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Analyzing Commodity Structure of Iraqi Non-Oil Imports with Qatar 2003-2021

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Abstract

Many economic studies have shown that the variables of the structure of external trade (imports) have an influence on the gross domestic product and motivate the economic growth of a country, especially the trade of industrial goods because it contributes to the production of added value that is important for developed and developing countries, which benefit from it in the process of economic development. The present study aims to identify the components of commodity structure of external trade and clarify their influence on the gross domestic product for a time series. In order to obtain the objectives of the present study, the hypothesis was based on the fact that the components of commodity structure of imports to Qatar have a clear influence on the gross domestic product. To prove this hypothesis, the present study was conducted using the quantitative approach, by identifying the features of the development of the Qatari economy, classifying commodity structure of external trade, analyzing trends of the development of Qatari external trade for the period 2003-2021, and analyzing trends of development of the components of commodity structure of Qatari imports. The present study concludes that intermediate and consumer goods are the most important items in the commodity structure of Qatari imports during the study period.

Keywords

Commodity structure, imports, capital goods, intermediate goods, consumer goods

JEL Classifications: J11, F43

1. Introduction

Iraq remarkably depends on imports from other countries to satisfy the requirements of local markets due to the existence of a gap resulting from the increasing domestic demand for food, manufactured and capital consumer goods at rates that exceed the capacity of local production, which requires an increase in import activity to reduce this gap. The import phenomenon has significantly emerged after the commercial openness and the policy of commodity dumping that led to the disappearance of many industries and professions that are the basis for the advancement of the economic situation, which led to an increase in consumerism, especially poorly manufactured goods and merchandise, with the aim of reaping profits, which affected Iraq's loss of hard currency and the imbalance between saving and investment, as well as trade dependency and its effects on the march of Economy. So, the present study is an attempt to examine the situation of non-oil import trade with Qatar and whether the import policy is in accordance with the stipulated economic development plans.

First: Analyzing the Evolution of the Iraqi Import Trade

The commodity structure of imports in most developing countries is characterized by the diversification of imported goods and products with the increasing development due to their economic backwardness and stagnant production and the increasing needs of consumer and production goods to keep pace with the process of economic development for all agricultural, industrial, and other sectors ((2008). 2008) Commodity structure of imports means all goods and commodities that countries import from outside their regional international borders during a period of time. Sometimes, they include goods and commodities that the country imports for the purpose of re-exporting them abroad as a result of international obligations and trade agreements (Abduladheem, 1999).

The importance of import, especially capital imports, appears at the beginning of the economic development stages. It indirectly contributes to the growth of national income. Through import, equipment, supplies, and expertise necessary for the development process are provided, as well as the import of necessary consumer goods so that production can be increased and diversified (Al-Dilfi, 2021).

On the other hand, the importance of imports shows that they are a way by which some commodities that cannot be produced locally can be obtained in quantities that meet local needs with the same quality. The cost of production of such commodities may be cheaper than local production (Al-Sous, 2012) Hence, the process of importing such commodities is better in economic terms (Gulaliyev et al., 2017).

Imports play an important and essential role in the Iraqi economy. That role appears through their ability to achieve a balance between supply and demand. So, they became among the important measures to measure the degree of economic

development. Total and detailed commodity import trade witnessed many developments due to many economic and political changes that included many commodities, whether food or non-food consumables, agricultural and industrial raw materials, and capital goods. The development of imports has been affected by oil revenues, which are the main financier of importing goods, the discrepancy in prices, especially for agricultural commodities and their basic requirements of fertilizers and machinery, and the continuous decline in the industrial and agricultural sectors (Jabir, 2014).

Second: Analyzing Commodity Structure of Iraq's External Trade with Qatar 2003-2021

Qatar is one of the countries bordering the Arabian Gulf, which is linked with Iraq by great and common economic ties due to the common characteristics between the two countries. It is one of the most important Arab countries that have commercial agreements with Iraq (Hammadi, 1989).

Food and manufactured commodities represent the largest of Iraqi non-oil imports with Qatar. No data is recorded for some commodities that are not included in the present study, which are non-food raw materials except for fuel, animal, and vegetable oils and fats as shown in Table (1), Figure (1), and Map (1).

2. Food and Live Animals

This group has gained great importance as it is one of the basic necessities which must be provided as food security for the human being as stipulated by the International Food Organization. It is one of the daily consumer goods for the population. Table (1), Figure (1), and Map (1) indicate that there is no data for the first years of the study period, which extended from 2003-2008 due to the US occupation of Iraq and the siege, whose effects remained for a long time. Perhaps, Iraq relied on other countries to import from based on the cheapest price and international quality. The first value of foodstuffs during 2009 was (5557,500) Iraqi dinars with a percentage of (1.1%) of the total Iraqi non-oil imports with Qatar. No data was recorded for (2010) due to economic and political reasons.

