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Analysis of the Impact of Commercial Bank Loans on The Gross Domestic Product in Iraq

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ABSTRACT

The research aimed to explain the concept of bank loans and their importance in economic growth in Iraq. The research relied on combining the methods of induction and deduction in its analysis of the reality of loans granted by commercial banks and explaining their impact on economic growth in Iraq for the period (2004-2022), through the use of tests using the modern standard using the E-Views 12 program, the research reached developments in bank deposits with commercial banks in Iraq during the period (2004-2022), as we note that the number of bank branches was constantly increasing during the period (2004-2013), after it was (530 branches) in 2004 and then continued to increase until it became (1002 branches) in 2013, noting its stability in 2005. The reason for this continuous increase is due to the plan of the monetary and financial authorities to increase banking penetration and banking density. The research recommended the importance of continuing to develop Commercial banks as one of the important and effective units in Iraqi society, and rediscovering the local principles and self-capabilities of the Iraqi local community, considering local development as an educational process with lessons learned so that community members can confront their issues on their own.

Keywords- loans, economic growth, commercial banks.

I. INTRODUCTION

Commercial banks play an important role in the process of economic growth, whether in developing or developed countries, as they play the role of financial intermediary between those who wish to mobilize their savings to achieve material gains on the one hand, and those who wish to obtain financing for their existing and future investments, as the presence of a sector an integrated banker that works to provide the necessary financing, whether for institutions, individuals, or even governments, in some cases, it helps drive investment and economic growth alike, thus providing additional job opportunities and creating new investment opportunities.

Banks are considered one of the basic pillars of any country's economy. They play an essential role in financing the economy and contributing to the development and expansion of institutions, on the one hand, and on the other hand, they represent the safe place for individuals' money and deposits (1).

Commercial banks are sometimes called current and short-term deposit banks, and in this way they differ from business banks and long- and medium-term credit banks, as business banks' main activity is centered on granting loans, issuing bonds, and participating in projects to obtain shares in them. Therefore, we find that some countries prohibit commercial banks obtain shares in commercial, financial, or industrial projects, while on the contrary, some other countries encourage commercial banks to expand investment to contribute to economic development. As for medium-term or long-term credit banks, they differ from deposit banks, as their main activity is limited to granting credit for a period of not less than two years only, in addition to that it cannot accept current deposits except with special permission. It is worth noting that granting medium or long-term credit is not limited to credit banks, but is also practiced by deposit banks (2).

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The concept of bank loans carries many meanings, but in general it means an investment financing formula adopted by all types of banks, and this formula requires that one of the contracting parties accept to give up his ownership of money at the present time in exchange for obtaining what is in return for it in the future, so this formula is distinguished by the following (3):

1. Exchange for a return.
2. A certain period elapses between the waiver and obtaining compensation.
3. Temporary waiver of ownership right.
4. The will of both parties to the contract.

The banking system plays an important role in the economy, represented in the process of financial intermediation, which includes collecting and mobilizing savings from those with financial surpluses, and redirecting them towards economic agents with financial deficits in the form of bank loans with specific terms (4).

Bank loans are defined linguistically as: credit, meaning that so-and-so entrusted so-and-so, that is, he considered him trustworthy, and so-and-so entrusted so-and-so, that is, he took him as his trustee, and credit is that you consider a person worthy of returning the trust to its owners (5).

Bank loans are also defined idiomatically: handing individuals movable or immovable property, by way of debt, deposit, rent, or agency. In all of these cases, the matter relates to the temporary delivery of money with the intention of recovering it (6).

Therefore, the importance of this study lies in the following:

1. Identify the reality and size of commercial loans, their developments, and the extent of their impact on economic growth.
2. Identify the structure of commercial loans and determine the extent of the contribution of the banking sector and other sectors to achieving economic growth.
3. Trying to explain the effects into their causes and trying to benefit from that in presenting proposals to decision makers to help them formulate economic policies on sound foundations in order to enhance the economy's ability to advance and enhance its competitiveness.

The limitations of the study are as follows:

1. Time limits: which represented the duration of the study (2004-2022).
2. Spatial borders: which are generally represented by Iraq.

II. ECONOMIC GROWTH THEORIES

The continuous growth of the gross domestic product is called economic growth. Therefore, the focus will be on economic growth in these theories, as well as the role of saving, credit and investment in achieving economic growth. The concepts of economic growth in development thought will be briefly addressed in the old theories with extensive detail in the modern theories of growth.

1. Classical thought:

There is no doubt that the pioneering role in classical thought was played by the economist Adam Smith, whose ideas were the beginning of establishing regulating rules for economic growth. Smith focused on capital accumulation and investment, and the role of saving in forming capital accumulation. He assumed that the division of labor and profits achieved in industrial activity are the source of Saving and that economic growth cannot be achieved in the absence of credit. Ricardo's ideas also dealt with capitalist accumulation, but he assumed that rent and profit were a source of capitalist accumulation. Ricardo divided society into three groups (capitalists, agricultural workers, landowners) and praised the role of capitalists in achieving capital accumulation that leads to economic growth (7).

While Robert Malthus's ideas supported Ricardo's views that capitalists are the engine of economic growth by increasing effective demand, as well as his assertion that increasing population growth negatively affects economic growth. The most prominent thing called for by classical theory is individual freedom, complete competition, and non-interference by the state. In economic activity, they also pointed to the state of quiescence that the process of capital accumulation may reach when profits reach zero, population growth stabilizes, and prices reach the subsistence level (8).

2. Neoclassical thought:

The neoclassical theory crystallized at the end of the nineteenth century, and the ideas of Alfred Marshall, Wexel, and Clark contributed to it. Together, their ideas emphasized the continuation of the process of economic growth without the occurrence of the economic stagnation that the classics had previously assumed, due to their assumption that economic growth is an interconnected, integrated, compatible process, and with a positive effect, as the growth of a particular sector is an impetus for the growth of other sectors through external savings. They also pointed out that economic growth depends

on all of (labor, land, natural resources, capital, organization, and technology), and Marshall emphasized that economic growth, like organic growth, does not occur suddenly. Rather, it occurs gradually, based on the partial analysis method (9).

Schumpeter is also considered one of the most prominent neoclassical economists, who made valuable contributions (economic cycles). Unlike his contemporaries, he emphasized that the process of economic growth is not continuous and quickly reaches its limits due to the presence of an inappropriate environment for innovative investment. His theory was represented by three elements: innovation, credit and the regulator. It has been assumed that investment has two types, the first of which is stimulating and is determined by profit, interest, and the size of capital, while the second is automatic and is the primary determinant of the economic growth process and is determined by innovation and innovation that falls on the regulator (10).

