



The Strategic Importance of Oil in The Iraqi Economy and Its Future Outlook in Light of The Current and Expected Oil Prices for The Period (2010-2030)

AHMED RASHID AJRASH

Lecturer, Tikrit University College of Administration
Ahmedaltaaey80@tu.edu.iq

OTHMAN AWAD MUHAMMED

Lecturer, Tikrit University College of Administration
Othmanawad77777@gmail.com

Dr. Khattab Imran Saleh

Assistant Professor, College of Administration and Economics, Tikrit University.
Katab.salih@tu.edu.iq

ABSTRACT

In light of the growing discovered oil reserves, Iraq has become a huge oil wealth estimated at about (145) billion barrels, which makes it possess the fourth largest oil reserves in the world after Saudi Arabia, Venezuela and Iran, but it is currently facing enormous economic, technical, political and social challenges that prevent it from achieving economic development. . And as long as Iraq depends to a large extent and mainly on oil, it can be said that it must be recognized for Iraq's actual need to inject investment into the Iraqi economy, especially the oil sector, in light of what this economy has been exposed to over more than forty years of massive depletion of its resources

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through the trilogy. (Destruction - looting - corruption) There is no doubt that oil production has a strong relationship with the reality of the Iraqi economy, as oil revenues represent about 95% of the total state revenues, and oil revenues are the main engine for achieving Iraq's development and reconstruction. The research will also deal with an analysis of the reality of the Iraqi oil sector at the present time and in the future in order to present a future vision for reforming that sector, which represents the main source of funds necessary for reforming and developing the infrastructure of the oil sector. As well as the rest of the economic sectors The imbalance in the oil industries is due to internal and external challenges, and political factors are among the most important issues that affect weak investment in the sector and its development. All of the foregoing stems from the nature of the relationship between new oil discoveries, oil investments, oil production, oil revenues, reconstruction and development. For this reason, the tightness of the relationship for this subject is discussed in the light of different oil prices.

development, actual and expected oil price.

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Introduction:

Natural resources are one of the important resources endowed by nature to man, which made it at his service to enjoy and use it optimally, and these include oil resources. Many countries, including Iraq, possess this oil wealth, which has a large oil wealth that can provide a high level of well-being if used optimally. The oil industry, by its nature, is an industry with multiple stages, starting from research, exploration, extraction, transportation, marketing, refining, and finally the petrochemical industry, which requires investment in various financial, technological, In light of the increase in proven and potential oil reserves in Iraq, the volume of proven reserves, according to official figures of the Iraqi Ministry of Oil in 2023, amounted to (145) billion barrels. Conversion of at least (50%) into proven reserves depends on modern methods of research and exploration for this to make Iraq (4) possesses the fourth largest oil reserves in the world after Saudi Arabia, Venezuela, and Iran, and it is likely that in the near future it will top the countries of the world due to the increasing global demand for crude oil in addition to the decline and depletion of oil reserves in many countries, in addition to the important factors associated with the cost of exploration operations And extraction, which amounts to \$ 1.5-2 per barrel, which is considered one of the lowest costs in the world. Given the importance of oil in the Iraqi economy and the challenges facing the oil sector due to the obsolescence and destruction of the infrastructure of this vital sector during the eighties and nineties of the twentieth century and the first decade of the twenty-first century, therefore there is a need for huge domestic and foreign investments to advance this sector in light of the new oil discoveries.

The first topic: research methodology:

First: the research problem

Oil is strategically important in the Iraqi economy, but some of the critical conditions that Iraq went through from wars, siege and occupation led to the destruction of the infrastructure of the oil industry. Therefore, developing the oil industry and achieving economic development for Iraq is based on three basic rules. The first rule is to increase the volume of production in proportion to the size of the reserves, and the second rule is to manufacture what can be manufactured from crude oil to the extent that it transforms the economy from a rentier economy into a commodity economy, and the third rule is investing in this important sector, diversifying the sectors of the local economy, establishing the infrastructure for the Iraqi oil sector in particular, and diversifying sources of income that require huge financial investments that Iraq cannot provide at present.

Second: the importance of research:

The importance of this research is reflected in its study and analysis of the need to expand oil investment in Iraq in the light of the reality of the oil sector and benefit from the high oil prices to achieve economic development, as well as the importance of this sector for the Iraqi economy as the main source of revenue used to cover the budget deficit and finance the government spending process.

Third: Research Hypothesis:

The research stems from the hypothesis that expanding the volume of oil investment in light of the increase in new oil reserves discovered in Iraq after 2010 will play a major role in increasing production and achieving economic development and individual well-being.

Fourth: Research Objectives:

1-The research aims to achieve the following objectives;

Emphasizing the strategic importance of oil in the Iraqi economy.

2-The discovery of new oil reserves in Iraq.

3.It studies how to benefit from current and future oil prices to achieve economic development.

Fifth: Research Methodology:

The researchers relied on the deductive (deductive) method, as well as the inductive method, and harmonized them as scientific methods to reach the results.

Sixth: Research Structure:

Based on the objectives of the research, its importance, and proving its hypothesis, this research was divided into two sections.

Seventh:search limits

1. Spatial Boundaries:

The limits of the search are the spatial dimension, which included choosing the state of Iraq

2. Temporal boundaries:

The research period was for the period (2010-2030).

The second section: The theoretical framework.

The Iraqi economy depends heavily on oil because oil revenues provide the operational and investment budgets of the Iraqi government with the bulk of the resources in building the cash reserves of the national economy, and its strategic importance lies in being a major factor in building a developed industrial base, especially in the refining and petrochemical industry and many other industries, in addition Being the most important source of energy and materials supply The importance of oil in the Iraqi economy can be explained through the following aspects: first, the strategic importance of oil in the Iraqi economy, secondly, the potential of Iraqi oil in the fields of reserves and production, third: the characteristics and advantages of Iraqi oil, and fourth, the need to reform the oil sector.

