مجلة تنمية الرافدين

**اسم المقال:** منظمة التجارة العالمية وانعكاساتها على الاقتصاد العراقي
**اسم الكاتب:** أ.م.د. فاتن حسن محمد صديق
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5. Emphasizing on the important role of the banking sector in the development process and its role in supporting the investments.
6. Giving the utmost importance to the education sector through a scientific point of authorization for the construction of the economic model and to provide objective indicators of the applied conditions of the organization.
7. The researcher recommends the need to adopt proposals that helps Iraq's accession to the organization, and developing economy; otherwise it is not in the interest of Iraq in its current economy to join the organization.

## References:

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Since, the results of statistical analysis in the table (10) indicate that the calculated (F) is greater than tabular (F) so it rejects hypothesis which states that there were significant differences at the 95% confidence level between the opinions of students about Iraq's accession to World Trade Organization in the area of lack of oversight and quality control on entry of Inferior materials of origin , reflecting the interest among (students) the need to work on the basis of accession to the World Trade Organization in the area of lack of oversight and quality control on entry of Inferior materials of origin(Appendix B.5).

## Conclusions:

1. Iraq's accession to the WTO is a critical tool to address the reluctance of both the public and private sectors in accelerating the construction of infrastructure, which increased the suffering of the Iraqi citizen.
2. The contribution of the membership to the WTO in transferring modern technology and introducing new management practices.
3. The contribution of the membership to the WTO in the stimulus to economic activity and create employment opportunities and diversity in the gross domestic product.
4. The contribution of the membership to the World Trade Organization gives Iraq the experience that the results reflected positively on the economy.
5. The contribution of the membership of the WTO is to enable Iraq to economic exploitation of its resources better and to create efficient management to take the lead in this area.
6. The results of the statistical analysis of sample answers (Appendix B.6) show that there is a consensus to accept the idea of Iraq's accession to the WTO, and that Iraq's accession will strengthen the economy.

## Recommendations:

1. Accelerating the success of Iraq's entry into the World Trade Organization requires detailed work in economic policy of the state through changes in legislation and laws and the rule of law to realize the benefits of accession.
2. Iraq must work to build its own technical strength and economic restructuring to reduce its dependence on the outside and gain the advantages of being able to export.
3. Iraq needs to empower and strengthen the negotiating team and bring it to a higher degree of responsibility and expertise to manage the negotiations in favor of Iraq and achieve the maximum gains.
4. Emphasizing on the importance of partnership between the state and the foreign private sector, and twinning the local private sector with the foreign sector to implement the projects and infrastructure development.

- Testing the ninth and tenth hypothesis, which states the following: -

(There are no significant differences between the opinions of academics and students about Iraq's accession to the WTO in the area of lack of oversight and quality control on entry of Inferior materials of origin).

To prove the validity of this hypothesis or fault in the results of statistical analysis framework, the test (F) was performed and is described in the data tables (9) and (10).

Table 9

(test results (F) regarding the views of academics on Iraq's accession to the WTO in the area of lack of oversight and quality control on entry of Inferior materials of origin)

| Factor | Coefficient of Determination $R^{\wedge 2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Academics | 0.029 | 0.169 | 3.550 | 1.204 | 1.449 | 4.08 | Accept the Hypothesis |

Since, the results of statistical analysis in the table (9) indicate that the calculated (F) is less than tabular (F) , so it accept hypothesis which states that there were no significant differences at the 95% confidence level between the opinions of academics about Iraq's accession to World Trade Organization in the area of lack of oversight and quality control on entry of Inferior materials of origin, reflecting the lack of interest among (academics) the need to work on the basis of accession to the World Trade Organization in the area of lack of oversight and quality control on entry of Inferior materials of origin(Appendix B.5).

Table 10

(test results (F) regarding the views of students on Iraq's accession to the WTO in the area of lack of oversight and quality control on entry of Inferior materials of origin)

| Factor | Coefficient of Determination $R^{\wedge 2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Students | 0.161 | 0.401 | 3.460 | 3.422 | 11.713 | 4.00 | Reject the Hypothesis |

Since, the results of statistical analysis in the table (6) Indicate that (F) calculated is less than tabular (F), so it accepts the null hypothesis which states that there were no significant differences at the 95% confidence level between the opinions of students about Iraq's accession to World Trade Organization in the development and improvement of establishments and services produced using modern technologies, reflecting the lack of interest among (students) the need to work on the basis of accession to the World Trade Organization in the development of facilities and improving the production and services using new technologies (Appendix B.3).

- To test the seventh and eighth hypothesis, which states the following:

(There are no significant differences between the opinions of academics and students about Iraq's accession to the WTO in the area of optimum use of available resources). To prove the validity of this hypothesis or fault in the results of statistical analysis framework, the test (F) was performed and is described in the data tables (7) and (8).

Table 7
(test results (F) regarding the views of academics on Iraq's accession to the WTO in the area of optimum use of available resources)

| Factor | Coefficient of Determination $R^{-2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Academics | 0.097 | 0.311 | 3.55 | 2.294 | 5.262 | 4.08 | Reject the Hypothesis |

Table 8
(test results (F) regarding the views of students on Iraq's accession to the WTO in the area of optimum use of available resources)

| Factor | Coefficient of Determination $R^{-2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Students | 0.165 | 0.406 | 3.460 | 3.475 | 12.073 | 4.00 | Reject the Hypothesis |

Since, the results of statistical analysis in the table (7) and (8) indicate that the calculated (F) is greater than tabular (F) so it rejects the null hypothesis which states that there were significant differences at the 95% confidence level between the opinions of academics and students about Iraq's accession to World Trade Organization in the area of optimum use of available resources , reflecting the interest among (academics and students) the need to work on the basis of accession to the World Trade Organization in the area of optimum use of available resources (Appendix B.4).

the World Trade Organization in the elimination of administrative corruption (Appendix B.2).