3. Keynesian theory:

With the collapse of the American stock market at the end of 1929, the world entered into a resounding shock that was the longest, deepest, and most widespread, and was called the "Great Depression." It lasted until the end of the thirties, and its timing differed according to the countries. Economists and theorists became confused, as what happened was not expected by the previously theories, aggregate demand decreased and unemployment spread, which the classical theory assumed would occur only to a small percentage, as their hypothesis was that the flexibility of prices and wages is sufficient to address such problems. In the midst of this, the theory of the English economist (Keynes) emerged, which as a whole was based on directing criticism of the classical theory. Keynes stressed that it is not possible for the capitalist system to reach equilibrium automatically unless the state intervenes to achieve this, and that the flexibility of prices and wages is not sufficient to eliminate unemployment. Keynes focused on spending in order to raise aggregate demand through reducing interest rates, tax tolerance, and providing subsidies. His model was as follows (11):

$$\mathbf{Y=C+I+G+X-M}$$

where:
Y = national income.
C = consumer spending.
I = investment spending.
G = government spending.
X = value of exports.
M = value of imports.

III. MATERIALS AND METHODS

The analysis method will be descriptive and quantitative, as the descriptive method will depend on economic theory in analyzing and interpreting the factors affecting the growth of the gross domestic product, in addition to analyzing the changes that occurred in the time series of commercial and agricultural loans during the period (2004-2022) and trying to uncover the reasons for those changes.

As for the quantitative analysis, it will rely on modern methods, techniques and standard tests, starting with static tests and determining the standard model, then analyzing the relationship in the short and long terms after conducting the cointegration test, as well as conducting standard problem tests.

The study models will be as follows:

1. The first model:

It is a multiple linear regression model that will test the first objective of the study (measuring and analyzing the impact of loans granted by commercial and agricultural banks on the growth of agricultural, fishing, and forestry activities in Iraq for the period (2004-2022):

$$\mathbf{y = b_o + b1X1 + b2X2}$$

where:
y: agricultural, fishing and forestry activities
b0: constant term
X1: Loans granted by commercial banks
X2: Loans granted by agricultural banks

2. The second model:

It is a multiple linear regression model that will test the second objective of the study: "Measuring and analyzing the impact of loans granted by commercial and agricultural banks on the growth of the commodity sector in Iraq for the period (2004-2022)":

$$\mathbf{y = b_o + b1X1 + b2X2}$$

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where:
y: commodity sector
b0: constant term
X1: Loans granted by commercial banks
X2: Loans granted by agricultural banks

3. The third model:

It is a multiple linear regression model that will test the study's third objective, "Measuring and analyzing the impact of loans granted by commercial and agricultural banks on the growth of the gross domestic product in Iraq for the period (2004-2022)":

$$y = b_o + b1X1 + b2X2$$

where:
y: GDP
b0: constant term
X1: Loans granted by commercial banks
X2: Loans granted by agricultural banks

The analysis will be done according to the error correction methodology resulting from cointegration regression, which Granger and Angel called (the equilibrium correction model), for the three study models, which will test the third study objective (studying and analyzing the effect of the independent variables on the dependent variables in the long term and the short term, and determining the size of that effect within the framework of the cointegration methodology), however, the use of this model and the analysis of its relationships in the two terms will depend on the results of the cointegration tests, as the analysis in the long run depends on the existence of a long-term complementary relationship between the independent variables and the dependent variable:

$$Y_{(t-1)}=a_0+a_1 X_{(t-1)}+a_2 u_{(t-1)}+\varepsilon_t$$

where:
ε_t: the amount of random error.
: u_(t-1) represents one lag of the error resulting from the cointegration regression.

IV. RESULTS AND DISCUSSIONS

Analysis of the reality of the gross domestic product in Iraq:

In this study, the gross domestic product will be analyzed with its components, which consist of all sub-activities of the main sectors. The commodity sector will be analyzed, which consists of activities (oil, mining and quarrying, agriculture, fishing and forestry, manufacturing industry, water and electricity, building and construction), and the distribution sector which will be analyzed. It consists of activities (wholesale and retail trade, transportation and storage, insurance and banking), as well as an analysis of the service sector, which consists of activities (housing ownership, public and government services, personal services), as well as extracting the relative importance of all variables from the gross domestic product, and the average Annual growth for each sector is as follows:

The first requirement: developments in the commodity sector and its activities:

The numbers in the following table (1)) represent the size of the contribution of each sub-activity, which together constitutes the size of the contribution of the commodity sector to the formation of the GDP at constant prices for the period 2004-2022. As for the percentage, it represents the percentage of the contribution of each sub-activity of the commodity sector to the formation of the GDP. We note that oil, mining and quarrying activities are the largest activities contributing to the formation of the gross domestic product at constant prices. The reason for the high contribution of this activity is due to oil activities, on which Iraq relies heavily, and we note that it was constantly increasing during the period (2004-2016), as After it was (56,014,894 million dinars) in 2004, and despite its slight decrease in 2005, it became (52,086,356 million dinars) because a large percentage of the quantities produced of crude oil were diverted to local consumption, but it continued to increase after that for a period of 11 years. Years in a row, this activity reached (134,552,279 million dinars) in 2016. The reason for this continuous increase is due to the continuous increase in the quantities produced and exported of Iraqi crude oil. However, this increase was due to the slight variation in global crude oil prices, after they deteriorated by a percentage Large: Oil, mining and quarrying activity recorded a deterioration to reach (131,283,243 million dinars) in 2017.

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Table (1) The contribution of commodity activities to the composition of the Iraqi GDP for the period (2004-2022)

Total commodity activities		building and Construction		Electricity and water		Manufacturing industry		Agriculture, hunting and forestry		Oil, mining and quarrying		year
Percentage (%)	Value (million dinars)	Percentage (%)	Value (million dinars)	Percentage (%)	Value (million dinars(	Percentage (%)	Value (million dinars(	Percentage (%)	Value (million dinars(	Percentage (%)	Value (million dinars)	
-----	65995730	2.2	2240596	0.7	712917	1.5	1527679	5.4	5499644	55	56014894	2004
0.4	66272898	4.4	4556262	0.8	828411	1.5	1553271	7	7248598	50.3	52086356	2005
5.5	69900172	4.4	4813157	0.8	875120	1.6	1750239	6.9	7547906	50.2	54913751	2006
3.3	72223367	4.4	4904056	0.9	1003102	1.6	1783293	4.9	5461335	53	59071581	2007
9.9	79372248	4.6	5548820	0.8	965012	1.6	1930024	3.9	4704434	54.9	66223958	2008
3.2	81929263	4.3	5362189	1	1247021	2.1	2618744	3.9	4863381	54.4	67837929	2009
5.6	86511943	6.3	8359283	0.9	1194183	2.1	2786428	4.2	5572855	51.7	68599194	2010
7.5	93040541	5.8	8276613	1	1427002	2	2854004	4.5	6421510	51.9	74061413	2011
14.5	106494834	7.4	12031477	1	1625875	1.8	2926576	3.7	6015739	51.6	83895167	2012
6.6	113568624	8.7	15224145	1.1	1924892	1.5	2624853	4.2	7349587	49.4	86445146	2013
4.5	118644783	8.3	14852967	1.2	2147417	1.2	2147417	4.2	7515959	51.4	91981023	2014
6.3	126144365	5.1	9364429	1.2	2203395	0.9	1652546	2.5	4590406	59	108333589	2015
20.4	151893644	4.1	8566216	1.1	2298253	0.9	1880389	2.2	4596506	64.4	134552279	2016
-4.1	145642347	2.9	5948772	1	2051301	1.2	2461561	1.9	3897471	64	131283243	2017
0.2	145899291	2.2	4631724	1.1	2315862	0.9	1894796	1.4	2947460	63.7	134109449	2018
7.5	156831708	5.8	12884191	1	2221412	1	2221412	3.5	7774943	59.3	131729749	2019
-14.9	133459941	3.5	6839089	1.3	2540233	1.2	2344831	4.2	8206907	58.1	113528881	2020
0.8	134580654	2.3	4565420	1.3	2580455	1.9	3771434	3.8	7542869	58.5	116120476	2021
8	145287522	2.4	5097808	1.6	3398539	2.6	5522625	3.6	7646712	58.2	123621839	2022

