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## **THE IMPACT OF UNFAIR TRADE PRACTICES ON THE IRAQI ECONOMY, PRICE DISCRIMINATION - DUMPING AS A MODEL**

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**ABSTRACT.** Globalization has gradually removed the protection that existed to protect producers from unfair trade practices, as the case of imperfect competition within international trade is presented through a descending curve of average costs with an increase. Therefore, economies of scale are gradual. Often, some producers (the monopolistic firms) do not adjust the price relative to the index, and the change in prices for different consumers is called price discrimination. When speaking of the concept of international trade, dumping is the most common type of price discrimination in trade. Price practices are unfair when a country or company calculates a lower price for its exported products compared to the effects of goods and services sold locally. Therefore, it negatively affects the country's social welfare, and the World Trade Organization (WTO) allows such damage to be countered through trade defense instruments (TDIs). The commodity dumping policy, which increased through trade openness after 2003 in Iraq, led to a decline in the productive sectors, especially (the industrial and agricultural sectors), as most of the imported goods were of poor quality or counterfeit, which competed with local products and removed them from the market because of their low prices. Thus, this helped the exposure of the Iraqi economy to the outside world. The main objective of the research is to address the concept of unfair commercial practice in the reality of the Iraqi economy and to analyze the trade policy of neighboring countries, including combating commodity dumping and related legislation and price discrimination under the concept of monopoly.

**JEL Classification:** example  
D02, O17, P31

**Keywords:** Unfair trade practices, price discrimination, dumping model, the Iraqi economy

## **Introduction**

The unfair trade practices between the state or the company with the rest of the countries at the global or regional level are unacceptable, as they lead to an imbalance in the corresponding economies, especially in the case of a deficit in the trade balance, because the country's commodity exports are cheaper as for other goods and products of the corresponding countries Which are produced locally, and this is what is called (commodity dumping), as dumping is an example of price discrimination, which is related to selling the same product at different prices to different groups of consumers and in different countries, as the same product is sold in one country at a different price from other countries. According to For the World Trade Organization, dumping occurs when a government or company (monopolistic or competitive) sells its products of different goods and services to foreign consumers at lower prices than local consumers within the same country. In a clear sense, sales are at lower prices than production costs. Therefore, the economic basis of dumping stems from differences in the price elasticity of demand.

Iraq is classified among the fragile countries whose economy is dominated by dependency, confusion in decisions, and political instability, which negatively affects the reality of economic and social life. Furthermore, the post-2003 events led to the openness of foreign trade in Iraq. Thus Iraq became a net importer of all goods and services, incredibly Inferior and fraudulent goods, as Iraq has become a fertile market for the disposal of products of all kinds and forms by countries such as China, Turkey, Iran, and other countries that flooded the Iraqi market with their goods. Therefore, these unfair practices negatively affected the reality of sectors and actual activities inside the country, forcing factories to And factories to close due to their inability to compete with imported goods and products, thus deepening the adverse effects on society (theft of social welfare) and in this sense, the Iraqi government bears full responsibility through the development of laws and legislation, the protection of border crossings and the provisions of control over them, with the imposition of taxes Customs duties gradually in conjunction with the construction and revitalization of industries and the rest of the other activities that produce goods locally At lower costs and high quality.

## **1. Literature review**

### **2-the concept of unfair trade practices and their impact on the reality of fragile economies**

#### **2.1 What are unfair trade practices - the general concept of dumping and its types of trade and industry**

enjoy a distinct and developed position in all countries of the world, and trade is subject to an important principle that pervades all its activities: freedom of trade. This principle is supported and enforced by the World Trade Organization, "which is the legal successor to GATT, as it has worked to remove non-tariff restrictions and obstacles on imports of goods and services. The principle of freedom of trade is linked to another important principle, which is the principle of freedom of competition. Free competition It is the guarantee that provides a healthy environment necessary to expand the scope of the market and increase the ability of new investments to make their decisions. Legitimate competition is considered one of the necessary things in commercial life because of its positive role in improving production and lowering prices. Still, in some instances, it may turn into an illegal act. So that the person harmed by it has the right to claim compensation for damage. There are many forms of unfair competition acts, the most important of which is commercial dumping, which leads to monopoly, and harmful business practices, to control specific markets.

