capita and is proportional to the percentage change in gross domestic product The real value of each individual population during a specific period of time, usually one year, was defined by Hirschman. It is an underlying driver of economic expansion characterized by changes in economic indicators and quantitative changes.

It is defined as: “the increase achieved over long-term growth in state production,” as Simon Kuznets defined economic growth as: “an increase in the share of per capita or labor component's share of product volume.

##### 4.2 Economic Growth Theories:

There are many schools of thought and theories that have addressed economic growth and provided a comprehensive theoretical framework it can be followed by all countries to achieve acceptable levels of economic performance and emerge from the cycle of backwardness and the stagnation that characterized many of them, where every shortcoming in one theory is a starting point for another theory. These theories can be presented as follows:

1. **Economic Growth and Classical Theory:** The views of the classicists converged regarding economic growth and the way to achieve it, and included theory Classic in terms of economic growth, each of the following growth models:

Adam Smith focused on four basic elements of economic growth:

- Increasing rates of capital accumulation
- There is a close connection between specialization and the generation of new technology and knowledge because specialization enhances what is possible we now refer to it as learning by doing and intentional investment in research and development.
- The driving forces of economic growth are the productive art and profits, which are the source of the process of capital formation Money leads to technological progress, and capital accumulation leads to an increase in the size of the population.

**2. Neoclassical Growth Theory:** Neoclassical thought spread in the 1870s, with the contributions of its most prominent economist, Alfred Marshall, Clark, and Fixell, on the basis that the process of economic growth can continue without causing a recession Economic, as classical theory confirms. Perhaps the most important ideas of neoclassical theory are summarized below:

- Economic growth is an interconnected, integrated and compatible process that has a positive mutual impact, as the growth of the sector leads to Certain to push other sectors to grow, to show the Marshall idea known as “external savings”, and that growth In the national product, it leads to the growth of different income groups in terms of wages and profits.
- Economic growth depends on the quantity of factors of production available in society (labor, land or resources). Natural resources, capital, organization, technology.
- Economic growth, like organic growth (Marshall's description), does not occur suddenly, but gradually. It may The Neoclassics used the method of analysis based on the idea of constant partial equilibrium (with their interest in problems Short-term), as they believe that small projects are part of a whole, and grow gradually, organized, and coherent It is influenced by other projects and mutually.
- Economic growth requires emphasis on specialization, division of labor and degree of freedom of trade to improve the rate of international exchange favors the country, and freedom of trade ensures the possibility of specialization and division of labor. On International scope.

### **3. Schumpeter's Theory:**

Joseph Schumpeter was influenced by the neoclassical school when considering the capitalist system as a general framework for growth the economist, and his most important ideas are:

- Development under the capitalist system takes the form of intermittent leaps and inconsistent waves, accompanied by periods A succession of short-lived booms and busts, due to innovations and innovations introduced by entities Organization, which increases production

and stimulates growth

- Growth depends on two main factors, the first is the regulator and the second is the bank credit that it provides the regulatory body has the potential for innovation and innovation.

### **5. The Relationship between Foreign Trade and Economic Growth:**

At this point, the relationship of trade and economic growth will be addressed, focusing on the reference offer as well as The relationship of exports and imports to economic growth is as follows:

#### **5.1: The relationship of exports and imports to economic growth:**

The role of trade as a driver of economic growth is not adequately reflected in the growth objectives it has set United Nations for this millennium, but rather as “goals” that fall within the framework of the eighth goal: establishing a global partnership of For growth, which focuses on two aspects of foreign trade:

1. Establishing a “commercial and financial system that is open, rule-based, predictable and non-discriminatory.”
2. Improving access to markets for exports of least developed countries, by providing access on a basis Exemption from customs tariffs and from setting quotas, with the aim of addressing their special needs.

**As for the Growth and Development Goals, they Included a Set of Goals Related to Foreign Trade, Which are as Follows:**

1. Promote a global, rules-based, open, non-discriminatory and equitable multilateral trading system the framework of the World Trade Organization, including by concluding the ongoing negotiations under the Doha Development Plan developed by that organization.
2. Significantly increase the exports of developing countries, especially with the aim of doubling the share of the least developed countries Global exports in the future.
3. Achieving appropriate implementation of duty-free access for goods and services of all least developed countries to foreign markets Such as customs or quotas imposed, in line with World Trade Organization decisions, including by ensuring that rules are established Establishing the preferential rules applicable to imports from least developed countries in a transparent and simple manner, and ensuring that these rules contribute to Facilitating access to international foreign markets.

