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Article

Measuring The Financial Impact of Trade Structure Imbalance on Economic Growth in Iraq for The Period (2005-2022)

Ahmed Jasim Mohammed[1], Dr. Aqeel Abdul-Hussein Odeh[2], Dr. Zahid. Q. Badan[3]

1. College of Administration and Economics, University of Misan
2. College of Administration and Economics, University of Thi-Qar
3. College of Administration and Economics AL-Qurna, University of Basrah

* Correspondence: ahmedjm85@uomisan.edu.iq, Aqqel_abd@utq.edu.iq, dr.zahid1975@uomisan.edu.iq

Abstract: Structural imbalances are a continuous problem that accompanies the rentier countries that depend on the production and export of unprocessed raw materials, which coincided with the Dutch disease and spread in many developing countries. A follower represented by the gross domestic product in Iraq during the period (2005-2020), and the researchers used a set of tests, including stability, and then the co-integration test to show the long-term balance between variables, and then measure the effect of variation and difference in the interrelationship between variables, and the researchers reached A very important conclusion, as it is possible to exploit the state of imbalance to activate the productive system, due to the presence of an excess demand for goods and services, through the development of a long-term strategy

Keywords: trade structure imbalance, transport sector, stability, long term equilibrium, variance

1. Introduction

Structural imbalances are one of the problems facing the Iraqi economy, and their severity varies from year to year. The degree of economic exposure and the degree of commodity concentration reflect the imbalance in the structure of the trade balance [1]. A large number of goods and services imported from abroad, and gives an indication of the fragility of the economic system and the low level of economic performance [2]. The researchers relied on the joint integration test to reveal the nature of the economic balance between the variables of the study during the long term. The right situation, and it has the ability to make the trade balance and the transport sector a factor for the interdependence and interdependence between the economic sectors, and the Iraqi economy suffers from rentierism and the lack of diversity in revenues for many reasons, including the imbalance in the trade balance that is reflected in the imbalance of the productive structure and the imbalance of the structure of foreign trade, that the standard model was used Indicators of exposure, economic concentration, and the imbalance of the transportation sector, through which the causes of imbalances in the Iraqi economy can be known, so that the researchers can contribute to developing solutions to this problem [3].

The importance of studying:

1. Knowing the reasons for the occurrence of imbalances in the Iraqi trade balance is the basis for drawing up the appropriate trade policy.
2. Analyzing the effects of imbalances in the trade balance on the Iraqi economy for the purpose of knowing the reasons and trying to develop appropriate solutions

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The study Problem:

Despite the abundance of financial resources flowing through oil exports, it was the main reason for the imbalance in the trade balance and the imbalance of the transport sector in the Iraqi economy in the extractive sector [4], [5].

Purpose of the study:

The study aims to show the impact of the imbalance in the trade balance and the transport sector on economic growth in Iraq.

Study hypothesis:

The occurrence of imbalances in the trade balance and the transportation sector could be a reason for economic diversification and raising the rate of economic growth in Iraq over the long term [6].

2. Materials and Methods

The first topic: The imbalance in the trade balance

Trade policy in Iraq is characterized by structural imbalance and economic vulnerability due to the nature of the Iraqi economy and the characteristics of the productive system in Iraq. It is manufactured abroad and sometimes re-exported to Iraq, so the pricing process was and still is unfair and tends in favor of the industrialized countries that control its pricing, whether it is crude oil or other raw materials and even agricultural materials. Agricultural sector, abundance of natural resources, and the presence of financial resources derived from oil exports. Structural imbalances were the prominent feature of the Iraqi economy, the causes of which are attributed to poor coordination, interdependence, and sectoral interdependence, the absence of coordination between macroeconomic policies, and the significant weakness of the role of the transport sector in creating a competitive advantage despite The geographical location of Iraq and this confirms what this sector suffers from the backwardness of scientific methods, bureaucratic mismanagement and the spread of corruption. Standard tests confirmed the existence of joint integration, which means the existence of a long-term balance between the explanatory independent variables and the dependent variable. If a full-fledged economic plan is drawn up.