### **2.1.1- The general concept - of dumping price**

There is no doubt that economic openness and the principle of access to markets is today the dominant feature of the economic and commercial reality at the local and international levels. Internationally, working on this basis requires lifting restrictions and obstacles that impede the freedom of trade exchanges and limit the movement of products. Therefore, regional and international agreements have explicitly stipulated in more than one place the need to lift customs barriers or restrictions, specifically fees imposed on goods entering local markets, but lifting restrictions if it represents the primary tool adopted to achieve the objectives of these agreements. However, this may lead to Another aspect

Dumping, in its simple concept, turns out to be one of the illegal trade policies sometimes in international trade, which is represented in exporting a product at a price lower than its trading price in the local market of the exporting country, or exporting it at a price less than its cost value, as projects usually export their products at prices Very low, to be able to control markets abroad and eliminate competition (Technical Secretariat for Combating Harmful Practices, 2012, 6). Others defined it as the adoption of a policy by a particular country or a monopoly company that works to distinguish between prices prevailing at home and abroad, in the sense of reducing the prices of goods and products exported to foreign (regional) markets below the price level determined locally, in addition to transportation costs (Schiavo & others, 2020, 8).

Dumping is based on improper foundations in the field of achieving profits and controlling a specific market or markets, represented by the introduction of goods and merchandise into certain countries at prices lower than the costs of delivering them to the target market to control foreign markets and overcome competitors in them in the long run, even if the direct result of an act Dumping is a material loss to the source as a result of doing this, but, on the other hand, he plans to bear the slight direct loss (for a short period) in the hope that he will gain indirect profit for an extended period, which will help him achieve that side effect of dumping, which is the material damage that inflicts the local industry of the target market, or its withdrawal from the market due to the real fears that dumping has brought to the owners, resulting from the threat of material harm to their industry, thus achieving losses for them (Felbermayr & Sandkamp, 2020, 119).

The dumping price is a price for goods or services much lower than those offered by competition within the same market. Moreover, dumping is often a price that does not even cover the costs related to that particular good or service. Two interests are also observed by selling dumping prices (eliminating competition and obtaining a share in the new market), for example, the entry of the foreign government or company into the local market or the entrance of the local government or company into the foreign mark (Roman & Dagmar, 2020, 3 ).

Dumping is usually measured if the export price of the commodity is less than its normal value, and the difference between it is called the margin of dumping. The normal value is calculated by knowing the commodity's price in the country of origin, meaning its price in the local market. In the absence of sales of that commodity, In the market of the exporting country, a comparable price is used for a similar or similar item when it is exported to a third country, or the normal value may be calculated based on the cost of production in addition to the cost of selling, marketing, administrative expenses, and other elements. In contrast, the export price is calculated from knowing the transaction price in which the last exporter sells to the importer (Al-Birmani, 2019, 6).

### **2.1.2- Types of dumping**

There are many forms and types of commercial (commodity) dumping in conjunction with the state of the markets. In addition, there are other types, including social dumping, capitalist dumping, and others. And the dumping related to the research's origin is the type of commodity dumping. This type is known as dumping the market with local goods and products and selling

them in foreign markets at a price less than the cost of production (lower production cost), which is a price less than the price of the commodity in the internal market. Therefore this type is a way of Direct dumping and depends on unfair practices, as the price is determined by the producers and not according to the supply and demand for the commodity (Al-Jubouri, 2017, 26).

From the above, it can be said that commercial dumping is an illegal act, which often entails taking appropriate preventive and remedial measures to confront it internationally and locally. Still, certain conditions must be met to judge the occurrence of dumping that generally do not deviate from what is required in civil liability. From error and damage and a causal relationship between them, those conditions can be determined: - (Hakobyan, 2018, 561)

A- The act of dumping, which is achieved by selling the products of the exporter in the importing country at less than the cost of production or the price of selling the same product in the country of the exporter, and proves This is under careful investigations that can extend to both the exporter and the importer, as it results in establishing that dumping has occurred (wrong), which can be proven by all means.

B- The investigations prove the existence of material injury, actual or likely to occur, on the local product similar to the dumped product in agriculture, industry, and services.

C- That the occurrence of that damage is due to the existence of that dumping and as a result of it (causation).