- Testing the Fifth and the sixth hypothesis, which states the following: -

(There are no significant differences between the opinions of academics and students about Iraq's accession to the WTO in the development of establishments and improve production and services using new technologies). To prove the validity of this hypothesis or fault in the results of statistical analysis framework, the test (F) was performed and is described in the data tables (5) and (6).

Table 5
(test results (F) regarding the views of academics on Iraq's accession to the WTO in the development of establishments and improve production and services Using new technologies)

| Factor | Coefficient of Determination $R^{-2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results Of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Academics | 0.097 | 0.311 | 3.55 | 2.294 | 5.262 | 4.08 | Reject the Hypothesis |

Since, the results of statistical analysis in the table (5) Indicate that (f) calculated is greater than tabular (F) , so it rejects the null hypothesis which states that there were significant differences at the 95% confidence level between the opinions of academics about Iraq's accession to World Trade Organization in the development and improvement of establishments and services produced using modern technologies, reflecting the interest of the (academics ) and they understand the need to work on the basis of accession to the World Trade Organization in the development of facilities and improving the production and services using new technologies (Appendix B.3).

Table 6
(test results (F) regarding the views of students on Iraq's accession to the WTO in the development of establishments and improve production and services using new technologies)

| Factor | Coefficient of etermination $R^{-2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Students | 0.054 | 0.233 | 3.46 | 1.868 | 3.488 | 4.00 | Accept the Hypothesis |

Since, the calculated (T) is greater than the tabular (T) when the degree of freedom is (50) for the academics and the degree of freedom is (62) for students , so the hypothesis is rejecting the null which means that there were significant differences between the opinions of academics and students about Iraq's accession to the WTO, reflecting the interest of the (academics and students) and they understand the need to work on the basis of accession to the World Trade Organization which strengthening the Iraqi economy (Appendix B.1).

- Testing the third and the fourth hypothesis that states the following: -

(There are no significant differences between the opinions of academics and students about Iraq's accession to the WTO in the elimination of corruption).

To prove the validity of this hypothesis or fault in the results of statistical analysis framework, the test (F) was performed and is described in the data tables (3) and (4).

Table 3
(test results (F) regarding the views of academics on Iraq's accession to the WTO in the elimination of administrative corruption)

| Factor | Coefficient of Determination $R^{\wedge 2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results Of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Academics | 0.175 | 0.418 | 3.550 | 3.219 | 7.039 | 4.08 | Reject the Hypothesis |

Table 4
Test results (F) regarding the views of students on Iraq's accession to the WTO in the elimination of administrative corruption

| Factor | Coefficient of Determination $R^{\wedge 2}$ | Correlation Coefficient R | Tabular T | The Calculated T | The Calculated F | F 0.05 | The Results of Hypothesis Testing |
|---|---|---|---|---|---|---|---|
| Sample Views of Students | 0.103 | 0.322 | 3.460 | 2.653 | 7.039 | 4.00 | Reject the Hypothesis |

Since, the results of statistical analysis in the table (3) and (4) indicates that the calculated (F) is greater than the tabular (F) so it rejects the null hypothesis which states that there were significant differences at the 95% confidence level between the opinions of academics and students about Iraq's accession to the World Trade Organization in the elimination of administrative corruption, reflecting the interest of the (academics and students) and they understand the need to work on the basis of accession to

development to develop its economic reality, in this situation growth is much less than it is in the case of optimism.

3. **The Third Case (Disappointment):** is concerning the entry to the organization with the absence of law and the consequent lack of the foreign investments and technological backwardness and increasing reliance on oil revenues and weakness in the private sector activity.
4. **The Fourth Case (Desperate):** this case relating to not joining the organization and the absence of law, this situation resembles to a large extent the current circumstances (Yassin, 2010: 9; Al-basree, 2011: 30).

## The Forth Topic: (Part Applied)

### Analyzing and Discussing the Data According to the Assumptions Set:

A sample was selected from students and academics in the field of specialization, 150 questionnaire forms were distributed (Appendix 1), and 114 were received, while the rest of forms were excluded. The statistical program SPSS was used to analyze and discuss the results as well as taking the views of a number of specialists.

Testing the first and the second hypothesis, which states the following:

(There are no significant differences between the opinions of academics and students about Iraq's accession to the WTO in strengthening the Iraqi economy).To prove the validity of this hypothesis or fault in the results of statistical analysis framework, the test (T) was performed to test the level of significance differences between the arithmetic mean of the academics and students answers, and the theoretical arithmetic mean. The results are describes in Data Table (1) and (2).