Exports contribute to economic growth by increasing national income through idle resources and public relations. Inputs, outputs and technological progress, and their growth at increasing rates leads to equilibrium in the balance Payments in the stages of economic development, by opening shops to industries and developing exports from Most of the gains that accrue to the state, because after these industries reach the surplus point, they work on Distributing it in foreign markets in order

to grow, expand and remain in the market, as well as developing industries Exporting not only provides a continuous resource for capital investments, but also leads to raising the level of investment Living in the country, the growth of these industries as a result of expanding their markets locally and internationally means expanding the base Fixed costs Which leads to a reduction in the total cost and thus lower prices, and thus higher wages relatively for workers in this sector (Carbough, 2008).

It represents one of the driving means of economic growth and development through obtaining capital goods Intermediate and consumable resources are not available locally, and they represent expenditure from the national income and an increase in revenues The external world, as spending on it is linked to that income, so increasing it means increasing the ability of the national economy to Increasing it and increasing spending on local and foreign goods and services, and vice versa, is therefore considered a leakage of Local income goes abroad, and it has a negative impact on total spending, as it decreases with its increase because it is not spending on Domestic goods, but rather spending on foreign goods, but they contribute to the growth of national income indirectly through Enabling the national economy to overcome development burdens by supplying industrial materials and goods, In addition to consumer goods, which in turn contributes to increasing and expanding production, thus forming a direct relationship between National income and imports, whether to supplement the shortage in commodity supply or in the form of investment goods capitalism and technology, and sometimes countries resort to imports despite the lack of high income It has to meet its basic needs directed towards achieving economic development (Sawyer, 2015).

## **5.2. Analysis of Trends in the Development of Foreign Trade in Iraq and Saudi Arabia:**

The Iraqi economy and its foreign trade are exposed to factors of continuous change, just like the rest of the economies Arab and international, and is affected by external regional and international variables, as the study of the reality and nature of the economy The Iraqi economy and monitoring its trends is an important factor in determining the level of influence of regional and international economic variables. on it, and thus finding the necessary mechanism to deal with it, and despite the fact that the Iraqi economy is distinguished by some characteristics Which plays a role in its development and progress, because it was not employed in correcting the structural imbalances in all its sectors or diversifying its production and export base to exit the rentier economy dependent on one commodity, which is Crude oil, which reduces economic dependency and increases its competitiveness, And also reduces Various commodity imports and meet the growing local demand for them, as the current study deals with The effect of foreign trade on economic growth in Iraq requires studying the reality of the Iraqi economy And its trends and characteristics to evaluate the potential repercussions by addressing the trends in the development of the GDP The total in Iraq and the economy of a similar oil country, which is Saudi Arabia, and the trends in the development of the foreign trade sector, both its exports and imports, are as follows:

### 5.2.1 Directions in the Development of Gross Domestic Product in Iraq and Saudi Arabia:

Trends in the development of gross domestic product in Iraq and Saudi Arabia were taken as shown in the following table

Table (1): Development of GDP during the period (2003-2022) (Value: million)  
(Source: Prepared by the researcher based on World Bank data)

Year	Iraq	Saudi Arabia
2003	64736.49	404999.5
2004	99796.33	437231.1
2005	104188.0	461601.7
2006	114771.6	474473.0
2007	116352.7	483237.2
2008	125926.3	513438.4
2009	130181.8	502865.3
2010	138516.7	528207.2
2011	148969.8	581011.3
2012	169730.9	612452.4
2013	182630.5	628984.1
2014	183908.9	651957.6
2015	188465.5	678729.7
2016	217135.8	690068.7
2017	211719.0	684951.8
2018	210525.7	701624.3
2019	219790.8	703949.7
2020	177480.5	692417.5
2021	180157.7	727554.8
2022	193917.6	782025.6

It is clear from Table (1) and Figure (1): the size of the Iraqi GDP (at constant prices) is shown in Table (1), as the gross domestic product (GDP) in dollar terms in Iraq achieved remarkable growth, reaching \$64,736.49 million. In 2003, it rose to \$99,796.33 million. In 2004, it rose to \$104,188 million. In 2005, then it continued to rise in subsequent years until it reached \$138,516.7 million a year. 2010, due to the increase in oil export revenues, and Iraq's gross domestic product reached Approximately \$148,969.8 million in 2011. This is mainly due to the rise in oil prices In global markets and an increase in Iraqi oil production, with the cessation of oil production and export in some countries Arabian Petroleum Corporation, including Libya and others, which led to a rise and increase in crude oil prices by 39% in comparison With the year 2010, the fact that oil prices remained at their high levels enhanced the economic performance in Iraq. The size of the GDP continued to rise In Iraq, it reached \$183,908.9 million in 2014, and reached \$188,465.5 million. In 2015, it rose suddenly in subsequent years until it reached \$219,790.8 million a year. 2019, the size of the GDP continued to rise in Iraq, it reached \$183,908.9 million in 2014, and reached \$188,465.5 million. In 2015, it rose suddenly in subsequent years until it reached \$219,790.8 million a year 2019, and the output decreased, reaching in 2022 about \$193,917.6 million.

