

# ANALYSIS OF THE REALITY OF THE OIL SECTOR & SOME ECONOMIC INDICATORS IN IRAQ (2004-2023)

ALI MANAF SUKKAR

MASTER'S STUDENT IN FINANCIAL & BANKING SCIENCES COLLEGE OF ADMINISTRATION & ECONOMICS  
UNIVERSITY OF BABYLON  
EMAIL: BUS766.ALI.MANAF@STUDENT.UOBABYLON.EDU.IQ

PROF. DR. JAWAD KAZEM AL-BAKRI

PROFESSOR OF GENERAL ECONOMICS DEPARTMENT OF FINANCIAL & BANKING SCIENCES COLLEGE OF  
ADMINISTRATION & ECONOMICS UNIVERSITY OF BABYLON  
EMAIL: BUS.JAWAD.KADHIM@UOBABYLON.EDU.IQ

**ABSTRACT:** The research aims to shed light on the analysis of the reality of the oil sector and some economic indicators in Iraq for the period (2004-2023), to determine whether the improvement or deterioration in these indicators is due to a recovery or contraction in the performance of the oil sector, or to other factors such as economic policies or political and security conditions, by conducting an analytical study to clarify this.

**Keywords:** Oil sector, economic indicators, Iraqi economy.

## INTRODUCTION

Before oil exports, the Iraqi economy was a simple agricultural, rentier economy. With the emergence of oil exports and over time, their role increased, becoming a locomotive pulling the national economy and most sectors behind it. Iraqi oil has become the lifeblood of the Iraqi economy, given its high proportion of the gross domestic product (GDP). This means that a significant increase in oil revenues will lead to an increase in the composition of this GDP. Successive governments have been able to implement economic programs, such as infrastructure and national economic infrastructure, which may benefit society and individuals alike by improving their income levels and well-being. In addition, the government seeks to transform oil assets into non-oil assets, such as agriculture, industry, and services. These assets are more stable and secure than other oil assets. The objectives of all economic sectors that have undergone downsizing may be short-term, medium-term, or long-term, or they may have social, economic, or other objectives. The possibilities for downsizing have been distributed as a result of several factors, including the growth of oil revenues.

### Research problem

The research problem is based on: To what extent did the performance of the oil sector in Iraq during the period (2004-2023) affect some economic and development indicators, and did this impact contribute to supporting or weakening the path of sustainable development in the country.

### Research objective

The importance of this research lies in studying the reality of the oil sector during the period (2004-2023) and analyzing the most important economic indicators affecting it, such as the gross domestic product and unemployment rates.

### Research hypothesis

Oil price fluctuations negatively impact economic stability indicators in the Iraqi economy, including declining GDP and rising unemployment.

### Research methodology

To achieve the desired goals and objectives of the research, the deductive approach was adopted to address the theoretical aspects, through reviewing the relevant economic literature and analyzing concepts related to the oil sector and its associated economic components, which contributes to building the general conceptual framework of the study. The descriptive and analytical approach was also adopted, due to its ability to explain the Iraqi economic reality by analyzing financial and economic data and indicators related to oil for the period (2004-2023), and comparing them

with theoretical foundations. This enables the identification of shortcomings and gaps, and the extraction of relationships between oil and economic variables that influence development.

**Spatial and temporal limits of the research:** Iraq will be the spatial dimension of the research, and the time limits include the period (2004-2023).

**Research structure:** To cover all aspects of the research, it was divided into six sections, followed by conclusions and recommendations, as follows:

**The first requirement :** The concept of oil prices and its types.

**The second requirement:** the Properties of a Economic for oil.

**The third requirement:** Factors affecting crude oil prices.

**The fourth requirement:** Crude oil production and export in Iraq ((2004-2023)).

**The fifth requirement:** Analysis of some economic variables.

**The sixth requirement :** Analysis of the impact of oil price fluctuations on economic indicators for the period (2004-2023).

**The first requirement: concept oil prices And its types**

**1-concept oil prices :** that explanation concept price oil It varies from party to last a result to that Parties Different in game oil Look to Prices from Angles different As for For countries Exporter Then the price Related With revenues , But with regards For countries importer Then the price Most importance he Import price(CIF)Because of the burden you bear scales Payments , while cares Consumer Final in basis At a price Selected oil in Markets The sentence, and that International prices and local for oil what no moving together Because it is separate virtually on Some of them For two reasons the first taxes expensive that impose it most countries imported on Products oil , The second he Changes Foreign Ministry in Exchange rates Robert Mabro , 1984: p60). Oil is defined as the monetary value or monetary image of a barrel of crude oil measured in US dollars, consisting of (158.9) liters expressed in US currency units. This price is subject to constant fluctuations due to the dynamic and unstable nature of the global oil market, which has been reflected in oil prices, making them unstable and subject to continuous fluctuations, to the point that the phenomenon of fluctuations has become a worrying phenomenon on the global level. (Mahdi(2019: p. 87).