Source: The researcher's work based on the Ministry of Planning and Development Cooperation / Central Bureau of Statistics / Directorate of National Accounts

In 2018, oil, mining and quarrying activity rebounded as a result of the recovery in global crude oil prices to reach (134,109,449 million dinars). However, in 2019 and 2020, activity continuously deteriorated to reach (131,729,749 million dinars) in 2019 as a result of the decline in global crude oil prices. In 2020, it deteriorated due to the repercussions of controlling the spread of the Corona virus, to become (113,528,881 million dinars), while in 2021 and 2022, activity rebounded to become (116,120,476 million dinars) and (123,621,839 million dinars), respectively, as the threat of the virus has disappeared. Corona gradually occurred in 2021, while in 2022, oil, mining, and quarrying activity recorded a qualitative leap as a result of the disappearance of the threat of the Corona virus, the complete lifting of restrictions, and the growing global demand for crude oil, which led to an increase in its global prices and reaching a barrier ($100 per barrel), and the form (10) The following shows our analysis above more accurately, as this activity was isolated from the rest of the sector's activities due to the large discrepancy between its values and the sum of the values of other activities, as follows:

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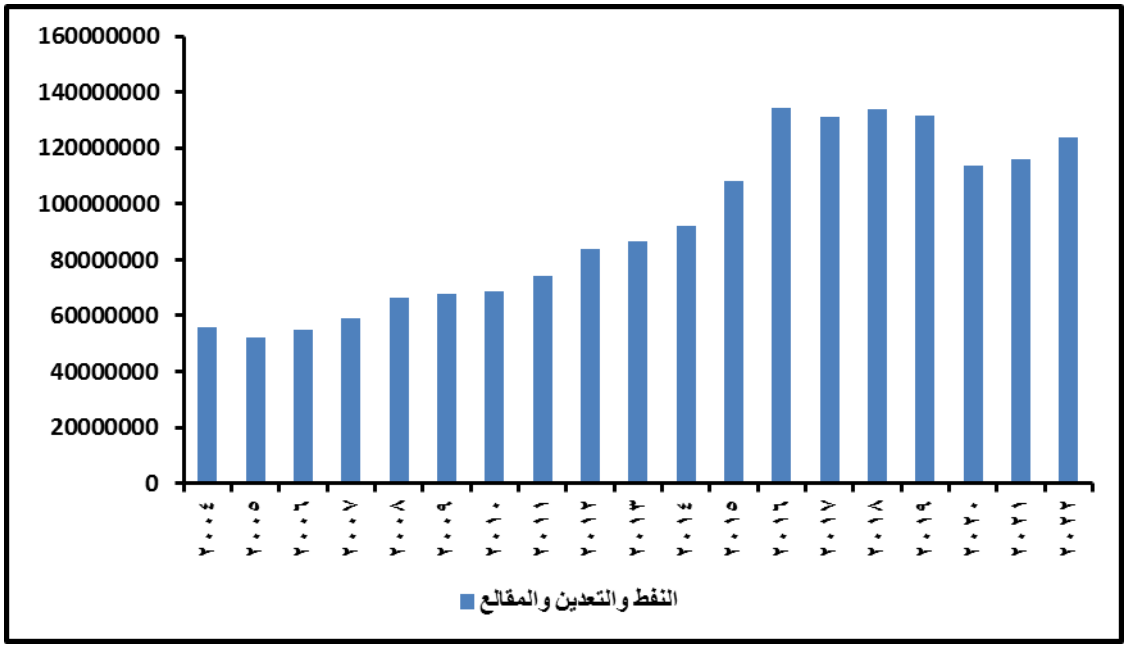

Figure (1): Developments in oil, mining, and quarrying activity in Iraq for the period (2004-2022)
Source: The researcher's work based on data from Table (1))

As for the percentage of its contribution to the formation of the GDP at constant prices, it varied throughout the study period, between rising at times and decreasing at other times. The highest percentage of its contribution during the study period was (64.4%) in 2016, while the lowest percentage was (49.4%) in year 2013.

We note from the same table the activity of agriculture, hunting, and forestry in Iraq during the period (2004-2022), which was constantly increasing during the period (2004-2006), as after it was (5,499,644 million dinars) in 2004, it continued to increase after that to become (7,547,906 million dinars) in 2006. The reason for this increase is the increase in the production of wheat and barley crops as a result of treating and improving the soil quality of large areas of land after importing types of fertilizers and modern machinery (Annual Economic Report of the Central Bank of Iraq, 2005, 2).

During the years 2007 and 2008, agricultural, fishing, and forestry activity clearly deteriorated to reach (5,461,335 million dinars) and (4,704,434 million dinars), respectively, due to bad weather conditions, low rainfall rates, and frequent dust storms, which harmed agricultural crops, in addition to The scarcity of water and its inadequacy for irrigation and the high salinity of the land as a result of the deterioration of irrigation and drainage networks, the decline in investment in this vital sector and the flooding of the market with imported agricultural crops, in addition to the spread of diseases and epidemics and the failure to use modern technologies, which was reflected in the weakness of production and its lack of growth (the annual economic report of the Central Bank Al-Iraqi, 2008, 19-20).

During the period (2009-2011), agricultural, hunting, and forestry activity recorded a continuous increase, especially after the Iraqi government launched the agricultural initiative. However, its increase was at a modest pace as a result of the concentration of agricultural investment in animal activities with a greater percentage than in plant activities, after it became (4,863,381 million dinars) in 2009, after which it continued to increase to become (6,421,510 million dinars) in 2011. However, in 2012, agricultural, fishing, and forestry activity deteriorated as a result of the lack of rainfall, specifically the decline in wheat production rates and Iraq recording a large value of losses, to become (6,015,739 Million dinars), while in the years 2013 and 2014, the activity recorded a continuous increase to reach (7,349,587 million dinars) and (7,515,959 million dinars), respectively, with its contribution rate remaining stable, amounting to (4.2%), after the large increase in the area of cultivated and harvested lands, with little loss. Relatively (Wheat and Barley Report of the Agricultural Statistics Directorate, 2020, 5).