First: The strategic importance of oil in the Iraqi economy:

The issue of oil is one of the most important topics that have preoccupied the political and economic communities in Iraq since its discovery until now, as it is one of the main sources of income and the main source of the fact that the Iraqi economy is a rentier economy and the adoption of all successive Iraqi governments in the implementation of development projects, and therefore this importance came from us (Al-Jabouri, 2009:113)

Since the discovery of oil in Iraq and the entry of oil as a commercial commodity in the twenties of the last century, and it is of strategic importance in the Iraqi economy, which necessitated that the Iraqi plan subject the oil wealth, production, marketing and its revenues to the disposal of the Iraqi economy without sharing it with foreign investors, as was the case in the pre-seventies From the last century, when Iraqi oil suffered from continuous looting by the monopolistic oil companies operating in Iraq for nearly half a century, which created a major motive for the nationalization and liberation of Iraqi oil

From foreign domination that controlled all stages of oil wealth from production and export, nationalization led to an increase in Iraq's oil revenues, and the development of the oil industry in Iraq and became a national landmark in all its stages from research and exploration to a stage for manufacturing petrochemicals, and increasing the volume of Iraqi oil reserves, production and export As a close relationship between strategic oil wealth and development as a strategic goal (Al-Bassam, 1984:40).

Second: Iraq's oil potential (reserves and production):

Iraq has huge oil potentials among the (74) oil fields that were discovered and evaluated, of which only (15) fields have been exploited, although some other fields possess huge oil reserves and are considered huge oil fields such as the fields of Majnoon, Nahr Omar, Halfaya and East Baghdad (Chalabi, 2005: 127). The desert in western Iraq is an area where large quantities of oil are expected to be discovered, but have not been explored after. Note that there are about (10) fields out of the remaining (85) that are considered giant fields. As for the production fields currently used, they are distributed over (6) fields with about (2000) oil wells, and these fields are: Rumaila fields, which have about (930) oil wells, and the fields of West Qurna, Al-Zubayr, and Nahr Omar, which contribute about (60%) of oil

production. And the Kirkuk fields, which contribute about 10% of the oil production. As for the Majnoon fields, they have not been used yet (Yasser, 2003: 18). Iraq is also characterized by having a large natural wealth of oil and gas, as exploratory surveys and studies confirm that the reserves are estimated at (115) billion barrels of oil, and this reserve represents about (10%) of the global reserves and about (14%) of the reserves of OPEC countries, according to a study published by The Iraqi Ministry of Oil in 1990 has increased according to estimates of the Iraqi Ministry of Oil in 2011 to about (143) billion barrels. (Al-Rawi, 2016: 72-73). And as we mentioned, Iraq has reserves of huge quantities of oil, which made it to be the last producer of oil in the countries of the world, meaning that the last barrel of oil produced comes out of the fields of Iraq, and this is reflected in its production capabilities. Studies indicate that Iraq's production capacity can reach more than ten million barrels per day. Which makes Iraq at the forefront among the producing and exporting countries in the world (Al-Jubouri, 2015: 150). This requires increasing Iraq's share in the global oil market and OPEC in a manner commensurate with the size of its oil reserves, especially since the era of exploration for oil fields that took place in the forties and fifties of the last century has ended and that the volume of global reserves, especially in recent years, is much less than global production. In addition, the huge oil fields discovered have now entered what is called the peak point, and this means that oil will enter an era of scarcity, which will lead to a rise in oil prices. Therefore, the potential of Iraqi oil, its production and marketing capacity, and its long experience in this field constitute an urgent need for investment in the oil sector. In the current stage (Al-Bassam, 296: 2011). Also, the cost of production in Iraq is the highest in the world due to the presence of fields near the coasts that are characterized by simple geological formations. Iraq has huge proven oil reserves that make it ranked first among the countries that have the largest proven reserves after new discoveries. According to recent estimates, Iraq's reserves of crude oil amounted to (145) billion barrels, which is equivalent to (12%). Of the world's reserves, these reserves are distributed in (12) Iraqi governorates, of which more than (60%) are in Basra, and about (10%) are in Kirkuk, and the rest are in Amarah, Baghdad, Nasiriyah, Mosul, Erbil, Salah al-Din, Wasit, Diyala, Karbala, and Najaf.

As for the volume of potential reserves, it can reach between (280-360) billion barrels in (143-183) installation (Al-Chalabi, 127: 2005). As for the cost of exploration and development, according to the statistics of oil companies with concessions in Iraq, it is (26) US cents per barrel as the rate of operations in Iraq. As for the development costs, which include the costs of wells and production facilities, they were estimated according to the same study, estimated at about (1) dollars per barrel, as an average for the three regions in Iraq (Al Chalabi, 2005: 128). Many Western oil companies confirm that it is possible to extract a barrel of Iraqi oil for no more than (1.5) US dollars, but the cost of extracting one barrel in another place can reach (10) dollars, for example, the cost of extracting a barrel of oil in the North Sea To between (12-16) dollars, while the costs in the fields of Texas and Canada reach (20) dollars. (<http://www.Althakfaaljededa.com>).

The opportunities offered by the potential of oil and gas in Iraq are huge and high, and they can be classified as follows:

- 1- Current production fields.
- 2- Discovered fields that need development.

Fields that have not been discovered and should be discovered. -3

It is necessary to stimulate huge national and foreign capital investments not only in order to unleash the huge potential, but also to maintain the production of the existing fields and in order to meet both the needs of domestic consumption and increase exports (Nakhla, 2008:10).