Table 1
T-test results on Iraq's accession to the WTO in strengthening the Iraqi economy

| Factor | Degree of Freedom D.F | Tabular T | | Calculated T | The Results of Hypothesis Testing |
|---|---|---|---|---|---|
| Sample Views of Academics | 50 | At level 0.01 | At level 0.05 | 15. 573 | Reject the Hypothesis |
| | | 2.4065 | 1.6775 | | |

Table 2
T-test results on Iraq's accession to the WTO in strengthening the Iraqi economy

| Factor | Degree of Freedom D.F | Tabular T | | Calculated T | The Results of Hypothesis Testing |
|---|---|---|---|---|---|
| Sample Views of Students | 62 | At Level 0.01 | At Level 0.05 | 11.364 | Reject the Hypothesis |
| | | 2.3890 | 1.6706 | | |

development and modernization at a level that makes them capable to compete globally.

3. Opening up on the services and providing new opportunities for services suppliers: because of the circumstances that Iraq have experienced, we see that it is underdeveloped in services sector and joining to the WTO will provide several opportunities for suppliers of services such as banking, insurance, telecommunications and others.
4. Protecting Iraq's interests through the dispute settlement body in the organization: The understanding is the most important achievements of the organization in resolving conflicts in the organization it is also the newest device to resolve the disputes and most effective in international relations, due to the adoption of the adjustment mechanism in the organization the principle of mandatory prosecution and implementation provisions, these two are the most important elements of success in any legal system international or domestic (Al-basree,2011, 30).

## 4- The Position on the Issue of Iraq's Accession to the WTO:

The positive effects resulting from joining to the organization is linked to a major extent of Iraq's ability to achieve the rule of law. For the purpose of studying the impact of accession on the Iraqi economy, which all assumes that government's strategy is the adoption of economic mechanisms and market indicators which can be summarized in three points:

**First:** is strengthening the rule of law through the adoption of human development and the rebuilding of infrastructure to ensure the development of government services.

**Second:** the adoption of agricultural development through the construction of irrigation projects and providing financial incentives to farmers.

**Third:** the adoption of supporting industry for agriculture (such as fertilizers and mechanization of agricultural and food industries.)

For the purpose of developing a vision for the future of the Iraqi economy and the effects of the membership conditions, there are four possibilities that visualize the different situations of Iraqi economy for 20 years after the entry to the organization, and on the assumption that Iraq has a grace period (5-8 years), these possibilities are:

1. **The First Case (Optimistic):** Relating to the rule of law and Iraq's accession to the WTO, in this case Iraq can get the trade and investment privileges, which will guarantee the economic development through the growth of competitiveness in production thanks to the entry of advanced technology and foreign capital.
2. **The Second Case (opportunity lost):** is relating to the rule of law and Iraq's not accessing to the WTO, in this case Iraq can deprive of all franchises and remains dependent mainly on oil for economic

The Challenges that is facing Iraq to join the World Trade Organization identified, and can not be overlooked are:

1. Joining to the WTO requires updating the regulations and legislation of laws, and this quest should be accompanied with economic and social reform on a large scale, for example the absence of laws related to supporting national products.
2. Providing the conditions for accession to the WTO and negotiating with them is not only the task of the Ministry of Commerce, but is supposed to involve other ministries such as agriculture, industry, health, provide the necessary facilities and to hold seminars to educate the importance of accession to the WTO.
3. The absence of the industrial private sector's role which is represented by the Federation of Iraqi Industries and the lack of a professional association for farmers as well as for exporters and importers.
4. The necessity of activating the role of institutions related to quality control, health monitoring and financial institutions (such as tax and customs and the legal institutions) and social security institutions.
5. The necessity to provide detailed statistics, for example Iraq's share in international trade and the number of State trading enterprises and the size of their business compared with the size of private enterprises. It is necessary to provide these statistics for researchers to get the results of scientific studies concerned with these issues (Saidi, 2010,5; Al-Basre, 2011, 28).

**3- The Positive Effects Resulting from Iraq's Accession to the WTO**

The most important advantages that Iraq can obtain when joining the organization are:

1. Attracting foreign investments: the infrastructure of the economy Iraqi is affected by a series of wars and years of economic blockade, which continued for several decades and lasted in destruction, Iraq has begun to need to invest in all areas in a time that the local investment can not meet these needs. The foreign investment needs a stable environment and provides appropriate legislation for the exercise of its activities.
2. The opening of new markets and opportunities in front of Iraqi products: decades ago Iraq had several potential in many industries and earned a good reputation in the foreign markets such as the textile industry, leather industry, the cement industry, petrochemical and food industries and others in addition to agricultural products such as palm, livestock… etc, it had foreign markets and its exports grew continuously, but the economic policies that were implemented led to fluctuations in production and degradation constant, which led to losing the ability to export. It is possible to restore Iraq's status in trade after the accessing to the WTO and the Iraqi industry can obtain the opportunities of

**First**: mostly these goods were intended for domestic consumption as part of manufacturing strategy compensator for imports.

**Second**: mostly these goods are benefiting from customs protection for decades, and the state control on the foreign trade sector.

The problem behind Iraq's accession to the WTO differs, international trading environment is faced by developing countries including Iraq under the openness, the competitiveness is becoming hard and the range of international competition is becoming difficult to measure. In Iraq the effects of the accession to WTO are viewed through the factors below:

a. Export structure: it means to what extent Iraq depends on a number of specific products in the composition of exports as oil accounts for more than 90% of total exports.
b. The liberalization of trade and the importance of the industry for the country of origin.
c. Pattern of based industrialization: Iraq has mainly adopted a strategy of compensating imports behind high tariff protection and nation control on the foreign trade sector.
d. The competitiveness of manufactures through achieving levels of global manufacturing, Iraqi products are characterized with low efficiency and high prices, and far from the application of quality management systems so the industry in Iraq is unable to compete internationally and experiencing real difficulties that commits the government to play an active and influential role to ensure that the export structure must be a diverse and adapted to global variables(Yassin,2010: 6).