During the period (2015-2018), agricultural, fishing, and forestry activity deteriorated significantly and continuously, as after it became (4,590,406 million dinars) in 2015, it then continued to deteriorate to become (2,947,460 million dinars) in 2018, which is its lowest value during the period (2015-2018). The duration of the study, noting that it increased slightly during the year 2016, and the reason for this continuous deterioration is due to the repercussions of the events of June 9, 2014 and the subsequent unrest and loss of large areas of agricultural land, in addition to the exposure of large areas of cultivated land to deliberate burning by Unknown parties. As for the years 2019 and 2020, agricultural, fishing and forestry activity achieved a qualitative leap, moving from its lowest value in 2018 to its two highest values during the study period, at (7,774,943 million dinars) and (8,206,907 million dinars), respectively, coinciding with The liberation of all governorates from the grip of militants and the return of farmers to their lands and cultivation, in addition

to the increasing amounts of rainfall. However, in the years 2021 and 2022, agricultural, fishing and forest activity recorded a slight decline due to the lack of rainfall to reach (7,542,869 million dinars) and (7,646,712 million dinars) respectively. We note that the highest contribution rate during the study period of agricultural, fishing, and forestry activity to the formation of the gross domestic product was (7%) in 2005, while the lowest rate was (1.4%) in 2018.

Table (1)) also shows the time series of manufacturing activities in Iraq during the period (2004-2022), and we note that it has increased continuously during the period (2004-2012), after it was (1,527,679 million dinars) in 2004, it continued after that. Increasing to become (2,926,576 million dinars) in 2012. Despite this, the manufacturing activity in Iraq is still modest and below the required level. During the period (2013-2015), the manufacturing activity has deteriorated continuously, as after it became a (2,624,853 million dinars) in 2013 and then continued to decrease to become (1,652,546 million dinars) in 2015, due to the cessation of production in the cement factories of Fallujah, Hammam Al-Alil, Sinjar, the General Company for Fertilizers Manufacturing in the Northern Region, and the General Company for Phosphates in Akashat, western Iraq, due to the security situation. Resulting from the repercussions of the events of June 9, 2014, as well as the Ministry of Industry reducing its companies and dissolving five companies (Annual Economic Report of the Central Bank of Iraq, 2015, 24).

In 2016 and 2017, activity recorded a continuous increase to reach (1,880,389 million dinars) and (2,461,561 million dinars), respectively, after the relative improvement in the security situation and the gradual return to life in the liberated governorates. In 2018, activity deteriorated to reach (1,894,796 million dinars). This is due to the collapse of global crude oil prices, the decline in oil revenues, and the reduction of government support for the institutions of this activity and the rest of the activities, with the exception of water and electricity activities, which flourished in the same year. However, during the period (2019-2022), the manufacturing activity recorded a continuous increase, after it became (2,221,412 million dinars) in 2019, after which it continued to increase, growing significantly in the years 2021 and 2022, reaching its highest values during the study period, at (3,771,434 million dinars) and (5,522,625 million dinars), respectively, after the growth of the manufacture of medical sterilizers, masks, and oxygen, which Demand increased due to the spread of the Corona virus in 2020 and 2021, and it is worth noting that its significant growth in 2022 is due to the growth of the pharmaceutical industries and the manufacture of ordinary and resistant cement (Annual Economic Report of the Central Bank of Iraq, 2022, 17).

We note that the highest contribution rate during the study period to manufacturing activity reached (2.6%) in the year 2022, while its lowest rate during the study period reached (0.9%) in the years 2015, 2016, and 2018. Table (1)) also shows the time series for electricity activity. And water in Iraq during the period (2004-2022), which was increasing during the period (2004-2016), after it was (712,917 million dinars) in 2004, and after that it continued to increase for a period of 12 years to become (2,298,253 million dinars). In 2016, however, this growth did not record a noticeable change in reality, as this activity still suffers from a large deficit represented by its weak production and the percentage of its contribution to the formation of the gross domestic product, which did not average 1% for this period, but in 2017 The electricity and water activity deteriorated to become (2,051,301 million dinars), due to the worsening gap between production and demand and the lack of sufficient support from the government due to the decline in oil revenues after the decline in global crude oil prices. However, during the period (2018-2022), the activity recovered and achieved rates Positive growth, as after it became (2,315,862 million dinars) in 2018, it then continued to increase to become (3,398,539 million dinars) in 2022, which is its highest value during the study period. The reason for this continuous increase in electricity and water activity is due to increased production. of energy by (1.65%), (21.7%), (15.8%), (0.9%), and (1%), respectively. Despite this, the demand for its products has increased at a greater rate, so the deficit in this activity continues and its contribution remains In the composition of the gross domestic product at constant prices, its average for the entire period did not exceed (1%), and it is worth noting that this activity recorded a good average growth during the last four years of the study period compared to its previous reality, as its highest contribution rate reached (1.6% in 2022, while the lowest percentage during the study period was (0.7%) in 2004.

Through the same table, we notice building and construction activity in Iraq during the period (2004-2022), and it becomes clear that it was increasing during the period (2004-2013), noting its slight deterioration in the years 2009 and 2011, after it was (2,240,596 million dinars). In 2004, it continued to increase to become (5,548,820 million dinars) in 2008, as a result of the expansion of building homes, shops, hospitals and health centres. In 2009, we notice a slight decrease to become (5,362,189 million dinars), but in 2010 it decreased. Activity recorded a qualitative leap to reach (8,359,283 million dinars), but in 2011 it decreased slightly to reach (8,276,613 million dinars), after which it continued to increase at large rates until it reached its highest value during the study period, at (15,224,145 million dinars) in 2013. This is after the significant expansion of private and public sector projects, the construction of residential and commercial complexes, entertainment projects, and sports halls and stadiums (Annual Economic Report of the Central Bank of Iraq, 2013, 16).

During the period (2014-2018), building and construction activity deteriorated continuously, as after it reached (14,852,967 million dinars) in 2014, it continued to decrease after that until it reached (4,631,724 million dinars) in 2018, and the reason for this continuous deterioration is due to The events of June 9, 2014 and their repercussions, and the Iraqi government's adoption of austerity measures due to the dual crisis caused by these events in addition to the decline in

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global crude oil prices. The government stopped many investment projects and significantly reduced support for others in order to secure the necessary expenses, especially for Regarding employee salaries, in 2019, after taking over the new government, it eased austerity measures, especially after the recovery of global oil prices, so that building and construction activity reached (12,884,191 million dinars), but due to the spread of the Corona virus, it deteriorated again to become (6,839,089 million dinars) in In 2020, it continued to deteriorate after that to become (4,565,420 million dinars) in 2021, but with the gradual disappearance of its danger, it recovered again in 2022 to become (5,097,808 million dinars). As for the percentage of construction activity's contribution to the formation of the gross domestic product at constant prices, it was His highest percentage during the study period was (8.7%) in 2013, while his lowest contribution percentage during the study period was (2.1%) in 2020.