Table No. (1) shows the most important indicators of the Iraqi oil sector in the global market in terms of production, export and crude oil reserves for this year (2019)

The countries with the most reserves of crude oil (billion barrels)		The countries that export the most crude oil (million barrels)		Most Crude Oil Producing Countries (million barrels)		Numbers
297	Venezuela	10,250	Kingdom of Saudi Arabia	11,250	Kingdom of Saudi Arabia	1
267	Kingdom of Saudi Arabia	8,500	Russia	10,250	Russia	2
179	Canada	3,800	Iraq	9,750	United State	3
155	Iran	3,500	Iran	4,250	Iraq	4
150	Iraq	2,700	Kuwait	4,100	Iran	5
104	Kuwait	2,600	United Arab Emirates	3,750	Canada	6
97	United Arab Emirates	2,500	Nigeria	3,50	Kuwait	7
80	Russia	2,100	Canada	3,100	United Arab Emirates	8
44	Libya	1,900	Venezuela	2,500	Mexico	9
37	Nigeria	1,700	Norway	2,250	Venezuela	10

(Al-Quraishi, 196:2020). Hatem Al-Quraishi, Economics of Oil (p. 196), first edition 2020, publisher Iraq.

It is noted from Table No. (1) that Iraq ranks fourth in terms of potential production volume in the year 2019, estimated at about (4250) million barrels, with an average export volume that goes as far as (3500) million barrels, as Iraq ranks third in production, while Iraq ranks fifth in terms of production. In terms of reserves, the volume of reserves amounted to about 150 billion barrels, and Iraq is preparing to use a program to develop oil refinery fields and increase the degree of their complexity so that it can produce its oil products with specifications appropriate to environmental requirements, and is being used The ambitious plan proposed by the Government of Iraq, which includes equipping (4) modern refineries

with a total capacity of (700) thousand barrels per day, and is expected to cost about (30) billion US dollars, which is planned for production in the year (2020). These modern refineries are divided into: Nasiriyah with a production capacity of (300) thousand barrels, Maysan with a production capacity of (150) thousand barrels per day, Karbala with a production capacity of (140) thousand barrels per day, and Kirkuk with a production capacity of (150) thousand barrels per day. Future projects for the oil refining industry in the Iraqi economy, the Organization of Arab Petroleum Exporting Countries, OAPEC, the development of the oil refining industry in the present and future Arab countries, p. (142)

Third: The characteristics and advantages of Iraqi oil, and the most important of these characteristics are the following. (Nama, 2015: 22)

1-Iraqi oil is considered as a depleted and non-renewable substance, and crude oil is the main source of resources.

2-Iraq possesses large quantities of oil reserves in the ground, and they are increasing with the continuation of new discoveries of fields that have not yet been discovered.

3-Crude oil is the most traded commodity in the world, and the cost of extracting a barrel of Iraqi oil is very low compared to other countries.

4-The crude oil industry is considered one of the giant industries that involve high risks and requires huge amounts of capital, which does not allow individuals in general and developing countries in particular to venture into investment.

5-Iraqi oil has a special nature and importance because it includes a strategic substance affected by economic and political factors.

Fourth: The need to reform the structure of the Iraqi oil sector:

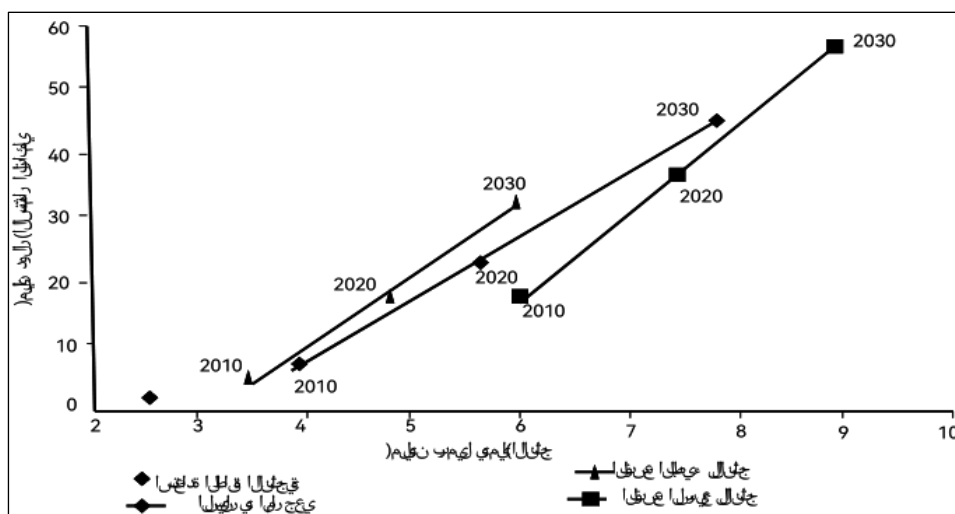
The lack of technical aspects led to deficiencies in the oil sector, on which the state relies heavily for foreign exchange, and oil revenues constitute the largest percentage of the total revenues of the state, which exceeds (95%) of the total revenues that were supposed to come from the oil fields. It is one of the best fields among the oil-producing countries, in proportion to the abundant oil reserves, and what has happened and what has been done so far with regard to some projects is nothing but a restoration process that does not constitute a clear oil policy, because this sector still lacks an integrated oil policy capable of building and developing it. Production and export capabilities.

Many experts and specialists unanimously agree that the Iraqi oil fields - with the exception of the Kirkuk and Rumaila fields (in the north and south) are among the least developed fields in the world, and therefore Iraq has sufficient capabilities and capabilities to make it a strong competitor to the Kingdom of Saudi Arabia in the future in terms of production capacity, since Iraq He has the wealth and resources that qualify him to become one of the three main players in the oil world (France, 2006: 143-144)

Figure (1) shows the oil investment requirements in the field of exploration and extraction for the various aspects of production.