As for Saudi Arabia, it rose to (437231.1 million dollars in 2004 It continued to change between high and low in subsequent years until it reached 528207.2. million dollars in 2010, and the reason for this is Increased interest in commodity sectors, especially the agricultural and industrial sectors, and economic stability In addition to the rise in crude oil prices in global markets, the gross domestic product of those countries rose To \$581,011.3 million in 2011 Then it rose to \$612,452.4 million in 2012, and this is due to the high levels of global oil prices that enhanced performance. The economy and the gross domestic product, and the gross domestic product continued to change in the direction of it rose until it reached \$678,729.7 million in 2015 and continued to rise, reaching in 2022 \$782,025.6 million.

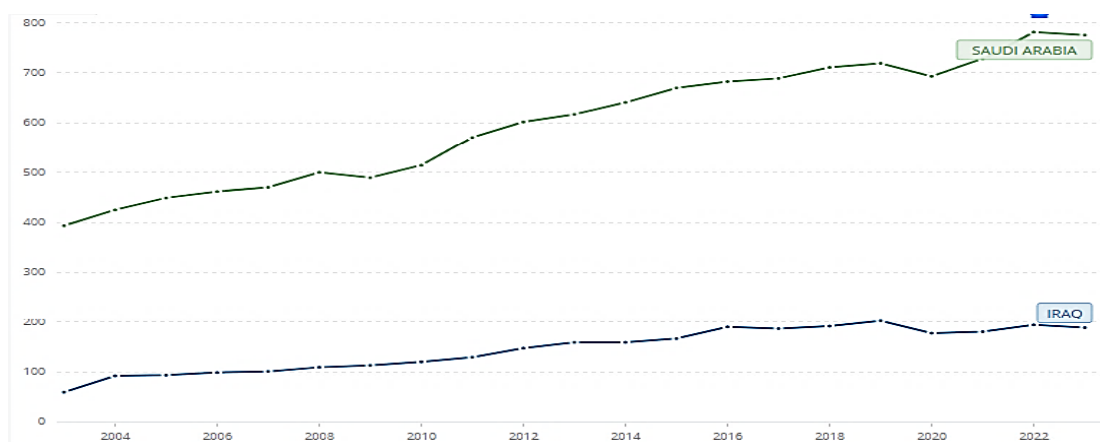


Figure (1): Development of GDP during the period (2003-2022)  
(Source: Prepared by the researcher based on World Bank data)

### 5.2.2 DIRECTIONS in the Development of Foreign Trade in Iraq and Saudi Arabia During the Period (2003-2022):

The direction of development of foreign trade indicators in Iraq and Saudi Arabia, and their relative importance in the gross domestic product during the period of the study, will be addressed. As follows:

**1. Iraq:** Foreign trade indicators in some countries are characterized by instability as a result of various structural factors Economies of countries, as for developing countries, including Iraq, they are distinguished by the fact that their single economy depends on Raw materials in their exports, which are often unstable and highly sensitive to global market conditions. Its imports are not exempt from fluctuations and instability, as can be seen from the data Shown in Table (2) that the growth rate of total exports increases for the period from 2003 to 2022 as is This is the case with the increasing rates of oil exports, which represent the largest proportion of the total volume of exports However, imports increase at the same time despite their fluctuating rates.

However, the growth of imports with this the method had negative effects on the growth rate of foreign trade because export revenues were used in a negative way Essential to cover and pay import amounts, causing the trade balance in Iraq to suffer a permanent deficit, Especially if the value of oil exports is excluded, and this in turn reflects negatively on the growth of foreign trade in general, due to the mismatch between exports and imports, and this is due to the growing volume of imports and increase it, especially since the majority of imports are consumer and food goods

The value of total Iraqi exports was clearly characterized by development during the period under study, as it rose its value increased from \$9,711 million in 2003 to approximately \$94,392 million in 2012. Between rise and fall in subsequent years until it became \$82,309 million in 2019. See Table (2). From observing the same table, we find that the ratio of the value of total exports to the domestic product the total amounted to 15% in the year 2003, and it decreased and increased in subsequent years, reaching a high rate of 48.66% in 2008, and this increase was a result of the improvement in total exports. Especially oil exports, as it is the determining factor in the importance of total exports and their location depends mainly On the nature of current trends and forces in oil exports, as they have an intersection with total Iraqi exports After that, it decreased in 2009, recording a percentage of 32.2%, then it returned and increased until it reached a percentage 55.61% in 2012, and it changed between increases and decreases in subsequent years until it became 37.44% In 2019, the decrease in the contribution of exports to this GDP is due to lower prices Oil, which is a distinctive indicator that shows the importance of this result in the domestic product and the extent of its impact on financing its needs of various commodities, which is evidence that the Iraqi economy is the economy of a country specialized in exporting an important commodity Which is crude oil, then it rose in 2022, reaching its value of \$134,103 million, at a rate of 31.00%.