**2- Types of oil prices:-**

A- **Announced price:** This was the price prevailing in the pre-1970s, when the US oil monopolies, known as the Rockefeller Empire, set prices according to their interests and denominated them in US dollars, with no influence on supply and demand. Currently, attention is focused on announced crude oil prices due to their impact on global growth. These prices saw historic lows in global markets in March 2020, despite pledges by major producers to cut production and reduce oil supply. The price of US West Texas Intermediate crude oil collapsed to around \$37 per barrel, and Brent crude oil fell below \$30 per barrel due to the increasing supply of shale oil, or the so-called oil surplus in the United States. (Rahman, 2015, p. 22)

B- **Realized price:** It is the price negotiated between a seller and a buyer, often through small companies in open markets. The realized price emerged in the late 1950s as a result of the emergence of independent foreign oil companies and new oil investment contracts (sharing contracts) under which the amounts of oil prices exchanged between the parties involved were calculated. This price effectively expressed the value of the oil commodity in the oil market.(Preserved, 2017: p. 20)

C- **Signal price:** The reference price can be taken in two ways: the first is higher than the realized price and lower than the announced price. The reference price represents the midpoint between the announced and realized prices. The reference price can be reached through an agreement between the oil-producing company and the importing country to distribute oil revenues between the two parties. The second way indicates that the reference price refers to a basket of oils of similar density or geographically distant locations, and constitutes an indicator for pricing a group of oils based on their proximity or distance from the reference oil. There are several reference oils, including Arab Light crude oil from Saudi Arabia, Oman, or Dubai, Brent crude, and West Texas Intermediate.(Abdel Moneim, 2016: p. 22)

D- **Spot price or current price:** The price of a barrel of oil expressed in one monetary unit in the free, spot, or open crude oil markets, and the nominal price, which means the monetary value of a barrel of crude oil, expressed in US monetary units. (Al-Khawli , 1992: p. 104),The real price is the true value of the nominal price, discounted by inflation rates, or what is called deflation, or the quantity of goods that can be obtained from abroad at the nominal price per barrel.

**The second requirement: the economic characteristics of oil:(Al-Daghiri, 1992: p. 50) The league, 1983: p. 14)**

1- It is a strategic material that is affected by economic and political factors, which gives it an international character and special importance:

2- Oil is considered a source of condensates for petroleum derivatives, as 2600 products have become the main source of energy, and with the development of modern technology and prevailing technological art, which increases dependence on oil.

3- Most oil reserves are concentrated in developing countries, while coal is available in industrialized countries.

4- The oil industry is a huge industry that involves high risks and requires huge capital, which does not allow individuals in general or different countries in particular to take risks.

**The third requirement: factors affecting crude oil prices**

As oil has become an important and strategic commodity in the economies of both consuming and producing countries, many non-economic factors have emerged, including social and political factors, along with complex economic factors, that make it difficult to find a stable pricing for crude oil.(Abdul Hamid, 2025: p. 149), The stability of the oil market depends on the balance between supply and demand .As well as. The global oil reserve is limited because the major countries do not have oil reserves that can be exploited in the future.(Al-Yazni, 2013: 333).Oil has become an indispensable strategic commodity, and contributes significantly to countries' revenues from their gross domestic product and their foreign exports. Therefore, Oil prices are volatile due to the correlation between oil prices and the forces of supply and demand, as well as the free market mechanism.(Hamad, 2018: p. 283). There are many factors that control the oil price mechanism in global oil markets in the short and long term, including financial, security, climate, and global supply and demand factors, which in turn affect oil prices.(Faraj, 2015: 41-42).

**The fourth requirement:Iraq's crude oil production and exports((2004-2023).**

The oil industry in Iraq is distinguished by its possession of huge and diverse reserves, in addition to the ease of extracting oil from its proximity to the earth's surface, which has contributed to the low costs of production.,The absence of risks associated with exploration and drilling operations also enhances the sector's attractiveness. As a result of these combined factors, the Iraqi oil sector has become a focus of interest for many companies specializing in extraction, leading to an increase in investment spending in this field.(Abdul Hamid, 2025: p. 152)Through the data in the following table, we clarify this:

**Table (1) The reality of. the oil sector in Iraq for. the period .(2004-2023)**

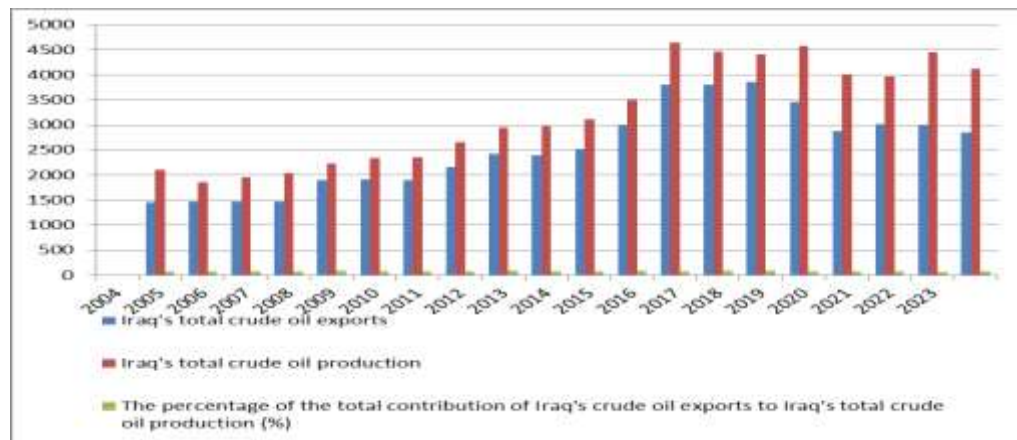
The percentage of the total contribution of Iraq's crude oil exports to Iraq's total crude oil production (%)	Iraq's total crude oil exports thousand barrels/day	Iraq's total crude oil production thousand barrels/day	years
68.82	1,450	2,107	2004
79.44	1,472	1,853	2005
74.96	1,467	1,957	2006
72.04	1,466	2,035	2007
85.43	1,900	2,224	2008
81.59	1,906	2,336	2009
80.15	1,890	2,358	2010
81.61	2,165	2,653	2011
82.36	2,423	2,942	2012
80.20	2,390	2,980	2013
80.87	2,515	3,110	2014
85.73	3,004	3,504	2015
81.82	3,803	4,648	2016
85.07	3,802	4,469	2017
87.57	3,862	4,410	2018
75.61	3,460	4,576	2019
71.89	2,874	3,998	2020
76.08	3,021	3,971	2021
67.33	2,998	4,453	2022
69.28	2,853	4,118	2023

Source: Opec , Annual Statistical Bulletin The researcher's contribution percentage was calculated according to the following law:

$(\text{Total Iraqi exports Crude oil} \div \text{Iraq's total crude oil production} \times 100)$

By analyzing the data contained in Table (1), the value of Iraq's total crude oil production was recorded. In 2004, it amounted to (2,107) thousand barrels, and the value of Iraq's total crude oil exports amounted to approximately (1,450) million dinars, while the percentage of exports to the gross domestic product (GDP) amounted to (68.82%). While the year (2005) witnessed a decrease in the value of Iraq's total crude oil production, recording the lowest value during the research period, which was approximately (1,853) million barrels. This is due to the decline in production efficiency due to the lack of maintenance of facilities, as well as due to the unstable security situation in the country. The value of Iraq's total crude oil exports increased by (1,472) thousand barrels, while the percentage of exports to the gross domestic product amounted to (79.44%). After this year, the value of Iraq's total crude oil production began to gradually rise, reaching its highest amount in 2016, at approximately 4,648 thousand barrels. This increase was due to the stabilization of the security situation and the attraction of new investments to increase production, which contributed to the increase in oil production. As for the value of Iraq's total crude oil exports, it began to gradually rise until it reached its highest amount in 2018, at 3,862 thousand barrels, recording its highest contribution rate in the same year, at 87.57%. The reason for this increase is due to the increase in demand for crude oil in global markets, which contributed to the rise in crude oil exports. Then the value of Iraq's total crude oil production began to fluctuate until it reached (4,118) thousand barrels in 2023. The reason for this fluctuation is due to changes in global oil prices, which affected Iraqi oil production, as well as the total value of Iraq's crude oil exports, which was fluctuating, to reach (2,853) thousand barrels in 2023, with a contribution rate of (69.28%). This can be explained through the figure: (1):-

exports for the period (2004-2023 &Figure (1) The development of Iraqi oil production



Source: Prepared by. the researcher based .on data in .Table (1)

#### Fifth requirement: Analysis of some economic variables:

Oil prices are constantly fluctuating due to several factors, including political and economic ones. This volatility has economic impacts, including reduced revenues and transportation costs, and vice versa if revenues increase. Therefore, all countries, whether oil producers or consumers, suffer from global price fluctuations. We will discuss this below.:

#### 1: Analysis of the development of GDP at current prices for the period (2004-2023)

Table (2)Output evolution analysisGross domestic product at current pricesFor the period (2004-2023)

GDP growth rateTotal(%)	gross domestic product (million dinars)	Year
—	53,235,359	2004
38.13	73,533,599	2005
29.99	95,587,955	2006
16.60	111,455,813	2007
40.89	157,026,062	2008
(16.40)	131,275,593	2009
21.58	159,607,124	2010
36.16	217,327,107	2011
16.98	254,225,491	2012
7.62	273,587,529	2013
(2.65)	266,332,655	2014
(26.90 )	194,680,972	2015
0.95	196,536,351	2016
12.79	221,665,710	2017
14.98	254,870,185	2018
9.03	277,884,869	2019
(28.47)	198,774,325	2020
51.65	301,439,534	2021
37.87	415600,000	2022
(20.60)	330,000,00	2023