Disruption of the export structure:

An imbalance is the state of imbalance, which represents a state of deviation from the healthy state, and the healthy state is meant to be the state of economies that achieve economic growth, or developed economies, and the trade structure is divided into the structure of imports and the structure of exports, and it can be called the trade balance, which was given by the school Commercial trade is of great interest and considered that the natural state that indicates economic stability is that the value of exports equals the value of imports without a surplus or deficit, and when a deficit occurs, it leads to an imbalance between exports and imports and then to economic instability, or economic exposure and dependence on the outside world occurs deliberately The productive system is characterized by inflexibility

The lack of diversification leads to imbalance and the emergence of an unequal situation in international trade and exchange operations in the trade balance, as the goods exported from developing countries suffer from the deterioration of their exchange rates. Table (1) data shows the imbalance in the structure of Iraqi exports through economic exposure and commodity concentration.

The forward and backward links for each sector indicate the extent of interdependence and interdependence with other sectors, and whenever it has links, this indicates lack of imbalance and the existence of balance and stability in the economic sectors. The best example of this is the oil extractive sector, as its links to the production and service sectors are still very weak, because most of its outputs Productivity goes to export in the form of raw materials, and the oil sector depends on the capital intensity in the production process, so it contributes in a greater proportion to production

intentionally compared to the labor force, so the imbalance appears clearly in the oil sector.

$$\boldsymbol{RXO} = \frac{\sum_{i=1} \boldsymbol{xi}}{\sum_{i=1} \boldsymbol{xe}} * \mathbf{100} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (\mathbf{1})$$

Where **(RXO):** the ratio of Iraqi oil exports, **(xi)**: The Iraqi oil exports, **(Xe)**: the total Iraqi exports, represents the relative importance index of Iraqi oil exports to the total Iraqi exports, and the imbalance is in the structure of exports when the ratio is high, and it rises The degree of imbalance whenever it depends on one or two commodities in its exports.

The first indicator is the indicator of the degree of economic exposure to the outside world, and the researchers used the following equation:

$$\boldsymbol{DE} = \frac{\sum_{i=1}(\boldsymbol{Xi} + \boldsymbol{Mi})}{\sum_{i=1} \boldsymbol{GDP}} * \mathbf{100} \dots\dots\dots\dots\dots (2)$$

Where: (DE) represents the degree of economic exposure, (Xi) Iraqi exports, (Mi) represents Iraqi imports, (GDP) gross domestic product.

Table (1) shows that the trade imbalance is evident through the indicator of the degree of exposure, which was (15.4) in the year and rose to (20) in the year, and the rise continued continuously and gradually until it reached (50) in the year and continued The rise to (69.2) in the year (2012), then to (77.8) in the year, and the average years of study were (66), while the indicator of commodity concentration in the commercial structure was very high, and its rate was more than (90%) in the years of study In the year (2013), the percentage was (92%), and it did not decrease less than that, so the commodity concentration was (96%) in the year (2006), then (98%) in the year, so that the average was (96%) For the period (2005-2020), the values of the structure of the trade balance indicate an increase in the dependence of the Iraqi economy on exports of primary commodities, foremost of which is the value of crude oil. Table (1) shows that the percentage of oil sector exports to total exports of goods and services was (95%) as an average. For the years (2005-2020), the index of exposure and the degree of commodity concentration expresses high rates that represent the degrees of imbalance in the structure of the trade balance, and that Iraqi exports are of one commodity over raw materials, and that the countries that import Iraqi commodities from raw materials are limited to industrialized countries only that affected by global economic cycles.