What is the relationship between the value of imports and the gross domestic product? It is an important indicator of the extent of Iraq's dependence on Foreign markets to meet the economy's needs for foreign goods and services, as demand is increasing in this type of imports, especially during the economic development process -at high rates that sometimes exceed GDP growth rates, because domestic industrial and agricultural production provided only a small part What the economic sectors need.

As for the value of imports, it represents the real value of resources Which society gives up annually to obtain goods from abroad to meet its various needs, whether for purposes Production or consumption, and it is clear that there is a high or low relationship between the value of imports and output GDP indicates the degree of dependence or non-dependence on foreign markets to meet these needs.

The relationship between imports and GDP is another indicator that reflects the degree of exposure The country's economic impact, as this 20% exposure rate indicates the extent of the country's dependence on Imports in their national production, whether they are capital goods or intermediate goods, i.e. goods that meet production needs. As for the portion of imports that represent consumer

goods, it is an important indicator to highlight the possibility of producing alternatives Domestic consumption of consumer goods imported from abroad. It is clear that the increase or decrease in the relationship between the value Imports and GDP reflect the extent of the increase or decrease in dependence on foreign trade to meet the needs of consumption and production, and when analyzing the development of this relationship, we find that the relationship between the value of imports Iraqi GDP and GDP fluctuated during the period (2003 -2022).

It amounted to 9934 million dollars in 2003, it increased in subsequent years until it reached \$33,000 million in 2008. As a result of increasing local demand by individuals and state institutions and meeting the needs of the local market in those years Import values changed between increases and decreases in subsequent years until they reached 56,943. One million dollars in 2019, in connection with meeting the needs of the local market and changes in global oil prices. And revenues from Iraqi oil exports. As for the relative importance of imports to the domestic product in total, we find that it reached 15.35% in 2003 and rose to 21.35% in 2004. In 2012, there was a relationship between imports and GDP With a relative importance of 34.76%, it changed between increases and decreases in subsequent years until it reached to 31.04% in 2015, and continued to change until it became 31.00% in 2022.

Therefore, through these relationships, it is noted that Iraqi imports contribute a large percentage to the high degree the exposure of the Iraqi economy abroad, and this type of exposure would lead to a decrease in efficiency Fiscal and monetary policy when used to correct the path of economic growth. When it comes to analyzing evolution the value of imports in relation to the gross domestic product. It is noted that this relationship fluctuates, and the reason for this is that Imports and GDP are affected by circumstances outside the Iraqi economy's internal control. Changes in the relationship between the value of imports and GDP mean, from another perspective, the extent of dependence Iraqi imports on oil export revenues, Where the ability to import increases or decreases To some extent depending on the increase or decrease in oil revenues

Table (2) shows the presence of a surplus in the trade balance of Iraq for the period (2003-2019) excluding the years (2003, 2004, 2015) in which the trade balance achieved a deficit of approximately (940,3492,223) million dollars, respectively, as a result of the increase in the value of imports greater than the value of exports during those years. The surplus was characterized throughout by fluctuations up and down until it reached its highest level in 2018, as it reached 39,640 million dollars as a result of the increase in total exports, which amounted to (92,831) million dollars. Mostly from the export of crude oil, while in the following year 2019 there was a decrease in the trade balance surplus As a result of the decrease in total exports in Iraq. Then it rose in 2022 to reach \$57,052 million.

Table (2): Directions in the development of Iraq's foreign trade indicators for the period (2003-2022) (Value: million)  
(Source: Prepared by the researcher based on World Bank data)

index Year	GDP	EXPORT	IMPRT	Total commerce External	Status The scale Commercial	Ratio Exports To the result The local Total
2003	64736.49	9711	9934	19645	-223	15.00081
2004	99796.33	17810	21302	39112	-3492	17.84635
2005	104188.0	23697	23532	47229	165	22.74446
2006	114771.6	29361	20892	50253	8469	25.58211
2007	116352.7	41268	21516	62784	19752	35.46802
2008	125926.3	61273	33000	94273	28273	48.65783
2009	130181.8	41929	38437	80366	3492	32.20804
2010	138516.7	52483	43915	96398	8568	37.88929
2011	148969.8	83226	47803	131029	35423	55.8677
2012	169730.9	94392	59006	153398	35386	55.61274
2013	182630.5	93066	65104	158170	27962	50.95863
2014	183908.9	88112	59990	148102	28122	47.91068
2015	188465.5	57577	58517	116094	-940	30.55042
2016	217135.8	46830	41681	88511	5149	21.56715
2017	211719.0	63604	51325	114929	12279	30.04171
2018	210525.7	92831	53191	146022	39640	44.09485
2019	219790.8	82309	56943	139252	25366	37.44879
2020	177480.5	64898	52224	97122	12674	26.30
2021	180157.7	87582	61808	149390	25774	28.90
2022	193917.6	134103	76151	210254	57052	31.00