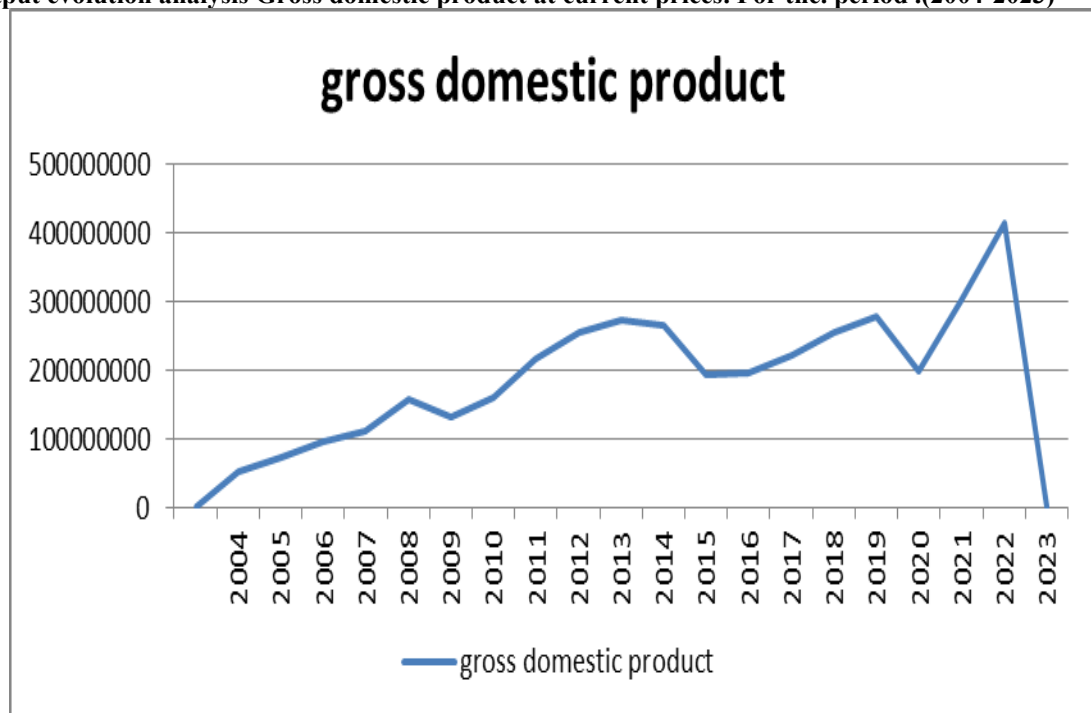
-Source: Central. Bank of. Iraq, Department of Statistics & Research, Annual Statistical Bulletin for the years (2004-2023), various years, multiple pages.

The ratios inside the brackets are negative.

It is clear from the data in Table (2) that the period (2004-2008) was characterized by an increase in the gross domestic product, which amounted to (53,235,359) million dinars in 2004 and reached (157,026,062) million dinars with an annual growth rate of (40.89%) in 2008. The reason for this increase is due to the formation of the Iraqi government in 2004 and the gradual return of economic relations between Iraq and the countries of the world and the beginning of contracts with foreign companies to resume oil production and export in coordination with OPEC, coinciding with the

rise in oil prices, which had an impact on the recovery of the Iraqi economy on the basis that oil is the main source of revenues. (Central Bank of Iraq, 2008: p. 18). While 2009 witnessed a negative contraction in GDP due to the decline in oil prices, as well as the financial crisis that struck the global economy and its economic repercussions, as well as the weak contribution of other sectors to GDP formation, it amounted to (131,275,593) million dinars, with a growth rate of (-16.40%). After this year, GDP began to rise for the period (2010-2013) by (159,607,124 - 273,587,529) with positive annual growth rates as well, reaching (21.58% - 7.62%). The reason for this increase is due to the rise in oil prices compared to previous years, which indicates the dominance of the oil sector in GDP, which led to an increase in GDP. While the years (2014, 2015) witnessed a decline in the value of the GDP, as it decreased from (266,332,655) million dinars in 2014 to (194,680,972) million dinars in 2015, with a growth rate of (-2.65%, -26.90%), the reasons for this decline were the deterioration of the political and security situation, the decline in oil prices, the entry of terrorism into Iraq, and its occupation of some Iraqi provinces, which led to the destruction of oil wells and damage to the infrastructure. Then came the political and economic instability and the cessation of export operations, which led to a significant decline in the growth rate of Iraqi exports. From the period (2016-2019), it is clear that there was an increase in the GDP by approximately (196,536,351 - 277,884,869) million dinars, with a growth rate of (0.95%, 9.03%), respectively. The reason for this increase is due to the increase in global demand for crude oil, which led to higher prices, increased export quantities, and an increase in the volume of exports. Meanwhile, the value of the GDP declined again after these years to reach (198,774,325) million dinars, with a rate of (-28.47%). This is due to the outbreak of the Corona pandemic, which dealt a severe blow to the global economy, which was already suffering from fragility. Developing countries were the first and most affected, as...AR for the Iraqi economy at various levels, which led to a decline in GDP growth rates in Iraq. The years 2021-2022 witnessed global economic stability, as a result of the global openness and partial recovery from the Corona pandemic, with the rise in global oil prices, which led to a significant increase in the gross domestic product (GDP) by approximately (301,439,534,415,600,000) million dinars, with an annual growth rate of (51.65%, 37.87%), respectively. The reason for this increase is due to the rise in oil prices. Compared to previous years, this indicates the dominance of the oil sector over the GDP, which led to an increase in the GDP. Meanwhile, the year 2023 witnessed a decrease in the GDP by approximately (330,000,000) million dinars, at a rate of (-20.60%). The reason for this decrease is due to the delay in implementing the general budget, which led to a loss of confidence in the government's ability to manage its finances. This can be illustrated in the figure below.(2):-