Table 1. Gross domestic product, exports, imports, and foreign trade indicators

Year	GDP(1)	CC1 (2) 5/6	DE(3) 7+6/1	M(4)	XO(5)	) 6 (GX	)7(4/1
2005	31.7	1	15.6	12.1	18.7	18.7	39.1
2006	51.7	0.96	20.9	13.7	27.7	28.6	26.1
2007	88	0.98	37.6	15.3	59.1	60.1	17.1
2008	102.1	0.98	50.8	20.2	79.6	80.9	20.1
2009	111.2	0.97	54.1	23.5	81.5	84.5	21.4
2010	142.8	0.98	51.8	28.4	74.5	75.6	19.7
2011	191.1	0.96	74.5	63.4	82.7	85.8	33.1
2012	210.2	0.98	69.4	42.9	94.3	95.9	20.3
2013	230.3	0.92	71.5	47.3	92.1	96.4	20.6
2014	243.5	0.98	75.4	49.5	99.6	101.5	20.2
2015	236.7	0.98	77.8	52.6	101.5	103.6	22.1
2016	185.5	0.98	66.3	43.3	88.6	89.4	23.2
2017	186.3	0.90	71.6	46.5	88.5	97.4	24.7
2018	220.9	0.97	74.7	48.9	98.4	100.5	22.1
2019	221.7	0.97	82.2	59.5	102.5	105.8	26.7
2020	224.6	0.98	85.1	60.6	108.1	110.9	26.8

Source: Columns (5), (6), (7), calculated by the researcher according to formulas (5-2) and (6-2) Column (1-4-5-6)

1. Organization of Arab Petroleum Exporting Countries, Annual Statistical Report, Kuwait, 203
2. OPEC, Annual statistical bulletin, Vienna, Austria, 2007, 11,13,14.
3. OPEC, Annual statistical bulletin, Vienna, Austria, 2009, 17.
4. Economic and social commission of western Asia (ESCWA), external trade bulletin of the Arab region twenty second issue, united nations New York 2013,

3. Results and Discussion

Imbalance in the structure of imports:

The imbalance between exports and imports reveals the nature of the Iraqi economy, which exports one or two articles, and imports most of the goods and services needed by Iraqi society [7]. One billion dollars in the year and rose to (15) billion dollars in the year, and the rise continued gradually until it reached (63) billion in the year, and then gradually decreased to (42) billion dollars in the year. and rose to (52) in the year (2015), meaning that every increase in the price of crude oil is reflected in the increase in the monetary mass of the dinar, which is represented in the total demand, offset by the deficit of the production apparatus, so the demand shifts to imported goods from abroad, so imports of various commodities rise [8]. And services, especially when the imported goods are various consumer goods, and this is an important factor in achieving structural imbalance. (Table 2)

Table 2. Imbalance in the trade structure, transportation sector and growth in Iraq for the period (2005-2020)

Year	GDP	DE	M	ITS
2005	31.7	15.4	12.4	21.8
2006	51.7	20.95	13.5	23.9
2007	88	37.8	15.1	28.6
2008	102.1	50.6	20.5	29.9
2009	111.2	54.05	23.8	26.2
2010	142.8	51.8	28.2	21.4
2011	191.1	74.55	63.2	23.7
2012	210.2	69.2	42.8	26.02
2013	230.3	71.8	47.5	25.4
2014	243.5	75.2	49.2	31.4
2015	236.7	77.85	52.4	30.5
2016	185.5	66.35	43.1	28.6
2017	186.3	71.65	46.2	29.2
2018	220.9	74.75	48.7	19.9
2019	221.7	82.25	59.2	26.5
2020	224.6	85.4	60.3	21.2

Source:

1. Organization of Arab Petroleum Exporting Countries, Annual Statistical Report, Kuwait, 2005.
2. OPEC, Annual statistical bulletin, Vienna, Austria, 2006.
3. OPEC, Annual statistical bulletin, Vienna, Austria, 2009 -2017.
4. Economic and social commission of western Asia (ESCWA), external trade bulletin of the Arab region twenty second issue, united nations New York 2020

The second topic: characterization and testing of the standard model

Unit root tests:

The first step is to make the standard model by testing the stability of the time series of the model and depending on the Dickie-Fuller test more or the Phillips-Byrne test, and it is possible to confine one of them to one of them and suffice with the first test because it is commensurate with the nature of the data and being long-term and quantitative series, the variables are free from the unit root and are stable, according to Dickie Fuller test, by testing each variable individually, and the researchers relied on the expanded Dickie Fuller test (ADF), in the level and test in the first difference as in the two tables (3),

It is necessary to test the stability to use the appropriate estimation of the regression equation, and to adopt stupid standard tests that achieve the goal of the research and try to verify the hypothesis of the research to prove or deny it, and this is done by recognizing the degree of integration and stability of each variable and making sure that the model is free of false regression , which gives the impression to the researcher that the results are significant and that the relationships between the variables are truly expressive, but the reality is otherwise, because of the false significance that stands as an obstacle to predicting the future of the phenomenon under study, by testing the special hypotheses for stability, which are:

Null hypothesis: The series contains a unit root

Alternative hypothesis: The series does not have a unit root

The Dickey Fuller (ADF) test for stability in the M_t series, for example, is based on the model estimation using the following (OLS) method:

$$\boldsymbol{model(0)}: \Delta \boldsymbol{Mt} = \boldsymbol{\lambda}. \boldsymbol{M_{t-1}} - \boldsymbol{1} \sum_{\boldsymbol{j=2}}^{\boldsymbol{p}} \phi \boldsymbol{j}\ \boldsymbol{\Delta Mt - j + 1} + \varepsilon \boldsymbol{t} \dots\dots\dots\dots\dots\dots (\boldsymbol{3})$$

$$\boldsymbol{model(1)}: \Delta \boldsymbol{Mt} = \boldsymbol{\lambda}. \boldsymbol{y_{t-1}} - \boldsymbol{1} \sum_{\boldsymbol{j=2}}^{\boldsymbol{p}} \phi \boldsymbol{j}\ \boldsymbol{\Delta Mt - j + 1 + c} + \varepsilon \boldsymbol{t} \dots\dots\dots\dots\dots\dots (\boldsymbol{4})$$

$$\boldsymbol{model(2)}: \Delta \boldsymbol{Mt} = \boldsymbol{\lambda}. \boldsymbol{y_{t-1}} - \boldsymbol{1} \sum_{\boldsymbol{j=2}}^{\boldsymbol{p}} \phi \boldsymbol{j}\ \boldsymbol{\Delta Mt - j + 1 + c + bt} + \varepsilon \boldsymbol{t} \dots\dots\dots\dots (\boldsymbol{5})$$

Equation (3) differs in that it does not contain a constant and a direction, while equation (4) does not include a direction, while equation (5) contains a constant and a direction. After applying Dickie Fuller, the two researchers obtained the following results:

a. The degree of economic exposure (DXC): The results of the Dickie Fuller test for the variable of economic exposure to the outside world, as it was found that the variable includes the presence of a unit root and is unstable at level ((I(0), and after taking the first difference of economic exposure, it turns out that the variable is stable and integrated of order ((I(1) at the level of significance (5%).
b. The degree of commodity concentration (DCC): The trade imbalance represented in the degree of commodity concentration does not differ from the first indicator in its stability after applying the Dickie-Fuller test. The series is stable in constant and direction at a significant level (5%), integrated of order ((I(1)) [9], [10], [11].
c. Imbalance in the transport sector (TI): The degree of imbalance in the transport sector resulting from the difference in the relative importance of the transport sector in the employment of labor force and in the gross domestic product, after testing the stability of the time series, it was found that the variable is unstable in the level at a significant level (5%), and after performing the time lag by one period, it was found that the variable is stable in the first difference, integrated of order ((I(1)) (Table 3) .