In (2011), the value of exports has increased to (637704570) Iraqi dinars with a percentage of (2%). In (2007), the value was (5,306,27422) Iraqi Dinars with a percentage of (99.4%) of the total imports between Iraq and Qatar. This value decreased in subsequent years until it recorded (1216,400) Iraqi dinars in (2021) with a growth percentage of (3.8%) of the total Iraqi imports with Qatar.

Table 1. Analyzing commodity structure of Iraq's Non-Oil imports from Qatar 2003-2021

البيانات																		
السن	السلع المعدنية	السلع الكيماوية	السلع المصنوعة	مكائن ومعدات النقل	مستلزمات منزلية	النسبة	الزيت والشمع الحيوانية والنباتية	النسبة	السلع والمعادن غير الحديدية	النسبة	السلع	النسبة	السلع المعدنية	النسبة	السلع الكيماوية	النسبة	السلع المصنوعة	النسبة
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2019																		
2020																		
2021																		

Source; Republic of Iraq, Central Bank of Iraq, Directorate of Statistics and Research, Annual Commercial Report, Miscellaneous Reports

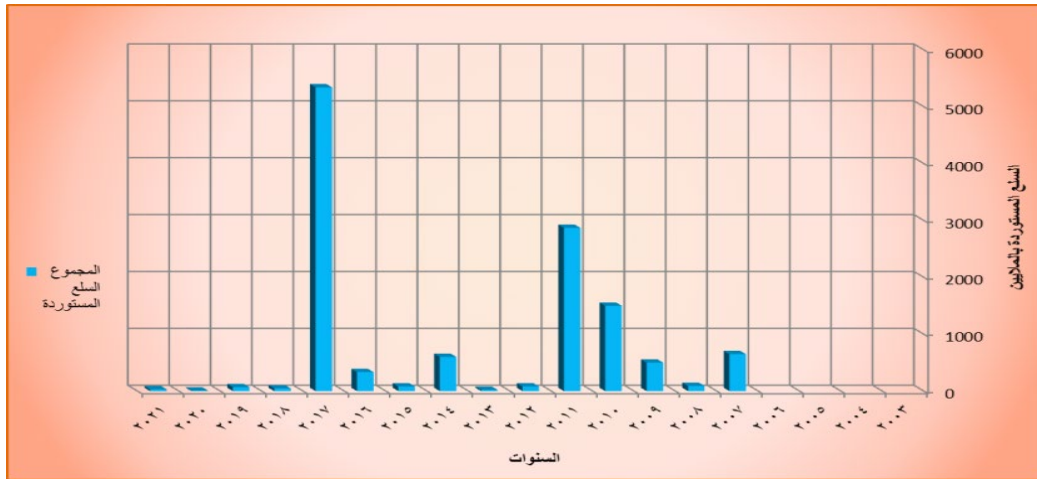
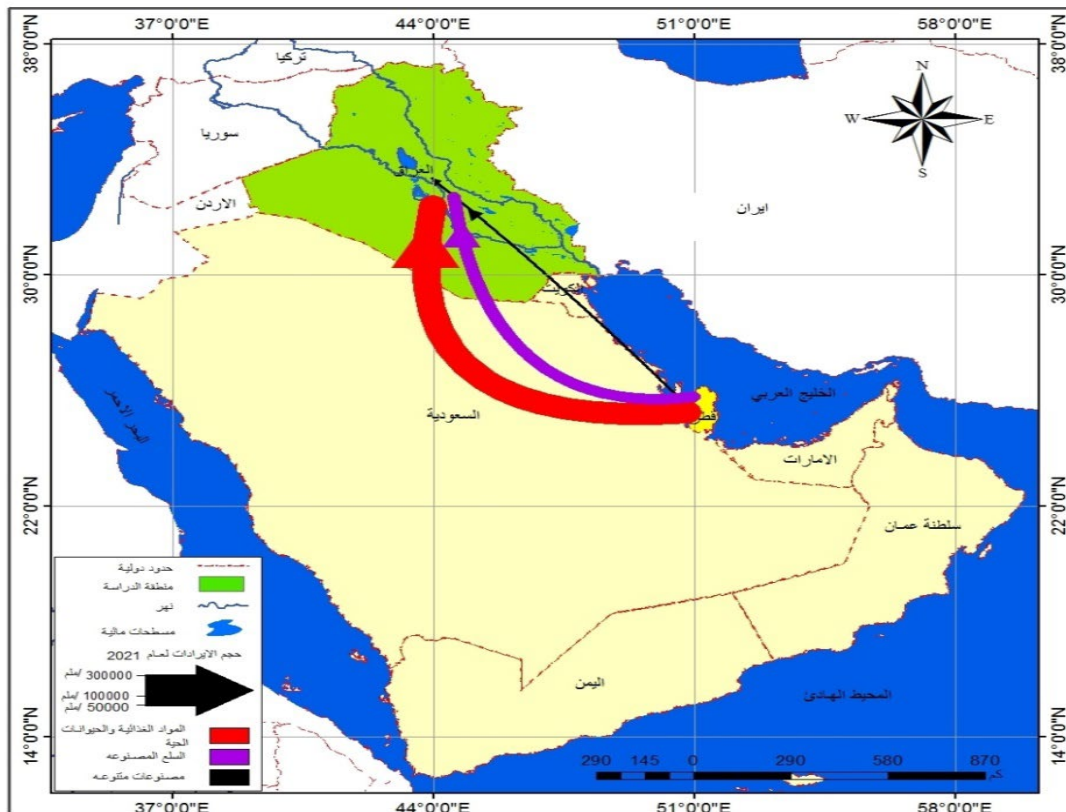