While the (oil, mining and quarrying) activity occupies first place among commodity activities, through the percentage of its contribution to the formation of the gross domestic product at constant prices, with an average of (55.7%) for the entire period, the (building and construction) activity came in second place, with an average of (4.7%).) for the entire period, followed in third place by the activity (agriculture, fishing, and forestry), with an average of (4%) for the entire period, and in fourth place was the activity of (manufacturing industry), with an average of (1.5%) for the entire period, and finally, the activity of (electricity and water), with an average of (1). %) for the entire period.

The following figure (2) shows our analysis above for the sub-commodity activities combined, with the exception of oil, mining, and quarrying activities, and in general.

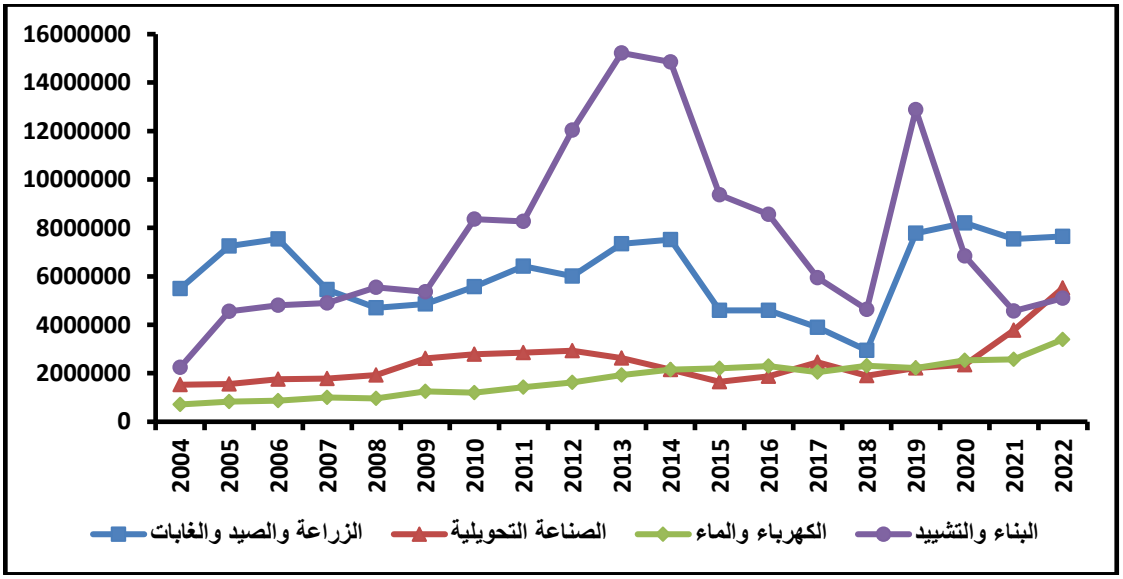

Figure (2): Developments in commodity activities (except oil, mining, and quarrying) in Iraq for the period (2004-2022)

Source: The researcher's work based on data from Table (1)

We note from Table (1)) the total commodity activities (commodity sector) in Iraq during the period (2004-2022), which was constantly increasing during the period (2004-2016), as we note that after it was (65,995,730 million dinars) in 2004 After that, it continued to increase for 15 years and at varying growth rates until it reached (151,893,644 million dinars) in 2016. The reason for this continuous increase is due to the same reasons that led to the increase in oil, mining, and quarry activity, specifically oil activities, due to the large size of their contribution to the gross domestic product at prices. constant, and mentioned in our analysis above. However, in 2017, the commodity sector deteriorated as a result of the decline in global crude oil prices and the decrease in the size of the contribution of oil, mining, and quarrying activity to become (145,642,347 million dinars). However, in the years 2018 and 2019, the commodity sector increased continuously to become (145,642,347 million dinars). 145899291 million dinars) and (156831708 million dinars), respectively. It is worth noting that its value in 2019 was its highest value during the study period, but it deteriorated in 2020 due to the spread of the Corona virus and the decrease in global demand for crude oil, to become (133459941). million dinars), while in the years 2021 and 2022, after the gradual disappearance of the threat of the virus and the recovery of global demand for oil and the increase in its prices and reaching the barrier ($100 per barrel), the commodity sector increased continuously to become (134580654 million dinars) and (145287522 million dinars) over Respectively, as shown in Figure (3), the following:

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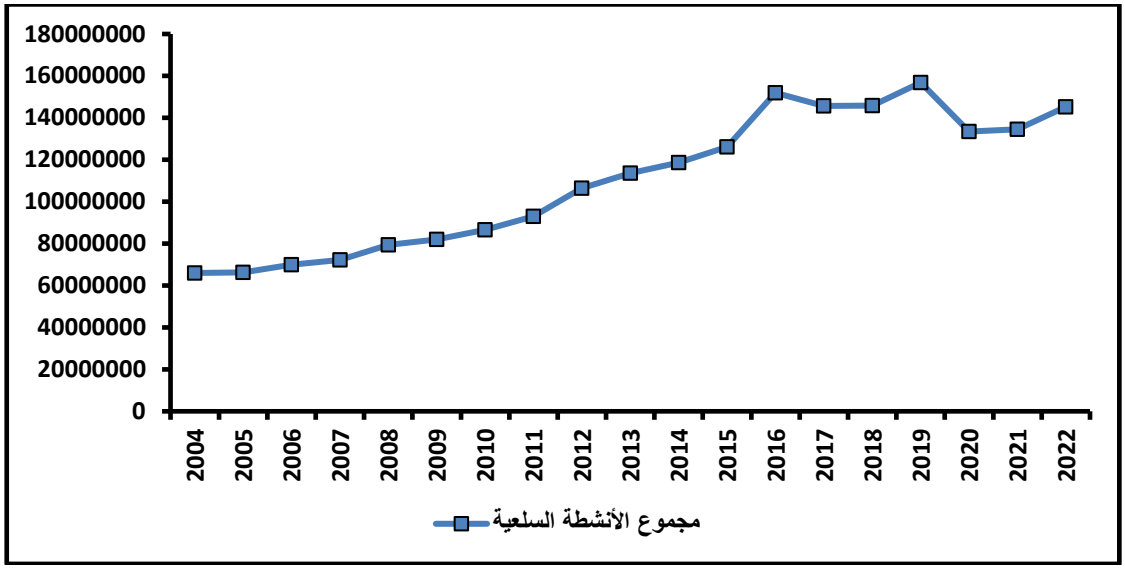

Source: The researcher's work based on data from Table (1))