**Shape (2)Output evolution analysis Gross domestic product at current prices. For the. period .(2004-2023)**



- Source. prepared by. the researcher based. on the data in the. table (2)

2:Evolution analysisunemployment ratesFor the period (2004-2023)



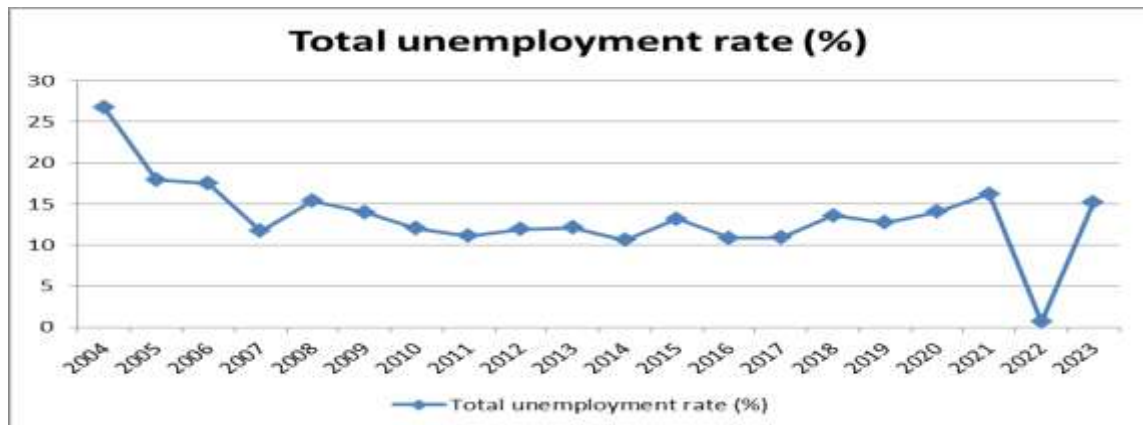
**Table (3) Evolution analysis Unemployment rates in Iraq for the period (2004-2023)**

Total unemployment rate (%)	Year
26.8	2004
17.97	2005
17.5	2006
11.7	2007
15.34	2008
14	2009
12	2010
11.1	2011
11.9	2012
12.1	2013
10.59	2014
13.18	2015
10.82	2016
10.9	2017
13.6	2018
12.7	2019
14.02	2020
16.23	2021
15.30	2022
15.23	2023

Source: Iraqi Ministry of Planning and Development Cooperation, Central Statistical Organization, Directorate of National Accounts, various years

We note from the data in Table (3) that the decline in unemployment rates ranged between (26.8-17.97%) in (2004, 2005), then to (17.5%) in (2006), reaching (11.7%) in (2007). This is due to the improvement in employment rates and the inclusion of many employees in government agencies. Unemployment rates then rose in 2008 to reach (15.34%). This increase is due to the collapse of the productive sectors and their inability to create job opportunities. There are other reasons, including the deterioration of the agricultural sector and the reluctance of farmers to engage in agricultural activities, in addition to the large increase in the number of employees in government agencies, as well as the government's tendency to reduce spending, which is matched by a large increase in growth rates and an increase in the number of graduates capable of working. Unemployment rates witnessed a slight decline during the period (2009-2014), ranging between 14%, 12%, 11.1%, 11.9%, 12.1%, and 10.59%, respectively. This indicates an improvement in the economic situation and a slight improvement in the labor market, represented by increased demand for labor through government investments to support infrastructure such as water, electricity, and other services. This helped create job opportunities, which contributed to reducing unemployment rates. However, in 2015, unemployment rates rose compared to previous years, reaching 13.18%. This was due to the sharp decline in oil prices, which negatively impacted oil revenues, which constitute the largest portion of the state's general budget. This led to a reduction in government spending and the suspension of some government investment projects. The period (2016-2018) witnessed relative stability in unemployment rates, despite the decline in oil prices. This is due to the government's efforts to attract labor to join the ranks of the Iraqi army and the Popular Mobilization Forces to confront the threat of terrorist groups (ISIS). This helped absorb the impact of falling oil prices on unemployment rates, preventing them from becoming apparent. Unemployment rates then began to decline and rise, reaching 15.23% in 2023, with an annual growth rate of 15.32%. This can be illustrated in the figure. (3):-

**The shape(3) Analysis of the development of unemployment rates in. Iraq .for the. period (2004-2023)**



Source prepared by .the researcher based j. on data from the .table (3).