## **2.2. The economic effects of the phenomenon of dumping**

The dumping phenomenon causes losses and is a significant threat to the industry in the importing countries. Therefore it hinders the establishment of new industries or the advancement of existing local initiatives. The circle of economic damages generated by this phenomenon may expand and have effects on the exporting countries. This phenomenon is one of the main risks facing many countries' production and export capacities, especially with the application of the provisions of the World Trade Organization (WTO) and the freedom of trade and competition it guarantees. The most important economic effects of dumping can be clarified through the following ; (Schiavo & others, 2020, 10).

A- The impact of dumping on the exporting countries: here, its effect is positive because it is represented by an increase in exports and an increase in foreign currency revenues, in addition to creating job opportunities through economies of scale, which increases income and employment, but it may generate harmful effects on local consumers, if prices are higher than the cost Marginalism, which forces consumers to reduce consumption of the commodity, as a result of which the social welfare in the country is stolen.

B- The impact of dumping on importing countries: This phenomenon may have positive effects in the importing country, but it is usually for a short period and quickly turns into adverse effects that harm local industries and reduce their competitiveness. It also affects the workforce negatively, making them turn towards activities That are ineffective or unproductive, in addition to affecting the food industry, which is a means of dominance as it is within the food security system, which in turn negatively affects the market balance and then the consumer's welfare Of their economic and social well-being.

Dumping may also lead to the emergence of monopolies and a rise in the general level of prices. In addition, the unemployment rate rises, causing the stopping of competing projects. Related to this is the accumulation of commodity stocks due to the inability of local products to compete with imported goods and products. This imposes the waste of local resources, which will decrease Exports and generate a deficit in the country's trade balance. On the other hand, the dumped will be subject to penalties included in the GATT agreement. Therefore, in addition to the decline in financial resources due to low taxes on local projects that are lost in the market, the phenomenon of dumping is one of the negative phenomena that affect the national economy, which requires the imposition of many measures to combat it or reduce it.

### **2.3 The foundations of anti-dumping in fragile economies**

one of the most important means of protecting domestic production is taking measures to curb the dumping policy pursued by exporting countries, usually called preventive measures. Their use spread after the emergence of the World Trade Organization in 1995, especially in developing countries. To combat dumping For a specific product, three main pillars must be fulfilled, represented by the following:

- 1- The existence of dumping of a particular product is proven.
- 2- The damage incurred by the local industry due to the entry of dumped foreign goods similar to the domestic ones from it is proven.
- 3- That the damage incurred is due to the existence of dumping and not due to other factors.

If the above three pillars are achieved, fees not exceeding the dumping margin must be taken when entering the imported product, or the import quota system may be applied, or customs duties equivalent to the dumping margin may be imposed. As assignments are collected at border crossings, and customs duties imposed on goods causing dumping temporarily or permanently are as follows: - (Technical Secretariat for Combating Harmful Practices, 2012, 9)

A- Bases or temporary measures: They are taken in the form of temporary customs duties ( A cash deposit or security bonds equivalent to the amount of the calculated damage), and it shall be calculated according to the state of the damage caused to the local producers of the exact similar goods.

B- Bases or final measures: They take the form of high customs duties imposed on commodity imports that are dumped in the market and that have caused material damage to the local industry and are calculated at an amount higher than the price of the locally produced commodity plus an additional amount (the subsidy provided by the government to local producers).

### **2.4 The impact of unfair trade practices on consumption - social welfare theft**

It appears from the nature of the procedures and decisions that the competent authority can take to consider the dumping complaint that it is focused on imposing customs duties on imported goods at a rate equal to the dumping margin ratio (the difference between the normal value of the imported product And the value of its export to the state exposed to dumping) so that its price reaches a level close to the costs of its counterparts in the internal markets, and accordingly, if the aim of it is to protect national production by increasing the costs of competing products to the natural level of commercial competition between producers, the rise in prices is a matter that contradicts the interest of the consumer and then welfare The imposition of customs restrictions on imports would affect the size of its presence in the local market by reducing the volume of imports and thus reducing its ability to satisfy the needs of consumers, especially the necessary ones. However, the reduction in the prices of products below their natural level, and although it harms the producer's interest, on the other hand, it achieves the consumer's interest, thus maximizing social welfare. From the above, there is an actual conflict between producers' and consumers' interests in the relationship between competition and dumping.