Figure (1) shows expectations of oil investment needs in the field of exploration and extraction for

various aspects of production in Iraq for the period (2010-2030).



Source: Fatih Birol (2006) Future Prospects for Investing in Arabian Gulf Oil: Trends and Issues, in: Gulf Oil After the War on Iraq: Strategies and Policies, p. 84

We note from Figure (1) that if the fastest growth path is followed, in which the production rate will reach (9) million barrels per day by the year 2030, the value of the required investments will amount to about (54) billion dollars, an increase of (12) billion dollars Almost according to what was mentioned in the reference scenario, according to which oil production is expected to reach (8) million barrels per day. In this case, it is assumed that a production capacity of (3.5) million barrels per day will be achieved within two years, and that production will increase increasingly. In the event of a slowdown in production growth, the value of the required investments will be less than (12) billion dollars compared to what it is in the reference scenario. It is not expected that the production increase will exceed (6) million barrels per day for the year 2030 (Birol, 2006: 85). Some specialists see the possibility of rebuilding the Iraqi oil sector according to the latest forms of technology and in record time and at a production level ranging between (6-10) million barrels per day, without Iraq needing to provide its own resources to rebuild this sector or providing only a small part of the required costs. self. This is evident in a number of oil facts, including: large oil reserves, low production costs, and the absence of exploration risks, in addition to the profits achieved by oil investments. These facts provide opportunities to secure the required investments by following the methods Followed in other oil-producing countries of the world. Including: service contracts and partnership contracts with foreign financing companies and banks, provided that these contracts are submitted by the Iraqi negotiator to compete between international oil companies and distribute them appropriately to the largest number of them to avoid monopoly on the one hand, and provide ways to speed up completion on the other hand, in addition to that This method can place the responsibility of providing the required investment financial resources on the contracting companies. Therefore, those who hold this view expect that the competition will be intense in favor of Iraq, whether in terms of conditions or speed of completion, as long as it is profitable for the companies concerned as well (Rasheed, 220: 2006). It also raises this urgent necessity strongly because of its real effective role in reforming the oil sector, with all the challenges, problems and obstacles facing it, as this requires the formulation of an integrated national oil strategy with national foundations and goals, so this strategy

includes national foundations and goals as follows: (Al-Ghadhban, 2007 :24-26).

1-The foundations of the required oil policy.

2-Full state control over hydrocarbon wealth (oil and gas).

3-Maximizing a reliable and sustainable source of imports.

a- Work to build a modern national oil industry.

b- Work to encourage cooperation and interaction between national and international institutions to raise the level of performance without prejudice to national interests.

c- Exploiting oil resources to achieve development and achieve straight returns for society.

d-The strategic objectives of the required oil policy: The objectives can be divided into short, medium and long-term objectives.

Short-term goals include the following.

1-Improving operating efficiency in oil fields and production facilities to achieve production goals.

2-Work to meet the local needs of gas to generate electric power

3-Improving the level of protection of oil pipelines and installations from vandalism and theft.

4-Accelerate the completion of the implementation of reconstruction projects, especially the reconstruction of infrastructure.

5-Start reforming the oil industry in all its stages

6-Eliminate manifestations of corruption

● The medium-term goals include the following.

● Increasing its production, export and refining capacity

Achieving a significant increase in the proven reserves of oil and gas

. Maximizing the investment of natural gas of both types (free and associated) and directing the export of its surplus

C- Long-term goals:

● That Iraq be a major producer and exporter of oil on the global level.

● That Iraq becomes a source of both free and associated gas.

● Complete the construction of a developed and dynamic oil industry.

The second topic: the analytical framework of the research

In this topic, we will discuss the possibility of achieving development in the light of the current and expected oil prices, where we will first deal with the achievement of comprehensive development, secondly, development in light of financial scarcity, thirdly, development in light of oil realism, and fourthly, development in light of financial shortcomings.

First: achieving comprehensive development

Despite the recognition that oil is not the only factor in development, it still constitutes the most important resource and economic force that controls the development process, especially in Iraq and the oil-producing Arab countries, and to a lesser extent in other Arab countries. Development experiences in the past two decades have shown that Arab oil has exercised and continues to exert direct and indirect effects on the factors affecting development and the economic integration of Arab countries (Shugair, 1986: 942-943)

And since dependence on oil revenues is a defect in the management of the Iraqi economic system, there must be a way out to start the reform process and real development, as this is to increase private investment in the development of related sectors, especially the oil and petrochemical sector as a first stage to achieve oil added value for a greater percentage. This leads to attracting appropriate technologies to increase oil exploration and production that generates a surplus of new revenues to ensure a reduction in dependence on the oil sector, as well as the concomitant provision of more productive job opportunities to ensure continuous development in the long term. Harnessing Iraq's vast oil wealth to support comprehensive economic development is at the forefront of current and future priorities, after decades of waste, mismanagement and misuse.

The Iraqi oil sector has a tremendous ability to develop its economy, create economies of scale and cooperate with other economies, diversify exports away from unilateral dependence on crude oil production and exports, create opportunities and incentives for local and foreign private sectors to work and invest in the country, absorb unemployment, and attract investment and advanced technologies. And opening new markets for non-oil exports and providing strategic partnerships with countries of the world (Al-Jubouri, 2015: 168-169). To ensure that the oil sector remains even at the current level of production as well as increasing or doubling it in the coming years, there should be a wide process of modernization and the introduction of new technology and more efficient systems in managing production and oil reserves.

Second: development in light of the abundance of oil

In light of the abundance of rich oil fields and the possibility of developing them and achieving stability in production in light of the eagerness of international oil companies, the large oil profits, the growing need for oil resources and financing for development in Iraq are all motives for increasing production and maximizing revenues. In addition, higher prices provide significant support to reduce the need for Increase daily production rates. In order to identify the possible scenarios for oil production in the forecast until the year (2030), there are three scenarios based on the estimates of the Energy Information Administration (IEA, International energy, 2008: 199-210) for Iraq's production of crude oil, as price scenes were built according to these The three scenes are shown in the following table (2).