## 2-The Economic Challenges Facing Iraq in the Case of Accession to the WTO:

There is disparity in the economic effects resulting from the entry to the organization, but it is difficult to point out that accessing the organization was harmful in overall economic activity for the acceding countries, although it is theoretically expected that developing countries might face the competitive strength of countries with economic affairs, therefore the negotiating power has the role in containing the negative effects, so the uneven economic performance can be explained in the following factors:

1. The negotiated team power has an important role in seizing the best opportunities of exemptions and allowances.
2. The international economic climate plays a role in the growth and development of states due to the organic interdependence between the countries of the world.
3. The political situation of the state and its relationship with the influential global plays a role in the economic affairs.
4. The rule of law and its role to earn the foreign investors and respect for the parties of the contracts and labor relations.

| Year | Privat | Public | Privat | Public | Total |
|---|---|---|---|---|---|
| 2004 | 0.13 | 0.87 | 370,088 | 2,487,718 | 2,857,806 |
| 2005 | 0.15 | 0.96 | 438,885 | 9,743,477 | 10,182,362 |
| 2006 | 0.09 | 0.98 | 269,550 | 16,013,395 | 16,282,945 |
| 2007 | 0.09 | 0.99 | 258,226 | 33,573,936 | 33,832,162 |

Figure 5
Creating Fixed Capital for both Private and Public Sectors using Current Quotations (In Million Iraqi Diners) (Al-Basree, 2011, 19)

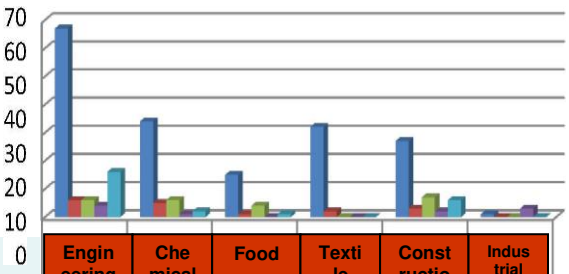
## Section Two: Iraq and the Membership to the WTO

In order to conduct a scientific assessment of the feasibility of joining, there must be an analysis for each of the pros and cons effects of accession according to the reality of Iraq's industry and the national economy as a whole to determine the feasibility of joining based on the results of the analysis and the internal economic data of the country, and to determine the nature, laws and practices of the international organization in concern. To meet the challenges posed by Iraq's accession we should discuss the following aspects (Al-Basree, 2011, 22):

1. World Trade Organization and its impact on the reality of the industrial sector in Iraq.
2. The challenges and problems resulting from Iraq's accession to the WTO.
3. The economic benefits on the Iraqi economy resulting from Iraq's accession to the WTO.
4. The position of the issue of Iraq's accession to the WTO

### 1- WTO and its impact on the reality of the industrial sector in Iraq:

The Iraqi economy has inherited the artificial reality that is characterized with backward and have many problems and constraints that limit its activity and its ability to work under the economic policy which is characterized by a liberate trade and adoption of marketing mechanisms and economic criteria in the allocation of resources rather than the administrative procedures that were adopted in the past, especially in countries shifting to market economy, so the global trade liberalization in the WTO framework and the increasing in membership will have a long effect on all sectors, including industrial sector, this will put the industrial goods in Iraq in front of difficult challenges which lived within the confines of two important issues:-




| | Engineering | Chemical | Food | Textile | Construction | Industrial |
|---|---|---|---|---|---|---|
| Number of factories on work | 67 | 34 | 15 | 32 | 27 | 1 |
| Number of factories shut down for rehabilitation | 6 | 5 | 1 | 2 | 3 | 0 |
| Number of factories shut down with economic Evaluation | 6 | 6 | 4 | 0 | 7 | 0 |
| Number of working factories with no economic Evaluation | 4 | 1 | 0 | 0 | 2 | 3 |
| Number of shut down factories with no economi | 16 | 2 | 1 | 0 | 6 | 0 |

Figure 3
the number of factories and companies and currently stalled **(Al-Basree, 2011, 16)**