**2. The Development of Foreign Trade in Saudi Arabia:** The Kingdom of Saudi Arabia has tried to diversify its production base to achieve self-sufficiency and not need Importing, but slowly, and thus entered into unequal international relations with developed countries, as they relied on oil commodities declined in their merchandise exports abroad, and there was weakness in the manufacturing and diversification of basic products. Oil exports also enjoy a privileged position in its economy, and have generated profits, employment and creation job opportunities for it, as well as financing imports by increasing its foreign exchange income, which allowed it Providing what it needs from those imports, and the total income from Saudi exports changes depending on the change the prices of a barrel of oil and the fluctuations it has witnessed in recent years. Table (4) shows the trends in trade development Saudi Foreign Ministry for the period (2003-2022), as total exports amounted to \$93,245 million in 2003. And it continued to change, rising and falling in subsequent years, until it reached \$388,401 million a year. 2012, and continued to fluctuate until it reached \$411,184 million in 2022. It can be followed the relative importance of these exports to the gross domestic product is shown in the table referred to, as it amounted to 23.02% in 2003, it increased in subsequent years until it reached 61.05% in 2008 As a result of the rise in global oil prices, as the price of a barrel reached \$131.22, its oil revenues constituted About 89.7% of total

revenues, and in 2015, It decreased to 29.98% due to a decrease The price of a barrel of oil, after that it sought to encourage exports and stimulate exporters, and continued to do so until In 2018, it rose to 41.95% of total exports, as a result of the rise in oil prices and the adoption of a series Structural reforms and the establishment of the Saudi Export Program of the Saudi Fund for Development led to diversify its exports, then the decline in oil prices in 2019 led to a decrease in its percentage to 37.16%. As a result of the decline in global demand with the beginning of the Corona pandemic, it then trended to increase, reaching in 2022 a rate of 52.5793%.

The Kingdom has also taken a number of measures in the field of trade facilitation, such as mutual recognition of trade facilitation, Authorized economic operator, reducing the number of documents required for import and export, and electronic receipt for customs clearance documents, as well as the approval of the post-audit program, in addition to pre-verification of Shipping documents before their arrival, then the single window procedure was also applied in its spatial and automatic form, and adhered to Saudi Arabia has entered into the trade facilitation agreement since 2016, pursuant to a royal decree issued in this regard, and indicated The authorities indicated that there are no objections to the implementation of the aforementioned agreement, as most of the provisions of the agreement are in line With the applicable customs procedures, which are fully implemented except for two procedures that are partially implemented

As for the trends in the development of the value of imports for the period (2003-2022), it is clear from Table (4) that they are It amounted to \$41,704 million, with a relative importance of 10.29% of the GDP in 2003. And it continued to rise in subsequent years until it reached \$115,134 million, with relative importance. 61.05% of the GDP in 2008 and fluctuated between increases and decreases in subsequent years. It reached \$137,065 million, with a relative importance of 19.53% of the GDP in the year 2018, and rose to \$141,891 million, with a relative importance of 20.15% of the gross domestic product. Total year 2019 then increased in 2022 and reached 52.5793% due to the increasing incomes of individual consumers and the increasing demand for imported goods. As a result of its openness to the countries of the outside world and the expansion of its foreign trade to achieve profits and gains from it.

Table (3): Directions in the development of Saudi Arabia foreign trade indicators for the period (2003-2022) (Value: million) (Source: Prepared by the researcher based on World Bank data)

index Year	GDP	EXPORT	IMPRT	Total commerce External	Status The scale Commercial	Ratio Exports To the result The local Total
2003	404999.5	93245	41704	134949	51541	23.02349
2004	437231.1	125997	47376	173373	78621	28.81703
2005	461601.7	180711	59459	240170	121252	39.14869
2006	474473.0	211305	69800	281105	141505	44.53467
2007	483237.2	233329	90214	323543	143115	48.28457
2008	513438.4	313462	115134	428596	198328	61.05153
2009	502865.3	192314	95552	287866	96762	38.24364
2010	528207.2	251143	106863	358006	144280	47.5463

index Year	GDP	EXPORT	IMPRT	Total commerce External	Status The scale Commercial	Ratio Exports To the result The local Total
2011	581011.3	364699	131586	496285	233113	62.76969
2012	612452.4	388401	155593	543994	232808	63.41734
2013	628984.1	375872	168155	544027	207717	59.75859
2014	651957.6	342433	173834	516267	168599	52.52381
2015	678729.7	203550	174676	378226	28874	29.98985
2016	690068.7	183579	140170	323749	43409	26.603
2017	684951.8	221835	134519	356354	87316	32.38695
2018	701624.3	294373	137065	431438	157308	41.95593
2019	703949.7	261603	141891	403494	119712	37.16217
2020	692417.5	185699	131328	217027	54371	26.8189
2021	727554.8	276204	152849	429053	122375	37.9633
2022	782025.6	411184	189877	601061	221307	52.5793