However, the matter is not taken at face value. Still, it is possible to identify the features of the two interests and resolve the conflict between them according to the following(Felbermayr & Sandkamp,2020,123).

- 1- In fact, dumping takes place in different forms according to its duration. It may be long-term or permanent, and it is dumping that achieves the interests of consumers and forces producers to adopt a particular method of dealing in this field. On the other hand, the dumping may be accidental or short in duration, which leaves a negative impact. On both producers and consumers alike, because it predisposes to local production or the more significant part of it and repudiates the obligation to cover the needs of the market (consumers), which is the intended

form of anti-dumping measures based on the adverse effects it has on both producers and consumers alike.

2- The various legislations and their regulation of anti-dumping stipulated that the complaint be submitted by a group of producers of goods with an impressive percentage of not less than (25%) of the total producers at the local level. This condition indicates the extent of the damages surrounding the national economy as a result of the threat of a large proportion of domestic product volume, which affects consumers' interests indirectly in the long run. Furthermore, this requires the imposition of measures to increase prices and support the interests of producers in the face of consumers because production in such cases combines the qualities of investment and development. Therefore, two interests coincide in it, namely the producer's interest and the national economy's general interest, that is, clearly achieving social and economic well-being.

3- Some exceptions may be registered, in the interest of consumers, by the competent authority to issue an anti-dumping decision despite the availability of all the legal conditions necessary for its issuance, and that is for considerations related to the general interest of consumers and related to essential aspects of their health, economic, security or other needs, such as The authority issues a decision to combat dumping of the Iraqi market with Turkish iron wires. Still, it excludes what is included in the manufacture of the national electricity network wires, based on what is required by the Ministry of Electricity, which is in society's public interest.

### **3. the impact of forms of price discrimination on the reality of global economies**

#### **3.1 Types of price discrimination in global markets Price discrimination**

It is a common commercial practice that appeared in 1920, when (Arthur Peugeot) identified three levels of price discrimination. The first model is also used by Dupuit, whereby the company imposes on each customer (consumer) a price equal to his maximum willingness to pay. The second level of price discrimination includes decreasing the price depending on the quantity purchased or overcoming the obstacle. Finally, the third level is based on dividing customers according to specific criteria (Roman& Dagmar,2020,5).

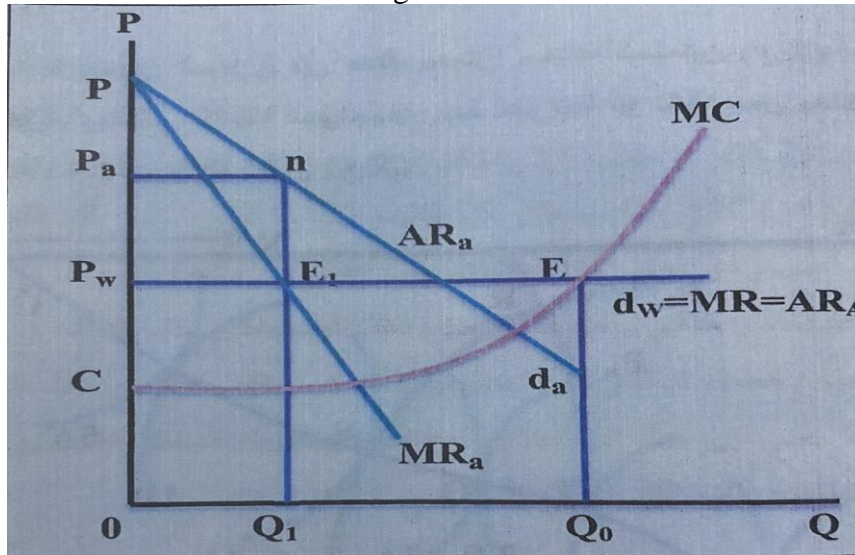
In more detail, the monopolist can sell two quantities or one quantity at two prices. Therefore, price discrimination accompanies monopoly and intensifies with its intensification. The bias is considered perfect if the monopolist can sell the first quantity of his commodity at a high price and then makes a gradual reduction with successive amounts. This happens with goods and services that the consumer cannot resell to other consumers, such as electric energy and telephone services (Dagher, 2021, 303), and there is incomplete discrimination when the monopolist is not able to set a price for each consumer. These types are (doctors, lawyers, tax experts, engineers, and others, and these know their customers well, so they can estimate the number of users or applicants for their services and set an appropriate (specific) price for them. There is another type - the subject of research - that will be addressed in the next paragraph.