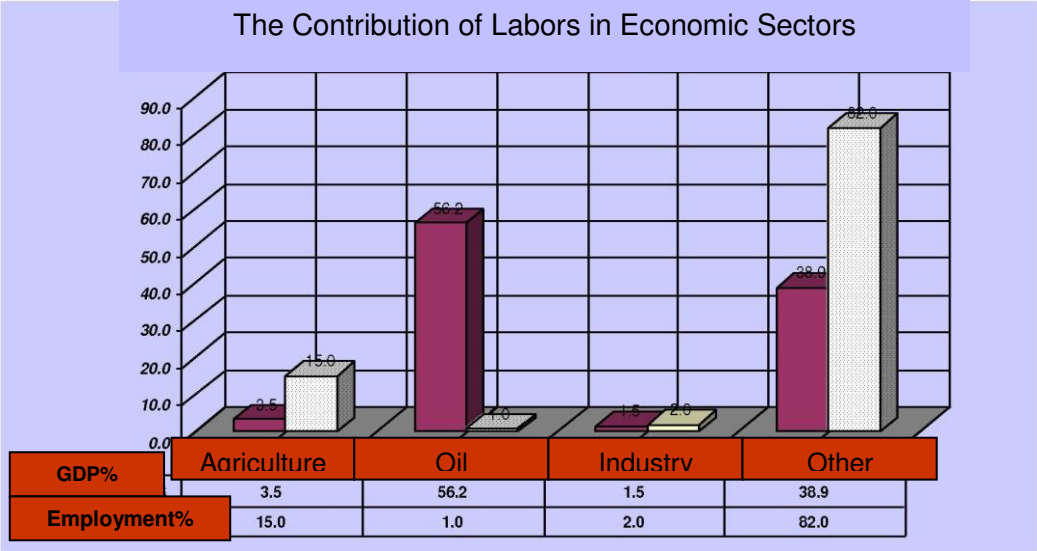



Figure 4
The proportional distribution of labor and the proportion of the agricultural sector contribution in GDP in 2009(Al-Basree, 2011,16)

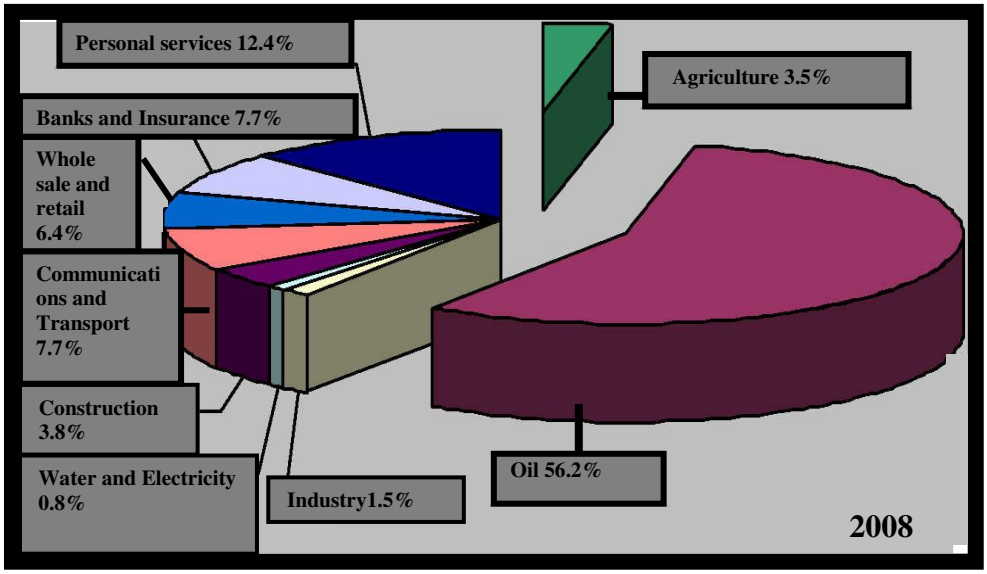



Figure 2
GDP for the year 2008(Al-Basree, 2011,12)

**b. <u>The Role of The Private Sector</u>**

The reality of Iraq's industry is the dominance of the public sector and atrophy of the private sector. The public sector suffers from the failure of technological and a severe weakness in productivity also the private sector lacks of capital and technical expertise, from the table bellow we see the low contribution of the private sector in forming a fixed capital in the Iraqi economy, the private sector contribution to GDP is about 30%, as the transition after 2003 until now has witnessed a setback in the Iraqi private sector due to the cessation of industrial projects either because of destruction or because of high production costs, flooding the market with imported goods, competition, insecurity and targeting business which led to capital flight out of Iraq (Al-Basree,2011, 19).

## Third Topic: Section One: The Reality of the Iraqi Economy

### 1. The Reality of the Iraqi Economy

Iraq is regaining international attention in order to build its economy and to integrate with the international institutions and the WTO which it seems that Iraq is going rapidly towards accessing into it. It may be useful to diagnose the reality of the Iraqi economy, and what are the benefits that can be achieved and the opportunities that could be lost when not accessing to the organization. Examining the reality of the Iraqi economy requires studying the structure of GDP as shown in the Figure (2) (Al-Basree, 2011: 12).

### 1.1. The Reality of the Agricultural Sector

The agriculture contributes in 3.5% of gross domestic product; note that the arable land is 20 % of the total area of Iraq and that nearly 75% of irrigated agricultural land suffers from salinity caused by poor management of perfusion. Since the land is fertile arable land stands at (22) million acres, the agricultural production in Iraq is supposed to be enough to feed (77) million citizen, but if we include the land area actually cultivated which is about (31) million acres, about (45) million citizen can get their food without resorting to imports from abroad. However, Iraq imports about (80%) of the needs of the local market (Al-Basree, 2011: 15).

**a. The Reality of The Industrial Sector**

Industry contributes with 1.5% of gross domestic product, most of the projects suffer from technological backwardness, after the events of April 2003 many projects have suffered from looting and destruction, the majority of these projects became low productive and a financial burden on the state, and because of the inefficiency of these projects to achieve the necessary revenue to cover production costs the government is now compelled to support it for the purpose of giving a detailed picture of the reality of Iraq's industry, we can refer to the Figure (3) which shows the number of factories and companies and currently stalled, the plants currently in operation does not cover the costs of production, as noted on the structure of production and employment it is unbalanced as shown in Figure (4) where we observe lack of harmony between the employment rate (employment) and the percentage contribution of the productive sectors in the GDP (Al-Basree,2011, 16).