## 6. Review the Impact of Trade Exchange and a Number of Economic Variables on Economic Growth Rates Iraq and Saudi Arabia:

At this point, the theoretical framework of the standard model used in the study will be studied. And describe the dependent and independent variables of the model In addition to analyzing the estimation results of the impact of independent variables on the economic performance of the selected sample countries for the period of the study.

### 6.1 The Dependent and Independent Variables of the Model:

The model description stage is one of the most important stages of building the standard model, as it describes the relationship between Economic variables in a mathematical manner, that is, expressing economic variables in a mathematical form and including The standard model is the main equations used at the level of each country in the study sample in terms of: The dependent variable and the independent variables that take the following form:

Firstly, the dependent or dependent variable (Y) expressed in GDP.

Secondly, the explanation, as reliance was placed on economic indicators that represent independent variables or variables.

Foreign trade, and other variables, as follows:

(1X) Merchandise exports.

(2X) Merchandise imports.

(3X) inflation rate.

(4X) the total workforce, and these variables took the following mathematical formula:

$$Y=a+X1+X2+X3+X4+ui$$

## 1. Iraq

**1- Testing the Stability of Time Series Data (Unit Root tests):** The unit root test aims to examine the properties of time series for all variables in the model during the study period and to ascertain the extent of its stationarity and determining the degree of integration of each variable separately, as the condition of stationarity is a basic condition for time series analysis. To reach sound and logical results. Despite the many unit root tests, the study will depend on applying a test Fuller Dicky Augmented. If there is a constant and a trend, the estimation results are as shown in the following table. To a value of Prob less than (5%), which indicates that the variables are stationary, Trend & Constant (this is based on this indicates the possibility of applying the ARDL model).

Table No. (4): Results of the unit roots test for during the period (2003-2022)  
(Source: Prepared by the researcher based on the 9 Eviews program)

Variables	At the level		In the first difference	
	(ADF) values	P.value	(ADF) values	P.value
(Y) expressed in GDP	-3.7237	0.0508		
(1X) Merchandise exports			-3.6746	0.0601
(2X) Merchandise imports			-3.6323	0.0615
(3X) inflation rate	-18.2762	0.0001		
(4X) the total workforce	3.1985	1.0000		

## 2- Diagnostic Tests:

**A- Heterogeneity of Variance Test:** According to the ARGH test and the Test-F statistic (the results showed no Significant and therefore we reject the hypothesis of the existence of the problem of homogeneity of error variance).

**B- The Problem of Autocorrelation:** According to the LM test and the Test-F statistic (the results showed that they were not significant Therefore, we reject the hypothesis of an autocorrelation problem)

(Source: Prepared by the researcher based on the 9 Eviews program)

### Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.796131	Prob. F(2,19)	0.4656
Obs*R-squared	2.474345	Prob. Chi-Square(2)	0.2902

### Heteroskedasticity Test: ARCH

F-statistic	2.373799	Prob. F(1,29)	0.1342
Obs*R-squared	2.345517	Prob. Chi-Square(1)	0.1256

**3- Cointegration Test:** It is clear from Table (5) that the optimal number of slowdown periods is agreed upon by all the criteria used and which has the lowest values for the criteria. All of them

are 4 lag periods that are used in estimating the study model. After determining the optimal lag periods for the model variables, Conducting a bounds test for cointegration, in which the null hypothesis states that there is no cointegration relationship between the variables where they came from The results of this test are shown in Table (9) as follows: Table (5) shows the results of the cointegration test, as the value of the (F) statistic was (6.366), which is Greater than the maximum tabular value of (3.38) at a significance level (5%), which indicates the existence of a relationship Cointegration between study variables.

Table (5): Cointegration test (Source: Prepared by the researcher based on the 9 Eviews program)

Value	K	F-statistic
	4	6.366971
Significance	I(0) Bound	I(1) Bound
10%	2.2	3.09
5%	2.56	3.49
2.50%	2.88	3.87
1%	3.29	4.37

#### 4- Estimating Short and Long-Term Relationship: The Results of the ARDL Model Include the Following:

##### A- Short-Term Relationship:

- The results showed that merchandise exports have a direct and significant impact on output (5%).
- This means that increasing merchandise exports by one unit leads to an increase in output the gross domestic product (0.269) million dollars.
- We note from the results of the autoregressive model for distributed slowdown periods that merchandise imports in Iraq It was directly significant at a level of significance (0.05). This means that the increase in import growth by one unit was significant and significant. It will lead to increased GDP growth (0.916)
- Inflation has an inverse but insignificant relationship with GDP. The justification is that the size of GDP The GDP decreases as a result of the decline in the value of the local currency in light of high inflation rates
- The total labor force has an inverse and significant relationship with the growth of the gross domestic product, at the level of Significant (5%).