Table 3. Dickie-Fuller (ADF) test for time series stability

Var	sign	ADF Test					
		)Level Test(			)1st difference test(		
		con	trend	none	con	trend	none

PXC_t	**Test statistic**	**-0.189**	**-2.931**	**1.003**	**-4.33**	**-2.591**	-0.591
	Critical values	**-2.071**	**-2.275**	**-1.903**	**-3.090**	**-0.702**	-1.430
Prob	**5%**	**0.64**	**0.05**	**0.96**	**0.02**	**0.00**	0.01
DCC_t	**Test statistic**	**-1.889**	**-1.531**	**1.740**	**-5.093**	**-4.119**	-3.024
	Critical values	**-2.041**	**-3.359**	**-2.966**	**-4.091**	**-2.372**	-0.965
Prob	**5%**	**0.09**	**0.08**	**0.06**	**0.01**	**0.01**	0.01
TI_t	**Test statistic**	**0.600**	**1.936**	**0.971**	**-3.619**	**3.311**	-2.720
	Critical alues	**-2.048**	**-3.259**	**-2.986**	**-2.092**	**-3.401**	-0.973
Prob	**5%**	**0.09**	**1.10**	**0.90**	**0.04**	**0.05**	0.01
GDP_t	**Test statistic**	**0.063**	**-1.018**	**0.910**	**-1.668**	**-4.582**	-4.960
	Critical values	**-2.011**	**-2.828**	**-1.962**	**-3.098**	**-0.875**	-0.192
Prob	**5%**	**0.99**	**0.76**	**0.09**	**0.42**	**0.02**	0.01

The table was prepared by the two researchers based on the program (Eviews 12)

Cointegration test:

The researchers see after conducting the stability test and showing that all the variables are stable in the first difference and at all levels, we see the need to test the co-integration of the long-term balance, to find out the time course of the study variables and discover their ability to correct the imbalances they face in the future, and in order to predict the future of economic growth in Iraq, and revealing the ability of the variables to overcome its current problems in the future, which is represented by the imbalance in the trade balance and the imbalance of the transport sector, where it can achieve balance in the long term, and in order to know the long-term balance, the two researchers adopted the co-integration test of (Johansen Joslius) [12], [13]. The Johansen test includes two implicit tests that reveal the long-term balance between economic growth as a dependent variable and the imbalance in the trade balance and the imbalance of the transportation sector in Iraq during the period (2005-2020) as explanatory independent variables, which are represented by the (Trace) index and the second indicator (λ Max) according to the following two equations

$$\propto \boldsymbol{Trace} = -\boldsymbol{m} \sum_{\boldsymbol{i=t+1}}^{\boldsymbol{x}} \mathbf{log}(\mathbf{1}-\propto \boldsymbol{i}) \dots\dots\dots\dots\dots\dots (\mathbf{6})$$

$$\propto \boldsymbol{Max} = -\boldsymbol{m}\, \boldsymbol{log}(\mathbf{1} - \boldsymbol{yr} + \boldsymbol{i}) \dots\dots\dots\dots\dots\dots\dots (\mathbf{7})$$

Table (4): Results of cointegration tests for (Johanson)

a. Noting that the calculated value of (96.83) and (22.03) = λ Trace was greater than the critical tabular value of (Critical Value) at a significant level (5%), which is equal to (85.88) and (17.79), respectively, which explains the presence of integration. The common variable is economic growth in Iraq as a dependent variable in the standard model, and the independent variables that are represented by the occupation of the trade balance represented by economic exposure, commodity concentration, and disruption of the transportation sector, depending on the impact test [14].

b. As for the (Maximum Eigenvalue) test, it also shows the presence of a joint integral, but with one variable, and that is through a comparison between the calculated values and the tabular value. Participants in the model according to this indicator of the test, that is, the existence of a long-term balance between the variables of the model [15].

c. The test proved the rejection of the null hypothesis and acceptance of the alternative hypothesis, that is, the existence of two directions of joint integration between economic growth in Iraq and the explanatory variables in the impact test, and integration in one calibrator according to the maximum value, which is

indicated by the probability value (Prob) which is less than (5%, which confirms the conclusion reached by the two researchers.

d. A test of (Johanson) provides an explanation for the complementary relationship between economic growth in Iraq, long-term equilibrium, with imbalance in the trade balance, and imbalance in the transportation sector, who represent the independent variables in the model (Table 4) .