#### **3.2. The effect of price discrimination and dumping on the reality of economies locally and abroad**

There is a direct relationship between price discrimination in dumping, a particular type of price discrimination that the monopolist pursues when facing two markets. The first monopoly at home (domestic market) will be perfectly elastic, so the demand curve in a perfectly competitive market (international market). As a result, the demand curve inside (the domestic market) will be negatively sloped from top to bottom. Such a situation is achieved for the monopolist when The monopoly is complete and faces competition in global markets (Abdul-Hamid, 2021, 70). From graph (1), we find that the curve (MR<sub>a</sub>) is the marginal revenue curve of the monopolist in the domestic market, and (AR<sub>a</sub>) is the average revenue curve (demand curve) of the monopolist in the same market, and (MR<sub>A</sub> and AR<sub>A</sub>) is the marginal and average revenue of the international market. His total or aggregate marginal revenue is (PEE<sub>1</sub>dw), and (MC)

intersects (MR) at point (E) and produces the equilibrium quantity ( $0Q_0$ ). What is the amount of ( $0Q_1$ ) for the internal market and at the price level ( $0P_a$ ), and the quantity of ( $Q_0 - Q_1$ ) sold to the external market at the price level of ( $0P_w$ ).

Figure – 1



Source : Abdel Hamid, Manahil Mustafa, Microeconomics, 2021, p71.

It is noticed from the graph that the monopolist sells his production at a lower price in the international market, which is ( $0P_w$ ), and at a higher price in the local market, which is ( $0P_a$ ). Therefore he achieves total profits, which is ( $CEE_1P$ ). With the strengthening of anti-dumping laws worldwide, mainly after the accession of developing countries to international trade, the growing trend of abuse of anti-dumping laws in almost all current economies has been criticized. Scholars claim that adjusting and revising the anti-dumping policy is not the solution to prevent its misuse. Still, a competition policy can be the solution, so this issue was put aside in 2004 within the World Trade Organization during the Doha Round of the World Trade Organization. However, in 2009 some calls began linking trade and competition policy, which requires developing countries, In particular, to re-competition in trade to see how this interaction can affect their economic development, and the World Trade Organization anti-dumping agreement is specified in the rules related to the justification of anti-dumping legislation. Thus three basic views can be identified about the rationale for anti-dumping law as follows: (Roman & Dagmar, 2020, 8)

- Elimination of predatory dumping aimed at monopoly.
- Protection from unfair trade resulting from various government industrial policies distorting the market.
- Acting as a quasi-protective measure to mitigate the effects of various economic structures.

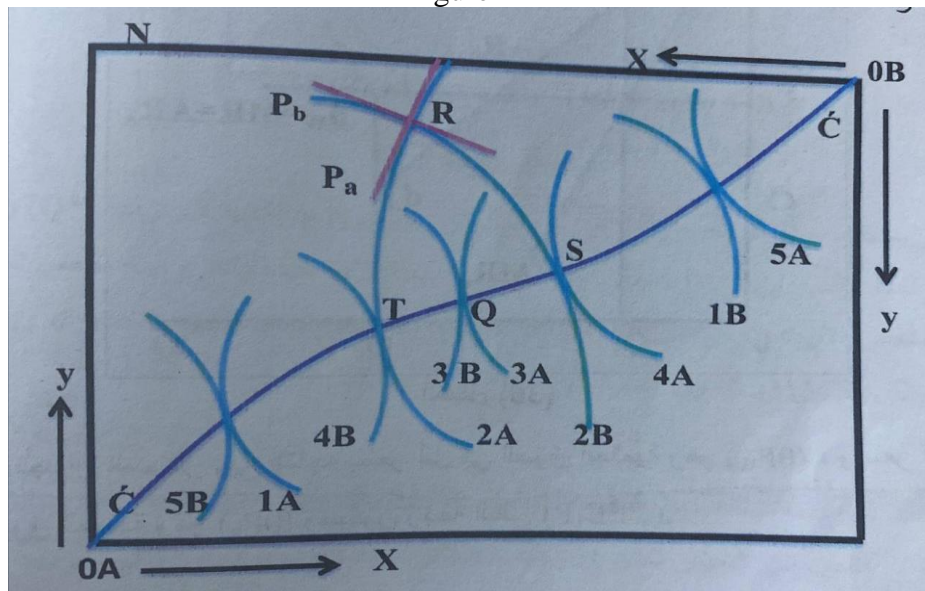
We conclude from the above that the only legitimate rationale for anti-dumping law is to deal with unfair international dumping pricing through plausible arguments to combat (unfair trade) on a large scale, a big hoax because the anti-dumping system does not protect globally accessible businesses and does not comply with the principles of the organization Global trade in terms of free markets and trade in the world. We also find that anti-dumping duties reduce the value of the country or company exports, urge exit, and do not affect producer prices, indicating that the assignments are entirely passed on to importers and consumers. The exit is more prominent among small companies than large companies or countries' affiliates. Major industrial.