**The sixth requirement:** Analysis of the. impact of oil price. fluctuations on economic indicators for .the period. (2004-2023).

#### **The impact of oil price fluctuations on GDP at current prices(2004-2023)**

Gross domestic product (GDP) at current prices is one of the most prominent aggregate indicators reflecting a country's economic performance. It represents the total market value of goods and services produced over a specific period, without excluding the impact of changes in the general price level in rentier economies such as Iraq. This indicator is highly sensitive to fluctuations in oil prices, given the significant weight of the oil sector in GDP. Changes in global oil prices lead to direct changes in government revenues from oil exports, which in turn impacts public spending, investment, consumption, and, consequently, GDP at current prices.

**Table (4)The effect of fluctuationsOil prices in GDP at current pricesFor the period (2004-2023)**

The percentage of the oil sector's contribution to the gross domestic product (%)	Oil sector GDP (One million dinars)	GDP growth rate (%)	gross domestic product (One million dinars)	price of a barrel of oil )dollar)	Year
57.87	30808541.6	—	53,235,359	34.6	2004
57.63	42379784.7	38.13	73,533,599	48.33	2005
55.29	52851810.9	29.99	95,587,955	57.97	2006
52.95	59018094.5	16.60	111,455,813	66.4	2007
55.51	87166401.2	40.89	157,026,062	92.08	2008
42.66	55998048.1	)16.40(	131,275,593	60.5	2009
45.68	72905000.1	21.58	159,607,124	76.79	2010
53.03	115256423.7	36.16	217,327,107	106.96	2011
49.73	126435557.5	16.98	254,225,491	107.96	2012
45.90	125573889.5	7.62	273,587,529	103.6	2013
43.91	116940065.3	)2.65(	266,332,655	94.45	2014
31.89	62083916.5	)26.90 (	194,680,972	47.87	2015
34.29	67400216.2	0.95	196,536,351	39.53	2016
40.00	88664813.0	12.79	221,665,710	51.87	2017
46.24	117856343.6	14.98	254,870,185	68.62	2018
69.61	193440048.0	9.03	277,884,869	67.20	2019
30.80	61226930.0	)28.47(	198,774,325	38.39	2020
23.27	70139748.1	51.65	301,439,534	65.25	2021
41.42	172138412.8	37.87	415600,000	95.00	2022
58.97	194589540.8	(20.60)	330,000,000	84.72	2023

– Source:Opec, Annual Statistical Bulletin



– Source: Central Bank of Iraq, Department of Statistics and Research, Annual Statistical Bulletin for the years (2004-2023), various years, multiple pages.

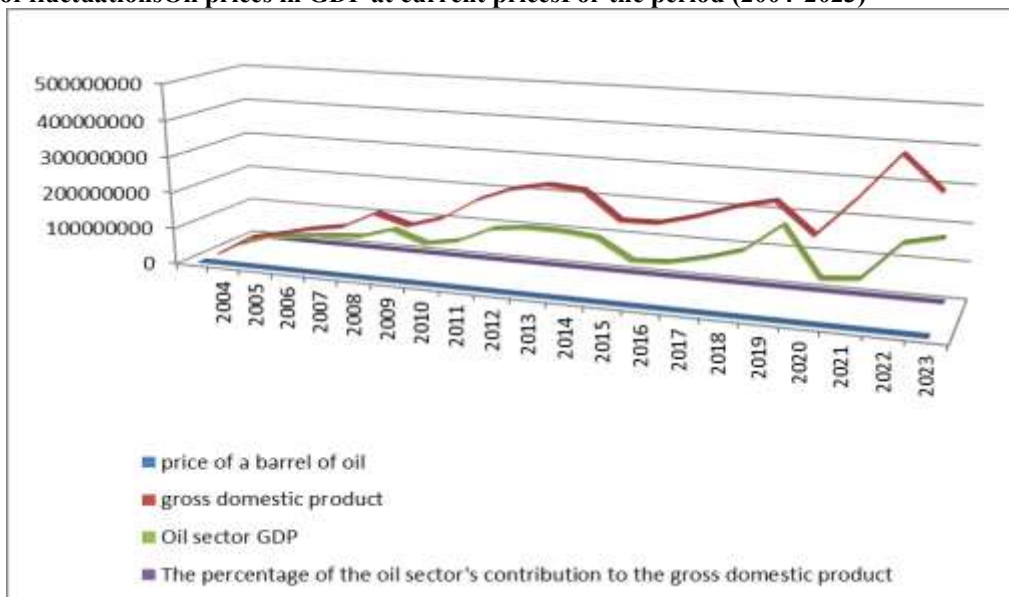
The annual growth rate was calculated using the following law:  $Gr = (Pt - Po) / Po \times 100$

The percentage of oil contribution to the GDP was calculated using the following formula:  $OGDP / GDP \times 100$

The ratios inside the brackets are negative.