We notice from the following figure (13) that the commodity sector achieved positive growth rates in most of the years of the study, the highest of which was (20%) in 2016, and the lowest of which was (0.2%) in 2018, while the negative growth rates were of (-4%) in 2017 and (-15%) in 2020, as follows:

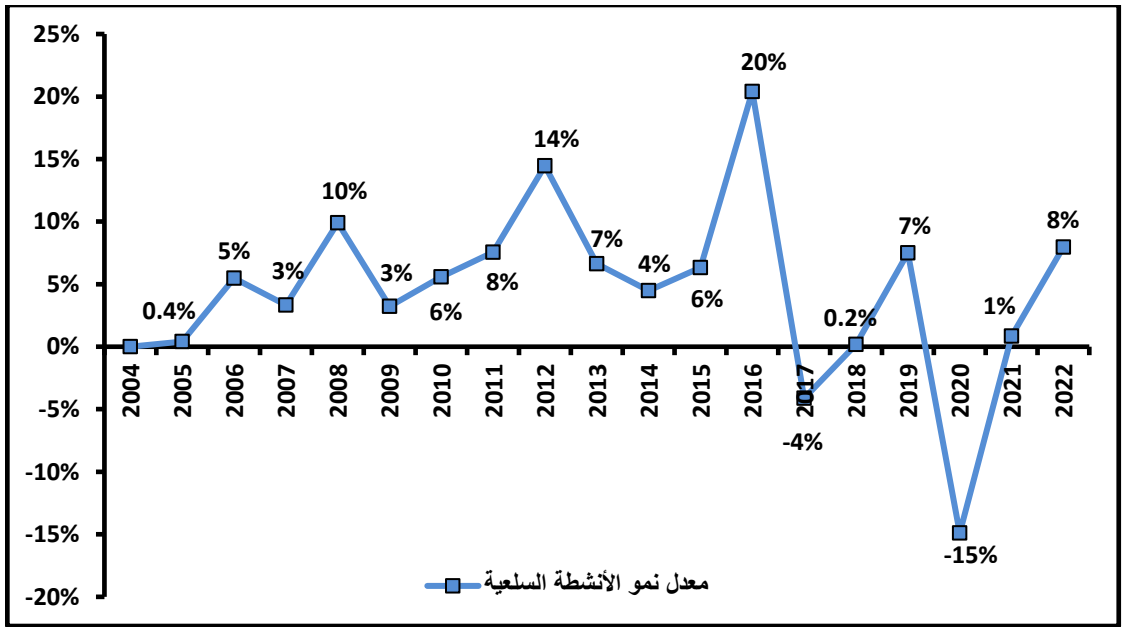

Figure (4): Annual growth rate of the commodity sector in Iraq for the period (2004-2022)
Source: The researcher's work based on data from Table (1))

The second requirement: developments in the distribution sector and its activities:

The distribution sector consists of three activities, and we notice from the following table (2) that the activity of transport, communication and storage was decreasing during the period (2004-2007), as after it was (12,119,586 million dinars) in 2004, it continued to decrease after that to become (12,119,586 million dinars) (7,244,628 million dinars) in 2007, due to poor security conditions and the migration of millions of people to neighboring countries. However, in 2008, activity witnessed an increase due to the increase in the activity of private land transport companies and the opening and expansion of modern communication networks to reach (7,563,161 million dinars). While it was expected to grow positively in 2009 after these expansions, the activity suffered a slight deterioration due to the repercussions of the global mortgage crisis to reach (6,983,316 million dinars), and after the impact of the global crisis disappeared, the transport, communications and storage activity grew continuously during the period (2010-2018). After it became (7,563,161 million dinars) in 2010, it then continued to increase at increasing rates until it reached its highest value during the study period, at

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(18,737,427 million dinars) in 2018. It is worth noting that its increase in the years 2011, 2014, and 2015 was at decreasing rates. The reason for this continuous increase is the continued growth in Internet and smart phone networks and the continuous increase in the number of their users, as well as the expansion of transportation lines between governorates.

As for the years 2019 and 2020, the transport, communication and storage activity deteriorated to become (15,994,169 million dinars) and (14,264,386 million dinars), respectively, due to the internet being cut off during the demonstrations witnessed in 2019, and due to the repercussions of the spread of the Corona virus in 2020, which gradually disappeared. In 2021 and 2022, activity continued to increase again, reaching (14,688,744 million dinars) and (16,567,875 million dinars), respectively.

Although this activity grew in the second half of the study period more than it was in the first half, the percentage of its contribution to the formation of the gross domestic product was exactly the opposite, and this may be due to the growth of another activity at greater rates than it, especially in the first three years of the study. We note that the highest contribution percentage during the study period was (11.9%) in 2004, while the lowest percentage during the study period was (5.6%) in 2009.

Table (2): The contribution of distribution activities to the formation of the Iraqi GDP for the period (2004-2022)

Total distribution activities		Insurance and banking		Wholesale and retail trade, hotels and the like		Transport, communication and storage		year
Percentage (%)	Value (million dinars)	Percentage (%)	Value (million dinars)	Percentage (%)	Value (million dinars)	Percentage (%)	Value (million dinars)	
-----	18943219	0.5	509226	6.2	6314406	11.9	12119586	2004
1.7	19260561	0.6	621308	6.7	6937944	11.3	11701309	2005
-12.5	16846051	0.6	656340	6.8	7438516	8	8751195	2006
-6.7	15715270	1.4	1560381	6.2	6910260	6.5	7244628	2007
6.7	16767086	1.5	1809398	6.2	7478844	6.2	7478844	2008
0.4	16834780	1.2	1496425	6.7	8355039	5.6	6983316	2009
12.7	18974245	1.1	1459557	7.5	9951527	5.7	7563161	2010
8.3	20548831	1.3	1855103	7.7	10987917	5.4	7705812	2011
32.1	27152118	1.6	2601401	8.8	14307703	6.3	10243015	2012
12.1	30448290	1.7	2974833	8.5	14874165	7.2	12599293	2013
-0.1	30421739	1	1789514	8.4	15031918	7.6	13600307	2014
0.2	30480298	0.8	1468930	8.2	15056533	7.6	13954835	2015
0.1	30504088	0.9	1880389	6.4	13371655	7.3	15252044	2016
5.6	32205421	1.1	2256431	6.6	13538584	8	16410405	2017
12.4	36211657	1.2	2526395	7.1	14947835	8.9	18737427	2018
0.0	36209020	1.3	2887836	7.8	17327016	7.2	15994169	2019
-11.5	32046018	1.4	2735636	7.7	15045996	7.3	14264386	2020
-0.3	31957943	1.2	2381958	7.5	14887241	7.4	14688744	2021
11.7	35684654	1.3	2761313	7.7	16355467	7.8	16567875	2022

Source: The researcher's work based on the Ministry of Planning and Development Cooperation / Central Bureau of Statistics / Directorate of National Accounts