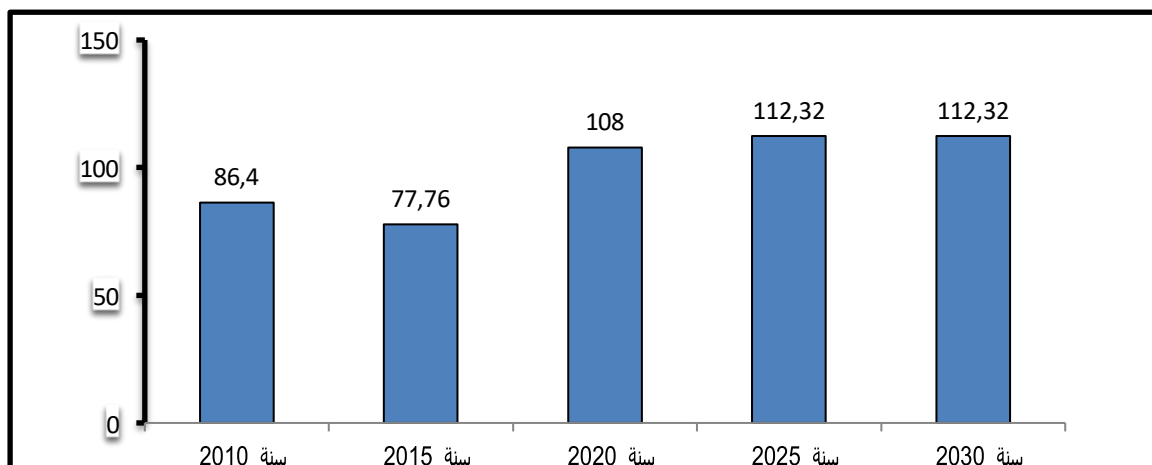
Possible scenarios for Iraqi production compared to OPEC production (2010-2030) m / b

rate of change Annual-2005) (2030	2030	2025	2020	2015	2010	
reference scenario						
3.1	4.0	3.8	3.4	2.2	2.0	Iraq
---	8.11	8.13	7.65	5.37	5.34	Iraq's share of OPEC(%)
High price scenario						
1.3	2.6	2.6	2.5	1.8	2.0	Iraq
	7.32	7.44	7.14	5.08	5.36	Iraq's share of OPEC(%)
Low price scenario						
4.0	5.0	4.5	4.0	2.4	3.1	Iraq
	8.33	8.06	7.76	5.3	5.46	Iraq's share of OPEC(%)

Energy Information Administration, International Energy Outlook 2008, table G1-G9, pp.199-210

Figure (2)

Expectations of the development of Iraq's revenues: the high price scenario (120 dollars per barrel)



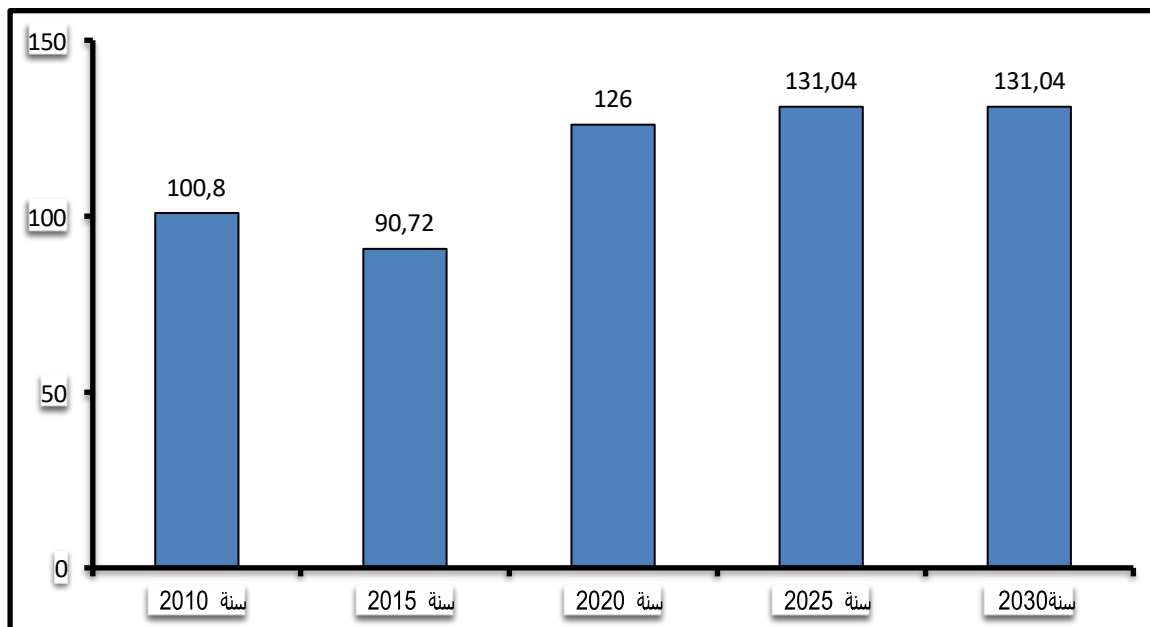
Source: Figure No. (2) of the researchers' work: based on the estimates of the Energy Information Administration.

According to the scenario of rising prices, the rise in oil prices in the international market will have a positive impact on the reality of the oil sector, and there will be a great opportunity to increase crude oil revenues in the horizon of expectations without increasing production, which is significant, and according to the estimates of the Energy Information Administration, the rise in prices will push Iraq to maintain An average production of about (2.3) as an annual average for the years (2010-2030), which

will allow achieving a large income Which is determined by the sales price of crude oil. Assuming that the price is stable at \$120 per barrel, Iraq's revenues from crude oil will rise from \$86,400 billion in 2010 to \$108,000 billion in 2020, and then to \$112.320 billion in 2030. This means providing financial capabilities to finance the country's development and the continuation of construction and reconstruction.