**Jordan:** Accessed to the WTO in 2000, when studying the economic indicators, we find that there is:

- Improvement in the gross domestic product.
- Increased its foreign investments.
- Improvement in exports, imports and trade balance.
- The employment volume has not affected negatively.

**Kuwait:** One of the oil-producing countries, joined to the WTO in 1995, when studying the economic indicators we find that:

- The Agricultural production is not damaged.
- There is improvement in energy use for industrial purposes.
- There are increased rates of foreign investment, especially after 2000.
- There is improvement in per capita gross domestic product.

**Oman:** Joined in 2000 and when studying the economic indicators, we find that there is:

- Significant improvement in the performance of the agricultural and industrial sector.
- Increase employment through an increase in foreign investment.
- Improvement in the gross domestic product (GDP) as well as the improvement in trade balance.

**Saudi Arabia:** One of the oil-producing countries, accessed to the WTO in 2005, when studying the economic indicators, we find it:

- Achieved a significant growth in agricultural and industrial this impacted positively on the trade balance and on the welfare of the citizen.
- Increase the volume of employment due to an increase in the volume of foreign investment.
- Improvement in the gross domestic product.
- Increase in exports and imports.
- Improvement in spending on health services

**Tunisia:** Accessed to the WTO in 1995, when studying the economic indicators, we find that:

- A relative improvement in the performance of the agricultural sector.
- Increasing use of energy, a good indicator of the increase in economic output and improved performance of the export sector.
- Significant increase in the volume of foreign investment.
- Increasing in the per capita gross domestic product.
- improving in the rate of spending on health.
- Increasing the amount of exports and imports.

## 2.2. Countries Acceding to the WTO:

Any state is not forced to enter the organization, membership is acquired on a voluntary basis and are subjected to the State's vision for the benefit of whether joining the organization or not, but no country can remain outside the global economy. There are 153 countries member in the organization and 31 states observing the organization of international trade as illustrated in Figure (1) (Al-Basree, 2011, 9).



Figure 1
green color indicates the countries acceding to the WTO
Yellow color indicates the observer countries of the WTO **(Al-Basree, 2011,9)**

### 2.2.1 The Economic Effects on Some Arab Countries after Accessing to the WTO

The following review shows the economic implications for the accession of some Arab countries to the WTO (Kenneth, 2009,7; Al-Basree, 2011,10):

**Bahrain:** Is oil country joined the WTO in 1995, when studying its economic indicators, we find:

- The agricultural production has improved, although it is a non-agricultural state.
- A significantly development in the gross domestic product.
- An increase in foreign investment.
- Improvement in the trade balance.
- Increasing in the per capita gross domestic product by 0.68%.

**Egypt:** Accessed to the WTO in 1995, when studying its economic indicators we find that there is:

- Improvement in the value added to the agricultural sector.
- Increased use of electricity and other sources of energy.
- Increasing in exports and imports.
- High volume of employment due to the increased foreign investments.
- A clear improvement in gross domestic product.

round was the Uruguay from 1986 to 1994 .The system was developed through a series of negotiations or trade rounds held under the banner of the GATT. The first rounds dealt mainly with reducing tariffs and the last round negotiations was held in Uruguay from 1986 to 1994 agreed to establish the WTO which was confirmed in first article of the final negotiation document that the representatives of governments and groups that are members in the negotiations have agreed to establish the "WTO" (Olivier,2009,9;Al-Basree-2011,5).

## 2. World Trade Organization (WTO)

It is an international organization based in Geneva Switzerland; whose primary mission is to ensure that trade flows smoothly, easily and liberally, it is the only global organization that is concerned with international laws on trade between nations. WTO has more than 153 member's countries of the world.

The WTO was established in 1995, it is one of the youngest organizations and is the product of the GATT which was established in the wake World War II. Although WTO is modern, the multilateral trading system which was originally set up by GATT had reached the age of fifty years. The International Organization competent affairs and the laws on trade between the world countries and is responsible for monitoring national trade policies of member countries and to settle trade disputes and the application of agreements concerning the organization of GATT which is designed for the purpose of tariff reduction and the rest of the restrictions on international trade, as well as providing technical assistance to member countries. The organization also aims to eliminate discriminatory treatment in international trade, promoting multilateral trade, monitoring the commitment of the member countries to the GATT agreements, as well as negotiation and implementation of new agreements (Olivier, 2009, 6).

### 2.1. Basic requirements to join the World Trade Organization:

1. Presentation of goods: it is a harmonizing commitment with the principles of the General Agreement on Tariffs and Trade (GATT) in addition to successive agreements of the WTO on trade in goods.
2. Supply of services: commitment to harmonizing with the principles of the General Agreement on trade in services (GATS) (General Agreements on Trade in Services).
3. intellectual property rights system: it is the alignment with the principles of the Convention on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Agreements on Trade Related aspects of Intellectual Property Rights) are the WTO agreements on the protection of property rights, patent, and trademark protection and intended to protect copyrights, geographical influences, industrial designs, design and technological innovation, the initial designs of integrated circuits, protection of information relating to trade secrets(Al-Basree,2011:4).