The data in Table (4) shows that the period (2004-2008) was characterized by GDP growth accompanied by an increase in oil prices from (66.4) US dollars in (2007) to (92.8) US dollars in (2008), which had a positive impact on the GDP. The GDP growth rate in (2008) reached (40.88%) compared to (2007), which is a good percentage. This increase came from the lack of an increase in oil prices in addition to an increase in oil production and oil exports, as the quantity of oil exports for the same period reached (1.9004) thousand barrels per day. As for (2009), the GDP contracted negatively as a result of the decline in oil prices, as well as the financial crisis that struck the global economy and its economic repercussions. In addition to the weak contribution of other sectors to GDP, during the period (2010-2013), GDP returned to rise as a result of the rise in oil prices during the aforementioned period, the increase in the quantities of oil produced, and the stability of the security situation in the country. GDP reached its highest level in 2013, reaching (273,587,529.2 million dinars), a growth rate of (413.9%) compared to (2004). In 2014, GDP declined negatively as a result of the decline in oil prices, on the one hand, as oil prices fell from (103.6 to \$94.45), and on the other hand, the decline in oil supplies by OPEC. In addition to the events witnessed by the country, including the attack by terrorist groups (ISIS) on some Iraqi governorates, GDP continued to slow down as a result of the decline in oil prices and the weak contribution of other economic sectors to GDP. It then continued gradually between decline and rise until it reached its highest level in 2022 at an amount of (415,600,000) with an annual growth rate of (37.87%). Oil prices continued to fluctuate between high and low until they reached \$95.00 in 2022, with a contribution rate of (41.42%). It can be noted that the basic characteristic of the GDP is that its instability is linked to the instability of oil prices, and is also linked to the economic developments of countries, especially oil-exporting countries. We may sometimes notice an increase in the GDP, but this increase is formal. The structure of the GDP is dominated by a state of stagnation and deterioration in the productive, industrial and agricultural sectors, and the reason for this formal increase is the increase in oil production and the weakness of agricultural and industrial production. This indicates that the oil sector has a high priority in the formation of the GDP. The product, while we note a decrease in the GDP by (330,000,000) million dinars, at a rate of (-20.60%) at a price of \$84.72, and a contribution rate of (58.97%) in the year 2023. We will explain the above through the figure. (4):-

**Shape (4) The effect of fluctuations Oil prices in GDP at current prices For the period (2004-2023)**



- Source prepared by the researcher based on the data in the table (4)

## 2: The impact of oil. Price. fluctuations on unemployment .ratesFor the period. (2004-2023)

Unemployment is one of the most significant economic and social challenges facing countries, as it reflects the economy's ability to absorb the workforce and employ human resources. In rentier countries like Iraq, the oil sector is the primary source of public revenue and funding for government spending. Fluctuations in oil prices have a direct and indirect impact on unemployment rates, through their impact on levels of economic activity, investment spending, and public fiscal policies. This is evident in the table. (5):-

**Table (5) Analysis of the impact of the relationship between Oil prices and unemployment rates in Iraq for the period (2004-2023)**

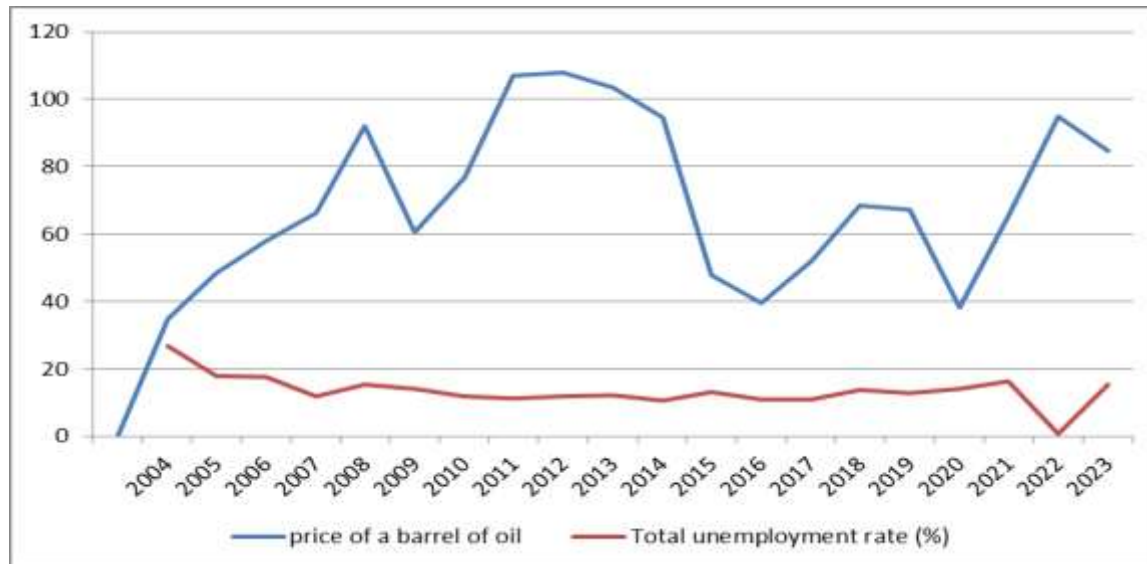
Total unemployment rate (%)	price of a barrel of oil (dollar)	Year
26.8	34.6	2004
17.97	48.33	2005
17.5	57.97	2006
11.7	66.4	2007
15.34	92.08	2008
14	60.5	2009
12	76.79	2010
11.1	106.96	2011
11.9	107.96	2012
12.1	103.6	2013
10.59	94.45	2014
13.18	47.87	2015
10.82	39.53	2016
10.9	51.87	2017
13.6	68.62	2018
12.7	67.20	2019
14.02	38.39	2020
16.23	65.25	2021
15:30	95.00	2022
15.23	84.72	2023

Source: Iraqi. Ministry of. Planning & Development. Cooperation, Central Statistical Organization, Directorate of National. Accounts, various years.