Table 4. Calculating the cointegration of (JOHANSON)

Date: 19/06/23 Time: 22:32
Sample (adjusted): 2005 2020
Included observations: 16 after adjustments
Trend assumption: Linear deterministic trend
Series: GDP : DXC : DCC : TI
Lags interval (in first differences): 1 to 1
Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	0.05 Critical Value	Trace Statistic	Eigenvalue	Prob.**
None *	85.881	96.834	0.983	0.004
At most 1 *	17.79707	22.034	0.738	0.006
At most 2	25.491	24.392	0.617	0.05
At most 3	13.827	9.071	0.391	0.08

Trace test indicates 2 cointegrating eqn(s) at the 0.05 level
*** denotes rejection of the hypothesis at the 0.05 level**
****MacKinnon-Haug-Michelis (1999) p-values**
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	0.05 Critical Value	Max-Eigen Statistic	Eigenvalue	Prob.**
None *	41.593	63.415	0.990	0.001
At most 1	32.820	22.867	0.728	0.105
At most 2	16.202	10.712	0.610	0.096
At most 3	13.802	10.543	0.392	0.078

Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level
*** denotes rejection of the hypothesis at the 0.05 level**
****MacKinnon-Haug-Michelis (1999) p-values**

The table was prepared by the two researchers based on the program (Eviews 12)

Analyze the results of the Variance test:

The variance test is one of the long-term structural tests and explains the mutual implicit relationships, in order to measure the effect of imbalances arising from sudden fluctuations in import prices, which are represented by economic exposure (DXC) and the degree of raw commodity concentration (DCC). The transfer is on the gross domestic product, and the test is done by relying on the program (Eviews12) and the variance is by calculating the averages for the explanatory variables in each year and the comparison is made with the averages for all the time series with the dependent variable, when the differences between the averages for each year are large and the differences are increasing means that the model Significant and significant variables affecting the dependent variable. The test enables the researchers to know the differences in errors and helps to analyze reality and find out the reasons and gives the possibility to predict the gross domestic product in Iraq in the future, and contributes to drawing, formulating and anticipating the future through a scenario for the future of economic activity in Iraq, and the test results can be obtained from the program or the equations in Below:

$$GDPt = \mu + \sum_{i=0}^{\infty} A_i\, \varepsilon t - 1 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (8)$$

Since (Ai) is the matrix of the coefficients of the model variables (n×n), (εt) represents the random limit vector of error (n×1). The error for the prediction was obtained at duration (h) using equation (9) below

$$GDPt + h\ - Et(GXt + h) = \sum_{1=0}^{h-1} Ai\ \varepsilon t + h - 1 \ldots\ldots\ldots\ldots\ldots\ldots (9)$$

By dividing the prediction error of (GDPt), Equation (10) is:

$$\boldsymbol{Xj, t + h\ - E_1(Xj, t + h)} = \sum_{\boldsymbol{I=0}}^{\boldsymbol{h-1}} (\boldsymbol{Aj1, i\,v1, t + h - 1 +\ Aj2, i\,v2, t + h - 1 + \ldots\ldots + aja, i\,va, t + h - 1}) \ldots\ldots (\mathbf{10})$$

a. The independent variable (DXC) explains the variance by (100%) in the first year of the degree of economic exposure in Iraq, when a shock of one standard deviation in economic exposure is directed, and the variance decreases on average by (2.5) after five periods of time have passed, and this variance After the passage of five periods of time, the level of significance reflects the gross domestic product and its intrinsic relationship with fluctuations and shocks in economic exposure, as exposure (DXC) was greatly affected by the foreign trade of the Iraqi economy, which depends on external shocks and was reflected in economic activity, so external shocks can be used in Directing economic activity to support the private sector and drawing up a promising macroeconomic policy that stimulates the overall economy in Iraq.