Figure(3)

Expectations of the development of Iraq's revenues: the high price scenario (140 dollars per barrel).



Source: Figure No. (3) of the researchers' work based on the estimates of the Energy Information Administration.

However, if the price rises in the future to the limit of (140) dollars, as in Figure No. (3), the expected oil revenues for this price will reach more than (100) billion dollars for the year (2010) and more than (131) billion dollars in the year (2030). . The increase in oil revenues may lead to optimism in the future. For example, expectations were optimistic about the future of the Iraqi economy, reinforced by improving security and relative stability in the political process and curbing the extent of corruption. In an assessment of the economic situation at the time in Iraq, the International Monetary Fund predicted.

In 2007, the International Monetary Fund assessed the economic situation in Iraq and expected that the Iraqi economy would achieve stability in the coming years, with the recovery of oil production and the government's progress towards implementing the reform package recommended by the Fund. The International Monetary Fund praised the progress in the field of economic reforms, including the strengthening of the Central Bank, the restructuring of the Rafidain and Rashid banks, and the sharp decline in inflation, which reached 65 percent in 2006

(IMF, 2008: 31).

On the economic level, political stability reflects positively on the economic reality, and the obstacles to growth and development continue to disappear with political and security progress, and the

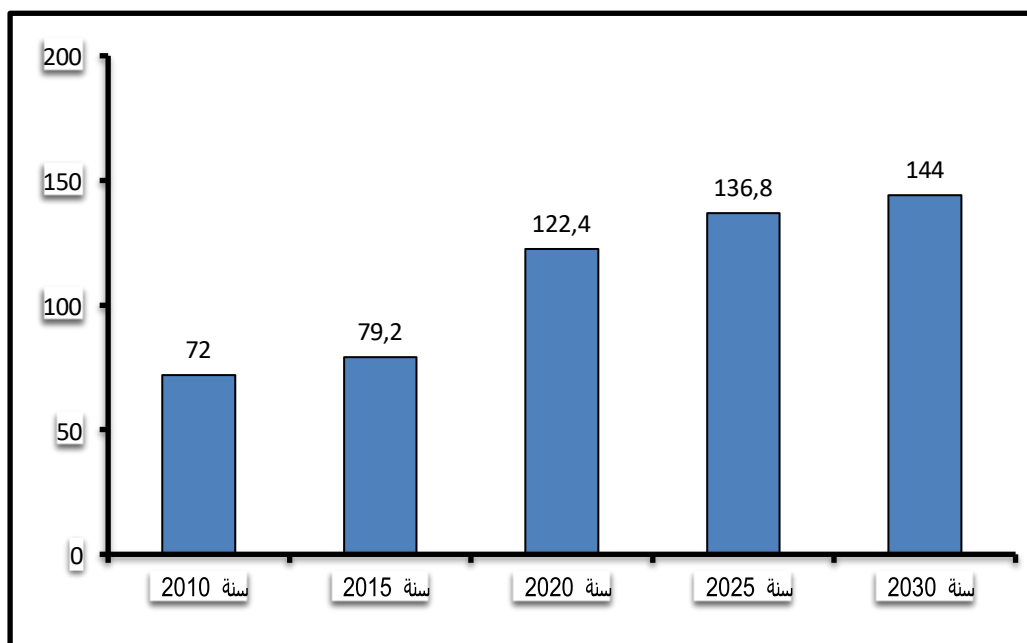
fruits of its improvement will increase more opportunities for growth and development. However, these expectations, unfortunately, were not achieved until the year 2023, and perhaps the new government that is determined to achieve these expectations will succeed in its endeavor if it tries to do so seriously.

Third: Development in light of the reality of oil.

Oil economists assert that it is likely in the medium term that the production capacity will rise to about (6) million barrels per day in the medium term, and about (10) million barrels per day in the long term, but this requires investment spending estimated at about (20) billion dollars. During the coming period, this does not represent a large number for a country that enjoys huge oil fields that are characterized by their proximity to the surface of the earth, i.e. low costs of extraction (Yasser, 2003:20). Figure (4 and 5) shows the expectations of Iraq's financial revenues from the production and export of crude oil according to the reference scenario and at two different prices in the global market from 2010 to 2030.

Figure (3)

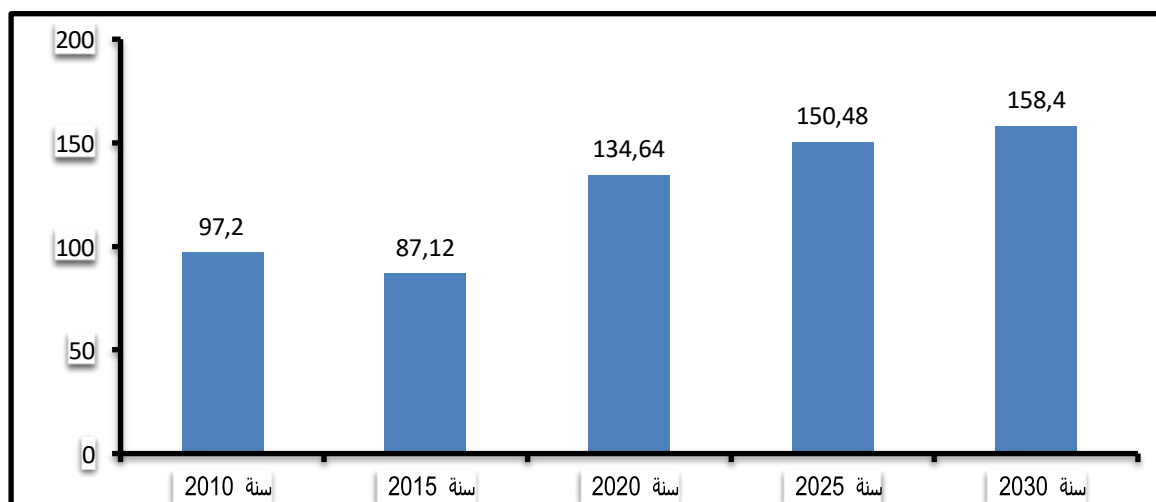
Expectations of the development of Iraq's revenues: the moderate price scenario (\$100 per barrel)



Source: The figure is the work of the researchers based on the estimates of the Energy Information Administration.