**4. (Jordan's experience in joining the WTO) Dr. Muthafar Ali- (2006)**

The study examined the action taken by the government in the field of legislation and the Jordanian economy adaptation to the requirements of accession, the most important among them are:

a. Issuance of new laws those are compatible with WTO rules such as competition laws, industrial designs and protection of domestic production.
b. Amendment of tax laws, customs and a number of laws in the area of intellectual property.
c. The private sector part in raising the efficiency of the performance of investments in projects such as telecommunications, public transport and these activities contributed to improve the level of services, raise the efficiency of companies and increase the rates of profit.

The study included results of the good economic that Jordan was able to achieve after joining the organization which can be marked by the following indicators:

a. Access to foreign markets.
b. Improving the transport infrastructure and communication.
c. Protection of intellectual property for the human resources of Jordan.
d. Reduce the phenomenon of financial and administrative corruption.

**5. (Arab economic integration and the challenges of WTO –Balaur Sulaiman (2008)**

The study found that the implementation of WTO agreement will have varying effects on the economies of countries, especially Arab countries which considered to be the developing nations, they will face challenges when integrating with the new system, it also requires them to formulate development strategies targeted at the local level, also showed the expected negative effects of applying the new world trading system conventions on the Arab economies, which are summarized in the following:

a. Higher import prices of Arab food to three times.
b. Arab Thought product is affected by the increasing threats of external cultural invasion.
c. Arab countries do not benefit from the liberalization of the services sector which is already being imported for services.

## Second Topic- The World Trade Organization (The Establishment and Definition)

### 1. The GATT and the evolution towards the establishment of the World Trade Organization (WTO)

GATT (General Agreement on Tariffs and Trade) launched since 1947 and aims to stimulate international trade by reducing tariffs gradually and managing the world trade, the member countries have held several rounds of negotiations, the first round was the Geneva round in 1947 and the last

studies on the subject of the research. Some of these studies were selected as follows:

1. **(Pharmaceutical company under WTO and TRIPs Agreements, the effects and strategies) – Mirza – (1999)**

The researcher discussed the convention on intellectual property in the pharmaceutical industry in developing countries. The study offered two different points of view on the subject of research. The first one focused on the protection of intellectual property will be for the benefit of the public companies in the developing countries and its effort to develop the human resources and their dependence on foreign direct investment as well as their ability to compete. The second one focused on the accession which will have negative effects on companies in the developing countries for some reasons such as the lack of established fair competition based on reducing the cost and quality also there are no evidence of a positive effect of the WTO and TRIPs agreements in the local drug companies in the developing countries.

2. **(The impact of international changes in the manufacturing industries in developing countries) - khawaja – (2001)**

This study involved identifying the impact of changes in the international (globalization) and (WTO) in industry and services in the Arab world, as well as to identify the policies to be followed to avoid the negative aspects and increase the benefits of it, the study reviewed characteristics of Arab industries, which is characterized by tradition and simulation. The study also concluded a result that the challenges faced by developing countries to international trade agreements require the re-structuring of production and service companies and increasing the export capacity, developing the technological base, training and human resource development.

3. **The impact of WTO on the Arab countries – Arab Planning Institute Dr. Ahmed Tilfah – (2003)**

The study found that many Arab countries need to make radical economic reforms and the accession to the WTO that can bring this reform for the following reasons:

**a.** World Trade Organization ensures the economic reform through multilateral negotiations leading to the liberalization of trade in goods and services.

**b.** The WTO makes the rule and specific conditions available for the reform, these rules become mandatory and everyone must abide by and are subject to the dispute settlement system in the event of breach of some countries these rules and conditions.

**c.** MLS is beneficial for developing countries compared to bilateral negotiations, which the developed countries own the bargaining power that is not available in developing countries.

3. Is there any reason to delay joining until its requirements becomes available?

**B. The Importance of the Research:**

The importance of the research can be represented by the following:

1. To emphasize on building an effective database for communications to be compatible the different variables in the new economic environment.
2. To detect the power and strengthen of the negotiating team and make it with high level of responsibility and expertise to manage the negotiations in favor of Iraq and to achieve the greatest gains.
3. To detect the effect of changing laws and legislation to be compatible with global economic changes and preparing it for the new challenges, this requires the development of infrastructure, physical capacity and human skills.

**C. The Objectives of the Research:**

The research aims to analyze the factors affecting Iraq's accession to the WTO and to clarify the effects of the accession on each of the following aspects:

1. On the Iraqi economy.
2. On reducing the administrative and financial corruption phenomenon.
3. Developing and improving the establishment's performance and improving their services and productions and the optimal use of available resources.
4. On quality control on entry of Inferior materials of origin.
5. On the use of modern technologies in production and quality control.

**D. Research Method and Tools:**

The researcher used deductive analytical approach, the study relied on the available books, Journals, researches and what has been published on the internet, a questionnaire has been adopted to collect the information and used the statistical software SPSS to analyze and discuss the results as well as taking the views of a number of specialists.

**E. The Research Sample:**

A questionnaire form was distributed on a sample of students and specialized academics in business management, economics, trade and marketing to know their views on the subject of the research, the number of distributed and answered questionnaires were 114 forms, the data were collected and subjected to the analysis and statistical treatment using the statistical program SPSS.