b. The great variation in the trade balance imbalance during the study period, which witnessed violent fluctuations that affected the Iraqi economy and contributed to the flight of investments and capital abroad and the creation of an investment environment that is repellent and unattractive to local resources as well as foreign ones, with the exception of investment in the transportation sector, so the discrepancy was significant and effective. As it was in the first year (0%) and in the year after that it was estimated at (89.6), and the volatility and discrepancy disappeared in the third year and it was (84%), but in the fourth year the discrepancy was by (10%) from the year before, and the discrepancy continued in a way Gradual until recent years with a fairly stable decline, until it reached (15.5) in the ninth year, and it was (25.05) in the last year. This confirms the significance of political stability and its impact on the gross domestic product, because when instability increases, the degree of commodity concentration and exposure increases.

c. The researchers concluded that the large discrepancies between the arithmetic means mean the rejection of the null hypothesis and the acceptance of the alternative, which is the effect of the independent variables on the gross domestic product, as economic activity can be stimulated by exploiting the difference, differences and changes in the values of the explanatory independent variables, which means that the gross domestic product is in Iraq in the future will be affected by fluctuations in economic exposure and commodity concentration, and reinforces the result reached through the joint integration test. The results from the variance decomposition in Table 5 suggest that the economic growth in Iraq is significantly affected by fluctuations in economic exposure (DXC), commodity concentration (DCC), and the transport sector imbalance (TI).

Table 5. test of variance between GDP and independent variables in Iraq

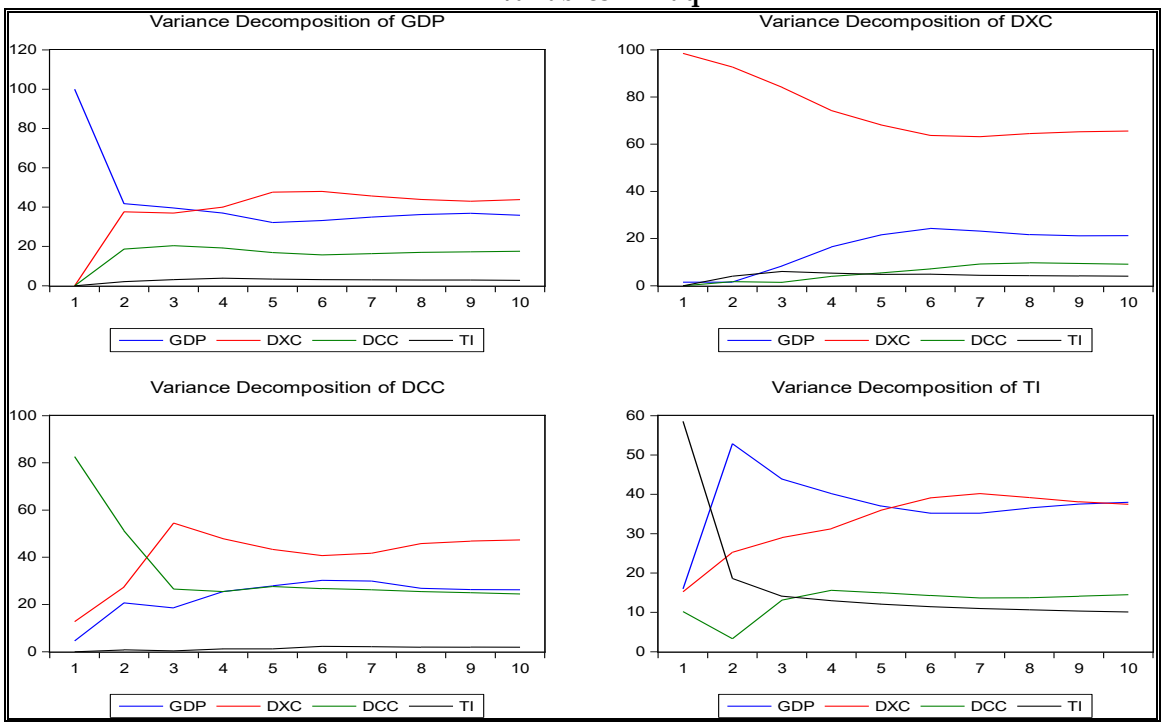
Variance Decomposition of GDP DXC DCC TI:				
Period	**S.E.**	**PO**	**PS**	**AX**
1	**195.602**	**100.00**	**0.000**	**0.000**