Figure 1. Analyzing commodity structure of Iraq's non-oil imports from Qatar 2003-2021

Source: The researcher based on Table (1)



Map 1. Analyzing commodity structure of Iraq's external trade with Qatar 2

Source: The researcher based on Table (1)

3. Beverages and Tobacco

Despite the restrictions imposed on the trade of this commodity, it has started to increase at the present time because of its great financial return for the exporting country. Table (1), Figure (1), and Map (1) clearly indicate that no data was recorded in most years for this group. Only data of three years Distributed

over the duration of the study was recorded. In (2008), the value was (91221746) Iraqi dinars with a percentage of (100%) of the total Iraqi non-oil imports with Qatar. In (2009), the value was (270014612) Iraqi dinars and a percentage of (54%). In (2018), the value was (33503500) Iraqi dinars with a percentage of (69.6%) of the total Iraqi non-oil imports with Qatar.

4. Mineral Materials, Oils, and Lubricating Oils

This group is commercially important as it is one of the processes inherent in the production process and is considered one of the capital goods, which has increased in value, especially in the recent period of the study due to the development taking place in machinery and equipment that consumes a large amount of fuel. Table (1), Figure (1), and Map (1) clearly indicate that data for this group was not recorded in most years of the study, even if it was recorded in separate years, but its importance decreased in comparison with other groups included in the study. No data was recorded for the first years of the study period (2003-2008) due To many reasons, such as importing these goods from other countries, which are cheaper in price and of high quality. The import of this commodity began during (2009). The value was (17,345) Iraqi dinars with a percentage of (0%). This value increased, especially after the Iraq's commercial trade openness with other countries. In (2010), the value was (354558450) Iraqi dinars with a percentage of (23.7%) of the total Iraqi non-oil imports with Qatar. This value kept increasing in subsequent years, but no data was recorded for (2014-2015) due to many reasons, such as the entry of terrorist gangs (ISIS) and the impact they had on the Iraqi economy. In (2016), the value was (14239336) Iraqi dinars with a percentage of (19.2%) of the total Iraqi non-oil imports with Qatar. This value decreased in subsequent years. In (2018), it was (465,331) Iraqi dinars with a percentage of (1%). No significant evidence was recorded during the last years of the study period due to the spread of the Corona pandemic and its negative effects on the global economy in general and Iraq in particular.

5. Chemicals

Given the importance of the commodities and materials belonging to this group because of their very large financial returns, Iraq began to import those materials that are not available locally to fill the shortage. Natural materials, the manufacture of disinfectants, and sterilizers were in the forefront. Table (1), Figure (1), and Map (1) indicate that no data were recorded for some years of the study period (2003-2008) due to the fact that Iraq in the early years was under the American occupation in addition to the fact that Iraq relied on other cheap countries to import these materials beside the financial crisis that the country experienced during the end of (2007) and the beginning of (2008). In (2009), the value was (16663,140) Iraqi dinars with a percentage of (3.3%) of the total Iraqi non-oil imports with Qatar. No data was recorded in (2012-2013) due to the war with

terrorist gangs (ISIS) and their negative effects that greatly affected the Iraqi economy. In (2016), the value was (8,176,248) Iraqi dinars with a percentage of (100%). In (2019), the value was (6893510) Iraqi dinars with a percentage of (98%). In (2020-2021), no data was recorded due to the fact that the spread of the Corona virus had an impact on all commercial trade.