**Section Two - The Previous Studies:**

The previous studies are considered as one of the main foundations that any research is based upon in building a scientific model through analyzing the goals and determining the difference or similarities between the assumptions that have been adopted along with observing the congruence or intersection in the results that were provided by previous

**Introduction**:

The problems and difficulties faced the world economy which has intensified with the World War II, led to lack the growth of world trade and the whole economy. The most important problems were the barriers and obstacles that stood against the trade exchanges, so methods and ways must be searched to get out of this difficult situation. At the end of the World War II, the world has witnessed changes in the structure of economics, as the great countries began to lay the foundations of international economic relations, the historical facts emphasize that the increasing growth of international trade was a major engine of global economic growth over recent decades. The countries that adopted integration strategies in the global framework achieved positive results, while the countries that have isolated themselves from the World Trade were lagged. The birth of the International Monetary Fund and International Bank for Reconstruction and Development in 1944 and signing the General Agreement on Tariffs and Trade (GATT) GATT in 1947 were a composition of a new global trade. GATT is an international treaty designed to regulate the trade among the signatory States by the economic perspective. GATT can be regarded as a multilateral international convention for exchanging the preferential advantages among the Member States resulted from liberating the international trade from tariff and non-tariff restrictions.

The foreign direct investments have played an important role in promoting the international economic activity and benefit-sharing through the use of international competitiveness and export development in the framework of strong coupling between the comparative advantages and economic efficiency. Iraq has remained over several decades in isolation because of the policies, resulting wars and economic blockade, which created economic failures in most of the activities which weakened its competitiveness. So, the economic reform in Iraq becomes a necessity, not a choice. Some believe that the most important means of this reform is the integration with the global economy and this requires working very hard to qualify to join the World Trade Organization, while some of the indicating literatures on this matter refer that the join to the World Trade Organization may damage some economic sectors, in spite of the multiple advantages can be utilized in the development programs (Kenneth, 2009, 5; Olivier, 2009,7).

**First Topic:** (Research Methodology and Previous Studies)

**A. The Research Problem:**

The research problem focuses on answering the following questions:

1. Is the economy as it is now, ready for Iraq's accession to the organization?
2. Will the accession to the organization develop the Iraqi economy and push it to join the countries with advanced economies?

## Abstract

Iraq seeks to obtain membership of the WTO to build economic relations with the world's countries that are economically and commercially developed as well as members of WTO.

The research aims to study the economic effects resulted from Iraq's entry in the World Trade Organization (WTO) and to analyze and discuss the option of Iraq's accession to the WTO and its positive and negative impacts on the overall economic activities.

The study results showed that 63 % of respondents prefer Iraq's accession to the organization including 47% saw the need to join at the present time, while 53% of them prefer Iraq's accession to the WTO when Iraq becomes eligible for that, while 37% of them did not endorse Iraq's accession under any situation. The study concluded that there is a need for Iraq's accession to WTO for restructuring its economy to achieve all the desired goals of accession and gaining the advantages that develop its exports and to reduce its dependence on oil as a means of building its economy. The study recommended for further studies to detect the main impact of entry of Iraq's economy to the WTO.


**Key Words**: *Iraq's Economy, World Trade Organization, Impact*


## المستخلص

**يحاول العراق بذل الجهود اللازمة للحصول على عضوية الانضمام إلى منظمة التجارة العالمية من أجل بناء علاقات اقتصادية مع دول العالم والتي تعد اقتصادياً وتجارياً منضوية تحت عضوية المنظمة.**

**يهدف البحث إلى دراسة الآثار الاقتصادية الناتجة من دخول العراق إلى منظمة التجارة العالمية (WTO) مع تحليل ومناقشة خيارات انضمام العراق إلى تلك المنظمة وآثارها الإيجابية والسلبية على عموم الانشطة الاقتصادية.**

**توصلت نتائج إلى أن ٦٣% من المستجوبين يفضلون انضمام العراق إلى منظمة التجارة العالمية، حيث كان ٤٧% منهم يفضل الانضمام في الوقت الحاضر، في حين ظهر أن ٥٣% منهم يفضل الانضمام إلى منظمة التجارة العالمية عندما يصبح العراق مؤهلا لذلك، بينما كان ٣٧% من المستجوبين لايفضلون انضمام العراق تحت اي حالة.**

**استنتجت الدراسة ضرورة انضمام العراق إلى منظمة التجارة العالمية لاعادة تأهيله اقتصادياً لتحقيق جميع الأهداف المرجوة من الانضمام واكتساب المزايا التي تمكنه من نمو صادراته وتحد من اعتماده على النفط كوسيلة لبناء اقتصاده واوصت الدراسة بضرورة إجراء دراسات مستقبلية لتحديد التاثيرات الاقتصادية على دخول العراق لمنظمة التجارة العالمية.**


***الكلمات المفتاحية***: *الاقتصاد العراقي، منظمة التجارة العالمية، التاثيرات.*

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# World Trade Organization and Its Reflections on The Iraq's Economy

# منظمة التجارة العالمية وانعكاساتها على الاقتصاد العراقي

**Faten Hassan Mohammed Sediq(PhD)**
Assistant Professor
Computer Systems Department
Technical Institute – Kirkuk
fatenhello@yahoo.com

**الدكتورة فاتن حسن محمد صديق**
**أستاذ مساعد– قسم انظمة الحاسوب**
**المعهد التقني – كركوك**

تأريخ استلام البحث ٢٠١٢/٤/٢٣ تأريخ قبول النشر ٢٠١٢/٩/١٩