2	**240.081**	**45.05**	**89. 60**	**27.82**
3	**363.094**	**10.16**	**84. 02**	**9. 46**
4	**522.971**	**9.04**	**71.62**	**0.51**
5	**706.611**	**1.52**	**60.71**	**1.82**
6	**889.069**	**0.03**	**50.12**	**1.94**
7	**955.719**	**1.85**	**33.95**	**1. 72**
8	**1410.05**	**2. 01**	**18.05**	**0. 4**
9	**1553.30**	**7.74**	**15.54**	**4. 67**
10	**2922.76**	**9.95**	**25.05**	**5.72**

The table was prepared by the two researchers based on the Eviews 12 program

Figure 1 illustrates the volatility between government spending and independent variables in Iraq. The imbalance is particularly evident in the high dependency on a few exports, such as crude oil, which leads to significant fluctuations in the trade balance, as shown in Table 1.

Figure 1. the discrepancy between government spending and the independent variables in Iraq



The figure was prepared by the two researchers based on the (Eviews 12) program

4. Conclusion

a. The test proved the existence of a joint integration between the dependent variable represented by economic growth, and the explanatory independent variables during the long term, and that it has the ability to correct the imbalance during the long term, and the imbalance is an opportunity to achieve economic growth if it is properly exploited

b. The imbalance occurs in the trade balance of the Iraqi economy due to the imbalance in the distribution of financial resources coming from the extractive sector, and the adoption of traditional methods in tabulating government spending, which causes an increase in aggregate demand and the inability of the productive apparatus to cover demand, which is reflected in the imports of goods and services, and the lack of diversification of exports, which occurs commercial imbalance

c. The indicator of economic exposure and the degree of concentration shows that imports are diversified from consumer goods and productive goods, while the structure of exports is very poor and consists of one unmanufactured primary commodity, which resulted in a high degree of imbalance in the trade balance and the transport sector.
d. The imbalance in the trade balance contributed to the creation of a complex problem in all productive commodity sectors, which resulted in high unemployment rates and a low contribution of the productive sectors in contributing to the gross domestic product due to the inability to compete with imported goods from abroad.
e. The variance test for the variables of the standard model of the economic growth function confirms that the economy is characterized by structural imbalance in the economic structure and can be reflected in the labor market and contribute to the creation of new jobs and creates interdependence and interdependence with the economic sectors in the forward and backward links.

Recommendations

a. Work to create forward and backward linkages between the transportation sector and other commodity sectors, to contribute to diversifying sources of income, and to raise the percentages of the sectors' contribution to the formation of the gross domestic product, and thus create a commodity supply equal to the demand of local products
b. The necessity of integrating and synergizing the efforts of the concerned authorities to exploit the imbalance and transform it from a point of weakness and a state of structural imbalance, to turn it into a reason to revitalize the productive sectors with the aim of compensating for the shortfall in the supply of local production, by developing the necessary plans and solutions based on correct and scientific foundations, and establishing a database and information The trade policy maker in Iraq depends on it.
c. Work to keep abreast of global developments in the field of land, sea and air transport for the purpose of transforming from a rentier economy suffering from trade imbalance, to the development of productive commodity sectors.
d. Reforming and addressing the imbalance in the capabilities of the private and public transport sector by providing support and organizing its own activities, expanding and protecting it through enacting laws that facilitate this, for the purpose of attracting investors and creating a safe work environment free from financial and administrative corruption.
e. Adopting a commercial policy or using a commercial policy for a country similar to the conditions of the Iraqi economy, with making some appropriate adjustments to address imbalances in the trade structure and the transport sector, and this ensures the creation of new job opportunities, reduces unemployment rates, diversifies and increases income, and expands government spending of the positive and praiseworthy type that employs to increase production capacity and create infrastructure.

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