6. Manufactured Goods

This group acquires great importance due to the market need and its competitive ability in global markets. They are considered the mechanical materials for some industries or consumer needs that the population needs. No data was recorded for it during the first years of the study period (2003-2006). In (2007), the value was (650286716) Iraqi dinars with a percentage of (100%) as a result of the commercial production of Iraq and the increase in the government agreement. No data was recorded in (2008) due to the financial crisis in (2008). In (2010), the value was (1021486616) Iraqi dinars with a percentage of (68.2%). No data was recorded in (2011). In (2014), the value was (18,251400) Iraqi dinars with a percentage of (83.6%) of the total Iraqi non-oil imports with Qatar. No data was recorded in (2016- 2017). In (2021), the value was (29400287) Iraqi dinars with a percentage of (90.7%) of the total Iraqi non-oil imports with Qatar.

7. Transportation Machinery and Equipment

Despite its commercial importance and its great financial return, Iraq's external trade with Qatar for transport machinery and equipment is very small. Table (1), Figure (1), and Map ((1) indicate that in (2009), the value was (2,925,000) Iraqi dinars. In (2011), the value was (65,571,860) Iraqi dinars. The highest value was recorded in (2014) with (27,2814,150) Iraqi dinars and a percentage of (45.3%).

8. Miscellaneous Products

Due to the economic importance that these commodities acquire in the global markets for their ability to compete in the global markets, as well as the multiplicity of their types, they are not affected by economic conditions except in some cases. No data were recorded in (2003-2009) due to many reasons, such as US occupation in addition to the financial crisis in (2008) and the political, economic, and commercial reasons related to importing materials from countries of lower value and high quality. In (2010), the value was (116054500) Iraqi dinars with a percentage of (7.8%) of the total Iraqi non-oil imports with Qatar. This value gradually increased in subsequent years. In (2011), the value was (208,3081,800) Iraqi dinars with a percentage of (72.6%). This value has decreased during the following two years of the study period, and no data was recorded for the years (2014-2015) due to the impacts of the war against terrorism. There is no data for

(2018). In (2019), the value was only (16,132) Iraqi dinars with a percentage of (0%). No data was recorded for (2020) due to the spread of the Corona pandemic and its negative effects. Then, the Iraqi-Qatari trade began to flourish.

9. Non-Classified Goods and Transactions

This group includes goods related to personal belongings, antiques, and other unclassified goods. Despite the commercial importance of this commodity, it recorded very few data. It recorded data for only three years of the study period. In (2014), the value was (48,209851) Iraqi dinars with a percentage of (8.0%). In (2017), the value was (13,696000) Iraqi dinars with a percentage of (0.3%) of the total Iraqi non-oil imports with Qatar. In (2018), the value was only (466,210) Iraqi dinars with a percentage of (1.0%) of the total Iraqi non-oil imports with Qatar.

10. Conclusions

1. The results of the present study reveal that no data was recorded for foodstuffs and live animals for the first years of the study period (2003-2008), which is due to the American occupation of Iraq.

2. The present study revealed that mineral substances, oils, and lubricating oils did not record data in most years of the study period (2003-2008).

3. The value of imports of chemicals in (2009) was (16663,140) Iraqi dinars with a percentage of (3.3%) of the total Iraqi non-oil imports with Qatar. This value decreased during the subsequent years of the study period as no data was recorded in (2012-2013), which is due to the war with terrorist gangs (ISIS).

4. The results of the present study reveal that the unclassified goods and transactions recorded data for only three years of the study period. In (2014), the percentage was (8.0%) and in (2017), the percentage was (0.3%).

11. Suggestions

1. Developing the industrial and mining sectors, rationalizing consumption, and giving importance to capital and intermediate imports that contribute to economic growth and the development of commodity sectors.

2. Increasing Iraq's dependence on the Middle East and Asia in its external trade and not only relying on the Arabian Gulf because by virtue of the distinguished position it possesses in the region, it will lead to attracting external direct investment to it.

3. Supporting the industrial and agricultural sectors together because they contribute to economic growth. Attention to one of them at the expense of the other will hinder the process of balanced economic development, in addition to the presence of a clear percentage of the population living on the agricultural sector.

4. Focusing on concluding trade agreements with neighboring countries for the purpose of expanding international exchange with them, as well as having a mechanism for cooperation with those countries.

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