We note from the same table the activity of wholesale and retail trade, hotels, and the like in Iraq during the period (2004-2022), and we note that it was constantly increasing during the period (2004-2006), as after it was (6,314,406 million dinars) in 2004, it continued It then increased to become (7,438,516 million dinars) in 2006, due to the continuous growth in the number of individuals and companies registered in the Baghdad Chamber of Commerce. However, in 2007, activity decreased slightly to become (6,910,260 million dinars), due to the poor security and political conditions. Which ravaged the country since the third quarter of 2006. During the period (2008-2015), activity increased continuously and with varying growth rates, the highest of which was in the years 2011 and 2012 due to the large increase in oil revenues and the expansion of commercial activity, after it became (7,478,844 million dinars).) in 2008, after which it continued to increase to become (15,056,533 million dinars) in 2015. The reason for this is attributed to government policies in providing adequate support for this activity and the legislative authority's issuance of legislation regulating its work, especially after its expansion and the number of workers in it reaching nearly one million people, according to estimates. 2015 (Annual Economic Report of the Central Bank of Iraq, 2014, 26).

In 2016, the activity of wholesale and retail trade, hotels, and the like recorded a decrease to become (13,371,655 million dinars) due to the repercussions of the events of the ninth of Jaziran in 2014, and many workers in this activity stopped working, but after they settled in the governorates to which they immigrated and returned. To work in it, the activity recovered during the period (2017-2019) to reach (13,538,584 million dinars) in 2017, (14,947,835 million dinars) in 2018, and (17,327,016 million dinars) in 2019. As for the years 2020 and 2021, as a result of the repercussions Controlling the Corona virus, preventing citizens from leaving their homes, and stopping commercial activity, activity deteriorated to become (15,045,996 million dinars) and (14,887,241 million dinars) respectively, but with the removal of those restrictions, it then recovered again to become (16,355,467 million dinars) in the year. 2022.

We note that the percentage of contribution of wholesale and retail trade activity, hotels, and the like to the formation of the gross domestic product at constant prices was variable and was more like an upward curve of its head. It was low at the beginning and at the end of the period, but high in the middle of the period. We note that its highest contribution percentage during the study period was It was (8.8%) in 2012, while the lowest percentage during the study period was (6.2%) in the years 2004, 2007, and 2008.

From the same table, at a lower level than the rest of the activities, we note the insurance and banking activity in Iraq during the period (2004-2022), which was constantly increasing during the period (2004-2008), after it was (509,226 million dinars) in 2004. It then continued to increase to reach (1,809,398 million dinars) in 2008, due to the growth in bank deposits and pledges. However, in 2009 and 2010, activity witnessed a continuous decline due to the repercussions of the global mortgage crisis, becoming (1,496,425 million dinars) and (1,459,557 million dinars). Respectively, during the period (2011-2013), the insurance and banking activity recorded a continuous increase, as after it reached (1,855,103 million dinars) in 2011, it continued to increase after that until it reached its highest value during the study period, at (2,974,833 million dinars). In 2013, the reason for this continued growth is the growth of bank credit granted by banks (Annual Economic Report of the Central Bank of Iraq, 2013, 18).

As for the years 2014 and 2015, insurance and banking activity deteriorated to become (1,789,514 million dinars) and (1,468,930 million dinars), respectively, due to the repercussions of the events of June 9, 2014. However, during the period (2016-2019), activity increased continuously, After it became (1,880,389 million dinars) in 2016, it then continued to increase to become (2,887,836 million dinars) in 2019. The reason for this is attributed to the increase in the public's deposits with the banking system, in reference to the improvement of individuals' confidence in banks, in addition to the increase in Monetary credit granted by the banking system (Annual Economic Report of the Central Bank of Iraq, 2019, 18).

As a result of the repercussions of controlling the Corona virus, insurance and banking activity recorded a continuous deterioration in the years 2020 and 2021, reaching (2,735,636 million dinars) and (2,381,958 million dinars), respectively. However, with the removal of these restrictions, it recovered in 2022 to become (2,761,313 million dinars).).

In line with the low level of insurance and banking activity, its contribution to the formation of the gross domestic product at constant prices was modest compared to other distribution activities. It was low at the beginning of the period but rose slightly at the end. We note that its highest contribution percentage during the study period was (1.7). %) in 2013, while the lowest percentage during the study period was (0.5%) in 2004.

The following figure (5) shows our analysis above of all the activities of the distribution sector in a comprehensive and more accurate manner, as follows:

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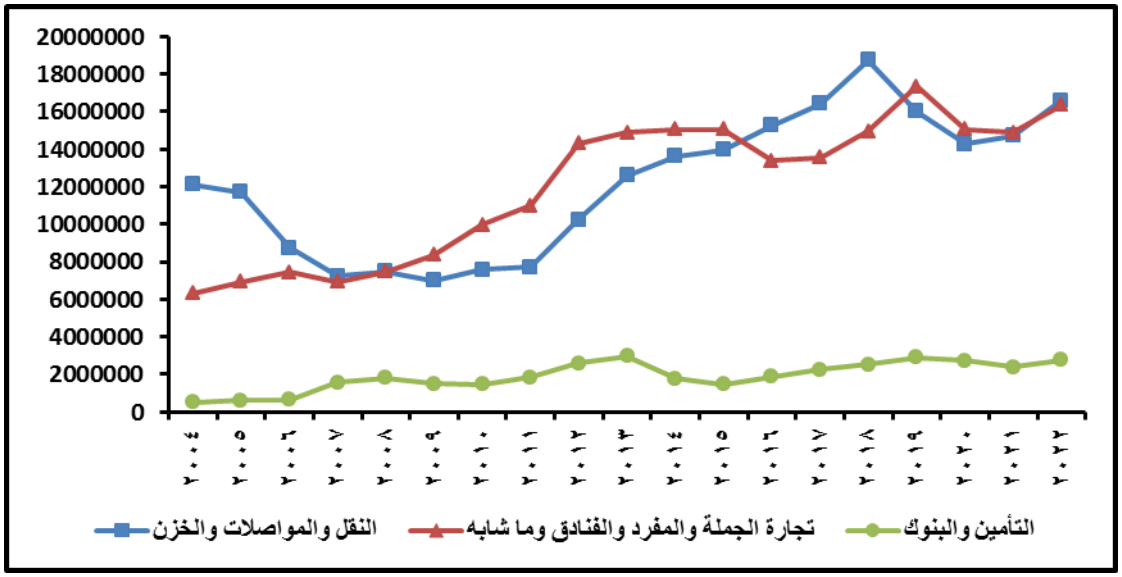

Figure (5): Developments in distribution activities in Iraq for the period (2004-2022)
Source: The researcher's work based on data from Table (2)

In terms of its contribution to the formation of the gross domestic product at constant prices, the activity of (transportation, communications, and storage) came in first place among the distribution activities, with an average of (7.5%) for the entire period, and the activity of (wholesale and retail trade, hotels, and the like) came in second place, with an average of (7.5%) for the entire period. (7.3%) for the entire period, and in third and last place was the activity (insurance and banking), with an average of (1.1%) for the entire period.