### 3.3 price discrimination and social welfare theft

Significant shifts in the prices of exports, while the shocks to which the costs of trade by value have been exposed, had little effect on these prices. Welfare is achieved according to the equality of the marginal rate of substitution between consumers and for any two goods that are consumed.

From the graph (2), we assume that there are two consumers, the consumer (A) who consumes the two commodities (X, Y), and the consumer (B) who consumes the two commodities (X, Y), and this is reflected in the curves of whether the consumer (A) is represented by the map of whether It consists of five both curves, and consumer curves (B) and it consists of five curves, either (A1, A2, A3, A4, A5) as well as (B1, B2, B3, B4, B5), where these curves meet in opposite directions. This is because, according to the price discrimination policy, each of the two consumers faces different prices for the two commodities (X, y). Therefore they will meet a budget or price line that differs from one another due to the different prices of the two commodities (X, Y).

Figure – 2



Source : Abdel Hamid, Manahil Mustafa, Microeconomics, 2021, p73.

Suppose, as it appears from the graph, that the budget line directed by the consumer (A) is ( $P_a$ ), and the budget line of the consumer (B) is ( $P_b$ ), and these two lines appear at the point (R) where one intersects the other, and at the point (R), the Consumer (A) buys the two commodities (X, y) at a price set for them by the monopolist and maximizes his saturation and equilibrium when the slope of the budget line is equal to the slope of the indifference curve of consumer (A) at point (R), and the same is the case for the consumer (B) at An equilibrium is established when the marginal rate of substitution, i.e., the slope of the indifference curve, is equal to the slope of the budget line ( $P_b$ ) and he pays the specified price for the two commodities (X, y) as the monopolist imposes.

The most important thing to note here is that the marginal rate of substitution ( $MRS_{x,y} A$ ) is not equal to the marginal rate of substitution at ( $MRS_{x,y} B$ ), i.e., it is not comparable to consumer (A) with the consumer (B), because the tangent that touches the indifference curve (A2) and the tangent that touches the indifference curve (B) has interrupted one another as shown in figure (2). Therefore the inequality between the marginal rate of substitution of the two commodities for the two consumers will not lead to maximizing welfare due to the intersection of the tangents (Abdul Hamid, 2021, 73).

To prove that the point (R) is a point at which social welfare is not maximized, but the social interest of a consumer is stolen, we suppose that the quantity of the two commodities (X, y) has been redistributed among consumers (A, B) again. Each of them is consumed in a way that leads them to achieve equilibrium at the point (Q) that lies on the contracting curve of consumption (CC). Here, each of them will gain greater satisfaction since the end (Q) lies on a higher indifference curve (B3 A3) which is higher than the indifference curve (B2). This is because A2) on which the point (R) is located, and therefore the saturation of both consumers will be maximized at point (Q). In addition, at this point, the curves are tangent (B3, A3). Therefore, the budget line becomes tangent to both curves, which means that both consumers will face the same. As a result, the prices for the two goods (X, y) and their marginal substitution rate are equal. In contrast, at point (R), the consumer (A) and consumer (B) do not pay the same price because of price discrimination.