**B- Long-Term Relationship:** It showed that the relationship between merchandise exports and imports and the total labor force it has a positive and significant relationship with the gross domestic product, while the inflation rate has an inverse and significant relationship Significant, see table (6).

Table (6): Results of the short- and long-term relationship in Iraq for the period (2003-2022) (Source: Prepared by the researcher based on the 9 Eviews program)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
C	-62527.11	16148.00	-3.872	0.0009
Y(-1)	-1.133401	0.221	-5.120	0.0000
X <sub>1</sub>	0.269	0.117	2.281	0.0331
X <sub>2</sub> (-1)	0.916	0.304	3.010	0.0067
X <sub>3</sub>	-5.423	84.453	-0.064	0.9494
X <sub>4</sub> (-1)	0.025	0.0049	5.060	0.0001
D(Y(-1))	0.488	0.196	2.487	0.0213
D(X <sub>2</sub> )	-0.008	0.2614	-0.030	0.9756
D(X <sub>2</sub> (-1))	1.002	0.354	-2.828	0.0101
D(X <sub>4</sub> )	-0.034	0.020	-1.651	0.1135
D(X <sub>4</sub> (-1))	-0.069	0.022	-3.061	0.0059
R <sup>2</sup>	.98			
F-statistic	171.431			
Durbin-Watson stat	1.6			

## 2. Saudi Arabia:

**1- Testing the Stability of Time Series Data (Unit Root Tests):** This test aims to examine the properties of time series for all variables in the model during the study period and to ascertain the extent of its stationarity and determining the degree of integration of each variable separately, as the condition of stationarity is a basic condition for time series analysis. To reach sound and logical results. Despite the many unit root tests, the study will depend on applying a test Fuller Dicky Augmented. If there is a secant and a trend, the estimation results are as shown in the following table. To a value of Prob less than (5%), which indicates that the variables are stationary, Trend & Constant (this is based on this indicates the possibility of applying the ARDL model).

Table No. (7): Results of the unit roots test during the period (2003-2022) (Source: Prepared by the researcher based on the 9 Eviews program)

Variables	At the level		In the first difference	
	(ADF) values	P.value	(ADF) values	P.value
(Y) expressed in GDP			-3.2315	0.0382
(1X) Merchandise exports			-3.3747	0.0295
(X2) Merchandise imports			-2.7466	0.0895
(X3) inflation rate			-5.2837	
(4X) the total workforce	-3.9043	0.0394		

## 2- Diagnostic Tests:

**A. Heterogeneity of Variance Test:** According to the ARCH test and the Test-F statistic (the results showed no Significant and therefore we reject the hypothesis of the existence of the problem of homogeneity of error variance).

**B. The Problem of Autocorrelation:** According to the LM test and the Test-F statistic (the results showed that they were not significant Therefore, we reject the hypothesis of the existence of an autocorrelation problem, see Table (7)

(Source: Prepared by the researcher based on the 9 Eviews program)

Heteroskedasticity Test: ARCH			
F-statistic	0.462203	Prob. F(1,29)	0.5020
Obs*R-squared	0.486328	Prob. Chi-Square(1)	0.4856
Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	2.783705	Prob. F(1,20)	0.1108
Obs*R-squared	3.909748	Prob. Chi-Square(1)	0.0480

**3. Cointegration Test:** Table (8) shows the results of the cointegration test, as the value of the (F) statistic was (6.74), which is Greater than the maximum tabular value of (3.38) at a significance level (5%), which indicates the existence of a relationship Cointegration between study variables.

Table (8): the cointegration test (Source: Prepared by the researcher based on the 9 Eviews program)

Value	K	F-statistic
	4	6.746977
Significance	I(0) Bound	I(1) Bound
10%	2.2	3.09
5%	2.56	3.49
2.50%	2.88	3.87
1%	3.29	4.37

**4. Estimating Short and Long-Term Relationship: The Results of the ARDL Model Include the Following:**

**A- Short-Term Relationship:**

- The results showed that merchandise exports have a direct impact on the GDP, but they are not significant Significance level (5%).
- We note from the results of the autoregressive model for distributed slowdown periods that merchandise imports in Saudi Arabia It was directly and significantly at a significance level (0.05). This means that increasing imports by one unit will lead to increase GDP growth (0.275) million dollars.
- Inflation has a direct and significant relationship with the gross domestic product. This means that an increase in the inflation rate by one unit, it will lead to an increase in the GDP (\$0.2243) million.