We note from Table (2) the total distribution activities (distribution sector) in Iraq during the period (2004-2022), which was (18,943,219 million dinars) in 2004, and then recorded an increase in 2005 to become (19,260,561 million dinars), due to Positive growth in the growth rate of wholesale and retail trade activity, hotels and the like. However, in the years 2006 and 2007, as a result of the turbulent security conditions and the migration of millions of people to neighboring countries, the commodity sector recorded a continuous deterioration to become (16,846,051 million dinars) and (15,715,270 million dinars) respectively, and after the improvement In terms of security conditions and the gradual return of the population, the distribution sector recorded a recovery to reach (16,767,086 million dinars) in 2008, and then continued to increase to reach (30,448,290 million dinars) in 2013, due to the continuous growth in all component activities and for the same reasons mentioned in the analysis of each Among them, in 2014, the distribution sector deteriorated slightly to become (30,421,739 million dinars), due to the events of June 9 of the same year. However, during the period (2015-2018), the distribution sector recorded a continuous increase, as after it became by (30,480,298 million dinars) in 2015, after which it continued to increase to become (36,211,657 million dinars) in 2018. However, during the period (2019-2021), the distribution sector recorded a continuous decrease, after it became (36,209,020 million dinars) in the year 2019 then continued to decrease until it became (31,957,943 million dinars) in 2021, as a result of the repercussions of controlling the Corona virus, as its decrease in 2019 was very slight, but with the removal of those restrictions, it recovered again to become (35,684,654 million dinars). In the year 2022, and the following figure (15) explains our analysis above accurately, as follows:

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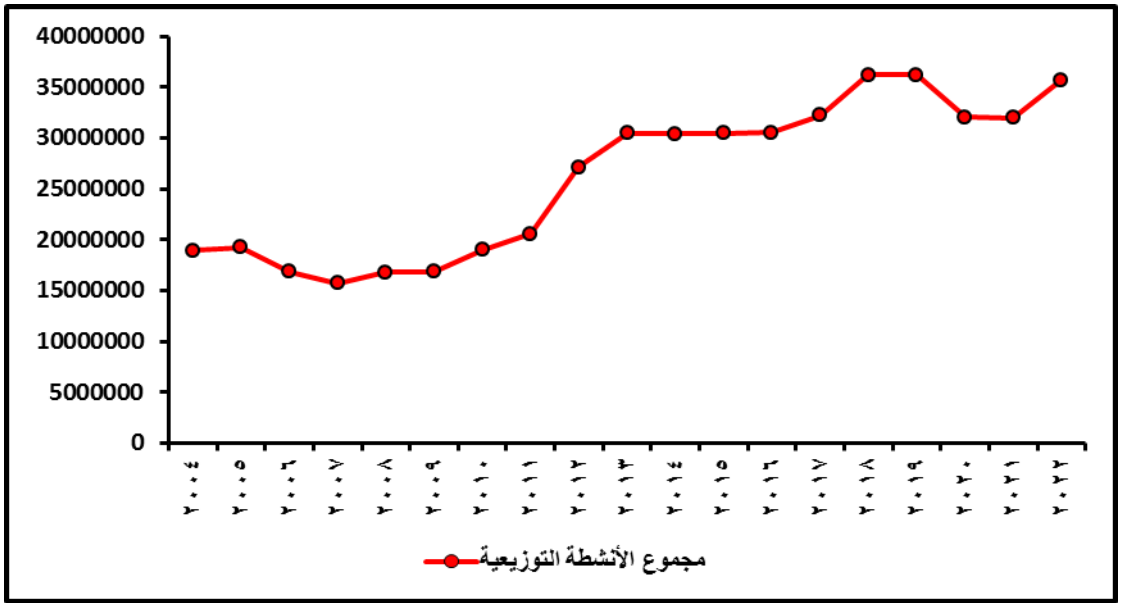

Figure (6): Developments in total distribution activities in Iraq for the period (2004-2022)
Source: The researcher's work based on data from Table (2)

We notice from the following figure (16) that the distribution sector achieved positive growth rates in some years of the study, the highest of which was (32%) in 2012, and the lowest of which was (12%) in 2016, and in other years it achieved negative growth rates. The highest was (-0.01%) in 2019 and the lowest was (-13%) in 2006, as follows:

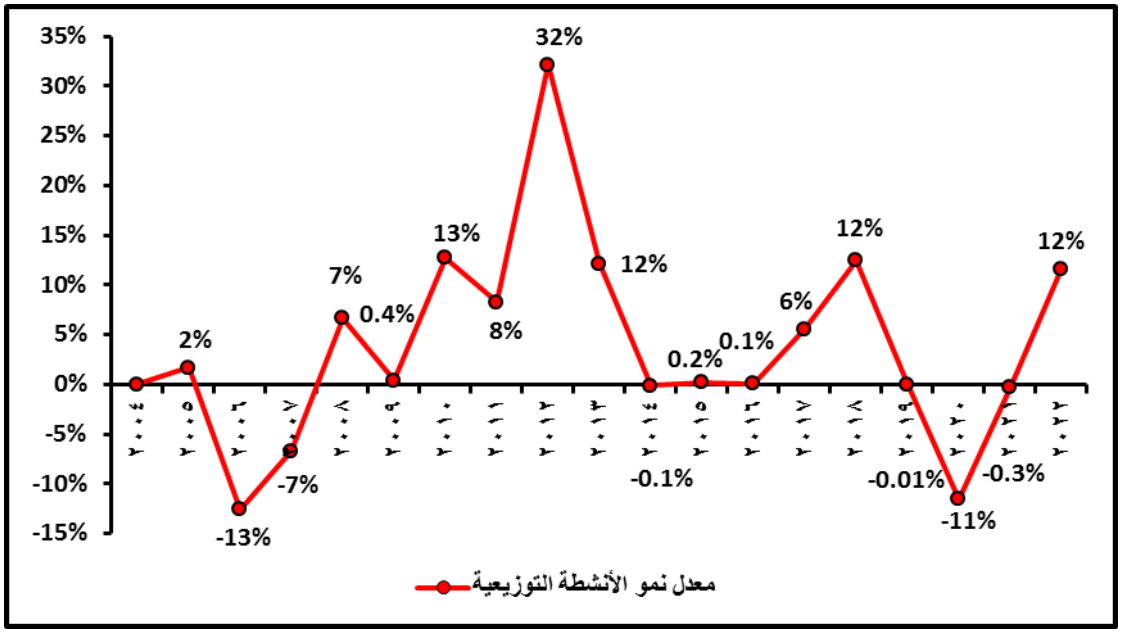

Figure (7): Annual growth rate of the distribution sector in Iraq for the period (2004-2022)
Source: The researcher's work based on data from Table (2)

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