The data in Table (5) shows that the period between 2004 and 2008 witnessed a gradual and continuous rise in oil prices, ranging between (34.6-92.08) dollars per barrel. This rise coincided with a significant decline in unemployment rates, with the exception of 2008, when the unemployment rate reached (15.34%). This rise in unemployment, despite the rise in oil prices, is attributed to the weak ability of oil revenues alone to create real and sustainable job opportunities, especially in light of the weakness of the private sector and the instability of the security situation during that year. Then, oil prices witnessed a decline in 2009 by (60.5) dollars, accompanied by a decline in unemployment rates by (14%). The reason for this decline is due to the rise in oil prices before 2009, the government's significant expansion in employment, and its initiation of long-term investment and service projects. We then observe relative stability in oil prices until 2013, followed by a sharp collapse in prices between 2014 and 2016, ranging from \$94.45 to \$39.53, and unemployment rates between 10.59% and 10.82%. This decline was attributed to financial pressures and increased expenditures due to the war against the terrorist organization ISIS. After this period, we observe relative stability in oil prices, but they were unstable for the years 2017, 2018, and 2019, reaching \$51.87, \$68.62, and \$67.20, with unemployment rates ranging between low and high for the same period, ranging from 10.9% to 13.6%, and 12.7%, respectively. This fluctuation in unemployment rates is due to accumulated crises, namely ISIS, protests, and

COVID-19. Then, in 2020, the price of a barrel of oil fell by \$38.39, leading to a 14.02% increase in the unemployment rate due to the global spread of the pandemic and the imposition of complete lockdowns by countries. After this year, oil prices began to fluctuate between highs and lows, reaching \$84.72 in 2023, with an unemployment rate of 15.23%. This is due to the tight monetary policies pursued by major central banks, such as the US Federal Reserve, to combat inflation, which led to a slowdown in global economic growth and a decline in the pace of demand for oil. Markets also began to absorb the effects of the war and adapt to changes in supply, and thus prices began to stabilize and then decline relatively. The above can be explained through the figure:(5):-

**The shape(5)Analysis of the impact of the relationship between oil prices and unemployment rates in Iraq for the period (2004-2023)**



Source prepared by the researcher based on data from the table (5).

## CONCLUSIONS

- The continued dependence on rentier resources dominates the Iraqi economy, as its contribution to the general budget exceeded (90%) during most of the research years, which makes the economy vulnerable to fluctuations in global markets.
- The analysis results showed a clear direct relationship between oil price fluctuations & GDP growth rates in Iraq, with rising oil prices leading to an increase in GDP, while falling oil prices contribute to a decline.
- The research results showed that high oil revenues did not have a significant impact on unemployment rates, as these rates remained fluctuating throughout the research period, despite periods of significant increases in oil prices.
- The analysis showed that Iraq's GDP & unemployment rates were significantly affected during periods of political & security crises, such as the ISIS invasion in 2014, as well as during the global health crisis caused by the COVID-19 pandemic in 2020. These crises have revealed the fragility & resilience of Iraq's economic structure, due to its overreliance on a single sector & the lack of effective mechanisms to absorb external and internal economic shocks.

## Recommendations

The researcher recommends The need to reduce overreliance on the oil sector by activating & revitalizing other productive sectors, particularly industry, agriculture, & tourism, given their potential to create jobs and diversify the economic base. Achieving this diversification is a fundamental step toward building a stable & more resilient economy in the face of oil price fluctuations in global markets.

The researcher recommends creatingA sovereign wealth fund dedicated to preserving a portion of oil revenues, with the aim of investing them in diverse productive assets inside & outside Iraq. This fund aims to enhance long-term financial sustainability, mitigate the impact of fluctuations in oil revenues, & ensure the rights of future generations to benefit from national wealth.

Calls researcher To develop effective programmes to empower the private sector & develop its role in economic activity, by creating a safe & stimulating investment environment, and simplifying administrative & legislative procedures., It also emphasizes the importance of focusing on creating sustainable job opportunities, particularly for graduates & young people, with the aim of reducing unemployment & easing pressure on the public sector, thus contributing to achieving a more comprehensive economic and social balance.

Suggests Search The need to adopt a comprehensive & integrated development strategy based on the use of multiple models & scenarios for oil price fluctuations, with the aim of ensuring the flexibility of the general budget and its ability to adapt to crises.

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