Figure (5)

Expectations of the development of Iraq's revenues: the moderate price scenario (\$110 per barrel).



Source: The figure is from the researcher's work based on the estimates of the Energy Information Administration

It is noted from Figures 3 and 4, and according to the estimates of the Energy Information Administration, that according to the reference scenario for the production of Iraqi crude oil, Iraq will not reach the maximum production limits by about (6 million barrels), as the moderate price assumed by the estimate, that if there is no increase in costs, the Iraqi economy will cover These costs mean that Iraq's need for resources will push to increase Iraqi crude oil revenues from the limits of (2) million barrels per day for the year (2010) to (3.4) million barrels per day for the year (2020) and then to (4) million barrels per day for the year (2030). And assuming the stability of Iraqi oil prices at the limits of (100) dollars per barrel, Iraq will achieve revenues that will exceed those that it may achieve depending on the high price scene, but it is understood that oil is a depleted resource, so the reserves will run out over the subsequent years, that is, what is extracted from the current oil It cannot be replaced in the future.

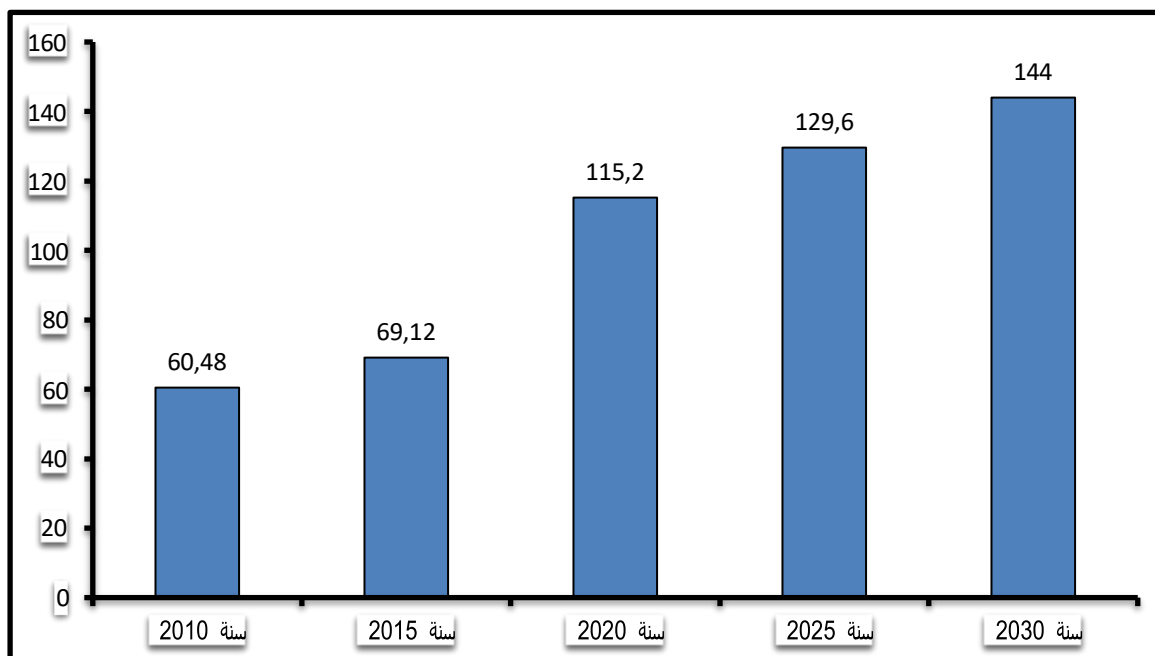
The third: development in light of the financial shortage

The decline in oil prices due to various factors will drain Iraq's reserves rapidly under the pressure of the increasing need for financial resources to finance public spending, and according to the low price scenario approved by the Energy Information Administration, Iraq will increase Iraq's crude oil production from (2.1) million barrels for the year (2010) to (4) million barrels per year (2020), then to (5) million barrels per year (2030). Some expect the impossibility of advancing the oil sector due to the lack of security and the continuation of some actions that target oil installations and threaten Oil production causes great damage to the sector, as well as the spread of corruption in all sectors, especially in the oil sector with regard to licensing contracts. However, the severe need for resources in light of the drop in oil prices will push Iraq to increase the production of oil fields in the most stable areas, and rely more on exporting crude oil through the Gulf, as well as searching for new export outlets, which means imposing additional costs.

In terms of revenues, despite the increase in production by more than what could have been achieved in the previous scenarios, oil revenues will witness a significant decline due to the impact of the price.