- The total labor force has a positive and significant relationship with the gross domestic product, at a significant level (5%) That is, increasing the workforce by one unit will lead to an increase in the GDP (0.0184) Million dollars.

**B- The long-Term Relationship:** It was found that the relationship between commodity exports and imports, the inflation rate, and output

The gross domestic product is related to a positive but insignificant relationship, while the global forces are related to a positive relationship. and significant with GDP, see Table (9).

Table (9): Results of the short- and long-term relationship in Saudi Arabia for the period (2003-2022) (Source: Prepared by the researcher based on the (9) Eviews program)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
C	64791.38	14041.64	4.614	0.001
Y(-1)	-0.491	0.092	-5.321	0.00
X <sub>1</sub>	0.014	0.017	0.834	0.41
X <sub>2</sub> (-1)	0.105	0.045	2.342	0.02
X <sub>3</sub>	95.98	398.7976	0.240677	0.8121
X <sub>4</sub> (-1)	0.018	0.003	5.388	0.0000
D(Y(-1))	0.714	0.089	8.022	0.0000
D(X <sub>2</sub> )	0.275	0.125	2.194	0.0396
D(X <sub>2</sub> (-1))	-0.234	0.108	2.168	0.0418
D(X <sub>4</sub> )	2243.485	456.09	4.918	0.0001
D(X <sub>4</sub> (-1))	-1262.9	561.00	-2.251	0.0352
R <sup>2</sup>	.99			
F-statistic	3041.818			
Durbin-Watson stat	2.2			

## 6. Conclusion and Recommendations

1. It has become clear that foreign trade is important in the economic activity of each country, depending on its production capacity. In addition to linking countries with each other, disposing of surplus domestic production and achieving gains Profits are based on international specialization and division of labor.
2. Foreign trade economically seeks to obtain goods and services at the lowest possible cost, and works to Disbursing its production surplus to obtain financial resources in hard currencies and foreign exchange that contribute to Investment and achieving prosperity.
3. There are a group of factors that affect foreign exchange and trade, including: differences in resources, Variation in costs and prices of production factors, climate and natural conditions, differences in techniques and technology Information and communications, transportation costs, customs duties and tariffs, different tastes. Preferences, etc., which make foreign trade an engine for economic growth in various countries of the world.

4. It has become clear that foreign trade is a driver of economic growth for the countries dealing with it, in addition to its contribution In marketing goods and services and finding new global markets, this varies from one country to another as it is in Advanced industrial countries are broader and more effective than developing countries, including Arab countries, and this trade is a gain They contribute to increasing international trade exchanges and achieving economic growth and development therein.
5. The Iraqi economy is characterized by growth factors that play a role in its development, but they have not been utilized in Correcting structural imbalances in its economic sectors or diversifying its production and export base to exit The character of the rentier economy based on one commodity, which is crude oil, in a way that reduces the dependency of the economy.
6. The results showed the existence of a long-term balanced relationship between the study variables in Iraq It was found that the relationship between exports and imports of goods and the total labor force it has a positive and significant relationship with the gross domestic product, while the inflation rate has an inverse relationship. This is due to the fact that the Iraqi state has realized the extent of the impact of the inflation of the unskilled workforce This negatively affected productivity, so it began to stop appointments in order to streamline the public sector. This trend took place There has been a clear trend in recent years, and it is expected that this trend will be clear in the coming years, which means The future indicates a direct relationship between the labor force and GDP.
7. The results showed that there is a long-term balanced relationship between the study variables in Saudi Arabia It was found that the relationship between exports and imports of goods and the inflation rate is with The gross domestic product has a positive but insignificant relationship, while the labor force has a positive relationship with Direct and moral.

**A Set of Recommendations Can be Proposed, as Follows:**

1. Moving towards diversifying the commodity production structure and reducing dependence on oil to eliminate fluctuations Prices and fluctuations in oil export revenues, and benefiting from countries' experiences in foreign trade developing human resources by preparing training programs and courses for them.
2. Paying attention to the commodity sectors, especially the agricultural and industrial sectors, to promote foreign trade, as well about establishing industries intended for export and following an import substitution policy to support international exchange and trade Iraq and the economies of similar countries.
3. Develop a comprehensive and clear methodology for Iraq's foreign trade with various countries of the world and set goals Work, future vision, data, information, statistics, and its structure for that trade and its organization for benefit some of them are by researchers and economists.
4. Develop a real strategy to diversify the structure of Iraqi exports and imports and shift from

importing Raw materials to be produced locally and encouraging local industries. This proposal applies to Saudi Arabia, which has achieved varying results in the field of economic diversification

5. Expanding the import of productive goods and modern technology and legalizing the import of consumer goods that can providing it from local production.

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