Figure(6)

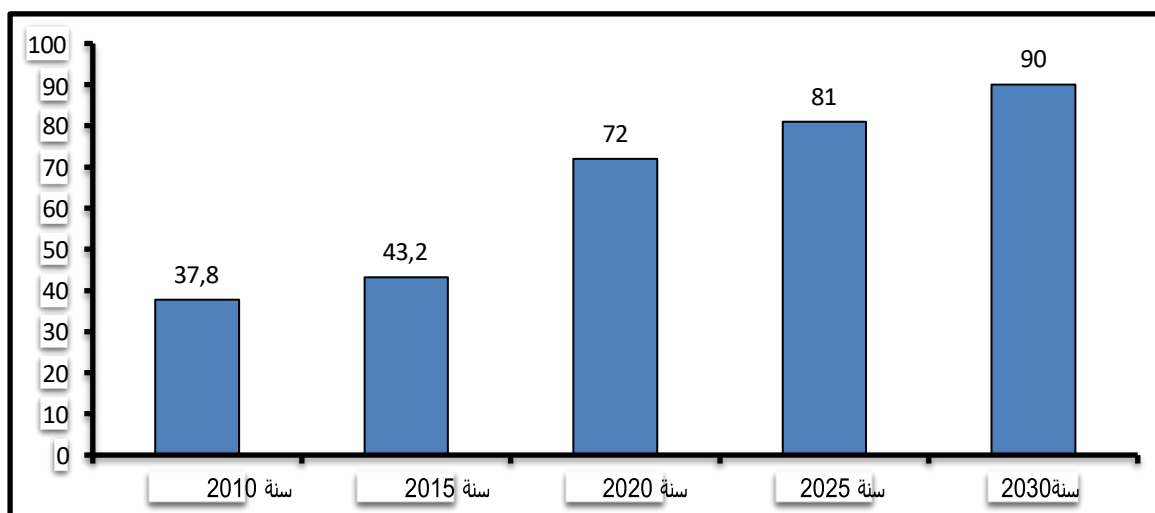
Expectations of the development of Iraqi revenues: the low price scenario (80 dollars per barrel)



Source: Figure is the authors' work based on estimates from the Energy Information Administration.

Figure (7)

Expectations of the development of Iraqi revenues: the low price scenario (50 dollars per barrel)



Source: The figure is from the researcher's work based on the estimates of the Energy Information Administration

It is noted from Figures 6 and 7 that if the price drops to about \$80 per barrel, it is unlikely that the

increase in production will maintain a level close to the revenue achieved in the reference scenario. Financial hardship, and Iraq can achieve only 37.8 billion dollars for the year 2010, which requires accelerating the increase in production to obtain greater revenues. If the production rate reaches 4 million barrels per day in 2020, it can achieve about (72) billion dollars, and about (90) billion dollars in The year 2030 in the event that it is able to raise its production to the limits of (5) million barrels. And the previous analysis supports the trend towards the need to adopt an alternative oil policy to the improvisational policies that have been adopted so far, because Iraqi oil revenues from crude oil will be hostage to factors and variables that lie outside the reach of economic decision-makers in the country

Conclusions and suggestions.

First: conclusions.

The research reached, through research and analysis, a number of conclusions, the most important of which are the following.

1-Oil occupies an important position among the energy sources in the world even during the expected future, and all future studies show a map of energy sources in the world, which will give great importance to producing countries with huge oil reserves.

2-Expanding the growing leadership role played by the oil sector in the economic, political and social life of Iraq, as oil revenues contribute significantly to feeding the public financial budget. This requires diversifying sources of income in Iraq, financing the oil sector in the coming years, and managing the development and reconstruction process through its revenues, but Iraq is facing difficulties in reconstruction due to lack of funding and the spread of some manifestations of corruption.

3-There are many challenges facing the Iraqi oil industry, the most important of which is poor funding, the political and security factor, and financial and administrative corruption, which are among the most influential challenges in investing and developing this sector.

4-Through the analytical study, it was found that there are many strategic necessities to expand investment in the oil sector and expand production and export capacity in order for Iraq to assume its international position in the global crude oil market.

5-Although the refining industry in Iraq dates back to the twenties of the last century, it is still very limited, backward and devoid of some technical aspects. 6-Oil revenues were not used to achieve the economic surplus, nor did the capital accumulation required for development occur. Rather, it was always used for purposes far from that, as it did not go beyond the process of financing imports and covering the chronic deficit in the balance of payments due to weak government planning and widespread manifestations of corruption.

6-Iraq occupies a distinguished place among the oil countries of the world, in terms of its proven oil potential or reserves, and it ranks third in the world after Saudi Arabia and Venezuela, as it possesses proven reserves of (145) billion barrels, and a potential reserve of (350) billion barrels that qualifies it to be the first country Producing and exporting oil in the world in recent years.

Second: suggestions.

1-Providing incentives for investment in the Iraqi economy as a prerequisite for attracting investment in the oil sector and starting development projects by securing the security aspect of the oil sector, with the aim of improving the performance of the sector, which is the basis for achieving growth rates in Iraq, as well as the need to diversify sources of national income formation.

2-The possibility of benefiting from the achieved oil revenues, especially when selling a barrel of oil at a price of more than (100) dollars, and using these revenues in the field of investment and development in various sectors, especially in the field of developing oil industry technologies, in order to keep pace with global technical developments.

3-Work to diversify the sources of production and consumption by increasing the development of natural gas for the purpose of benefiting from this wealth, instead of flaring operations that threaten the natural gas industry.

4-Work with members of OPEC to develop a plan or working paper to regulate 5-oil export operations in terms of quantity and price so that prices are fair to the producing countries.

Rehabilitation of obsolete oil projects through Iraqi cadres and capabilities

6-Expedite the re-activation of the National Oil Company Law by a decision of the Council of Ministers, and enable it to work according to the principle of competition, and to be the central body responsible for implementing the oil policy. Including the implementation of exploration, exploration, development and management of oil and gas fields.

7-Presenting strategic plans to the Ministry of Oil for the purpose of gradually raising production capacity, starting with the rehabilitation of the current producing fields with national efforts, and then developing the discovered and undeveloped fields through contracting with foreign companies with competence and technical ability.

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