And if we remove price discrimination and the same price at which the two goods are sold (X, y), then all the points will be on equilibrium points, and the marginal rate of substitution for consumers is equal to the contracting curve. Optimal for goods or products because the distribution of goods at point (R) did not fall on the contract curve (CC), except that the points (T, Q, S) represent points of equilibrium and equality between the marginal rates of substitution for consumers. The budget line becomes a tangent of the indifference curves for each, and thus each consumer achieves the most excellent satisfaction and well-being.

#### **4. the negative effects of unfair trade practices on the Iraqi economy**

##### **4.1 The role of price discrimination - dumping in deepening trade imbalance in Iraq**

The open-door policy in Iraq after 2003 worked to meet all the needs of life, especially (consumer life), as the controls and measurements in customs outlets were weak. However, it provided high-flowing, fast-consuming goods of questionable quality, so regional trade has become the primary source and generator of value-added and the transfer of financial surpluses from the national market to the regional market, accompanied and supported by the Iraqi merchants residing there, which helped generate value-added outside the borders The country, and that the easing of Chapter VII on Iraq had the effect of exporting the region's crises to the Iraqi economy through trade openness, especially since Iraq is very weak in terms of exports, as it relies on one main commodity, which is (crude oil) and imports everything from abroad. Iraq relies mainly on oil exports to achieve necessary financial surpluses to finance economic and social development plans. However, if they exist, capital imports also improve the production capacity of all sectors that contribute directly or indirectly to the country's economic growth process. In addition, imports represented equipment and machinery needed to build and develop infrastructure in Iraq, which can only be provided through foreign trade, making Iraq have broad economic relations with most of the developed global economies (Dadoosh, 2020, 213).

Table (1) shows the size of the imbalance in the Iraqi trade balance for the period (2004-2020) and as follows:

Table - 1 The trade balance in Iraq for the period (2004-2020) billion

<b>Trade balance without oil</b>	<b>Trade balance</b>	<b>Total import</b>	<b>Total export</b>	<b>Non-oil export</b>	<b>Oil export</b>	<b>Year</b>
<b>(19215)</b>	<b>(1464)</b>	<b>19954</b>	<b>18490</b>	<b>739</b>	<b>17751</b>	<b>2004</b>
<b>)18001(</b>	<b>4949</b>	<b>18748</b>	<b>23697</b>	<b>747</b>	<b>22950</b>	<b>2005</b>
<b>)20451(</b>	<b>9049</b>	<b>21480</b>	<b>30529</b>	<b>1029</b>	<b>29500</b>	<b>2006</b>

)20317(	19116	21332	40448	1015	39433	2007
)30373(	30738	32888	63626	2515	61111	2008
)36121(	5547	36858	42405	737	41668	2009
)36966(	15324	39275	54599	2309	52290	2010
)47952(	35054	50581	85635	2629	83006	2011
)58704(	35386	59006	94392	302	94090	2012
)58966(	30393	59349	89742	383	89359	2013
)52974(	31329	53177	84506	203	84303	2014
)38891(	10358	39045	49403	154	49249	2015
)38576(	5177	38713	43890	137	43753	2016
)38180(	18699	38569	57268	389	56879	2017
)37746(	45544	39861	85405	2115	83290	2018
)38241(	40286	40126	80412	1885	78527	2019
)15438(	26318	21575	47893	6137	41756	2020

Source: Ministry of Planning, Central Statistical Organization, Directorate of National Accounts, Consolidated Accounts, Annual Reports of Exports and Imports, (2004-2020).

Table (1) shows that the trade balance achieved a financial surplus throughout the study period. Still, in 2004 it achieved a deficit due to the increase in total imports over total exports as a result of the increasing consumer demand for goods and services due to the trade openness of the country. Oil exports constitute a more significant percentage (96%) of the total exports. At the same time, the non-oil trade balance recorded a deficit throughout the study period. This represents a major structural imbalance in the Iraqi trade balance due to the backwardness of other commodity sectors (non-oil) in the foreign trade volume.

#### 4.2 The role of unfair trade practices in achieving negative trade exposure in Iraq

The policy of commodity dumping that increased through trade openness after 2003 in Iraq led to a decline in the productive sectors, especially (the industrial and agricultural sectors), thus stealing the social welfare in the country, as most commodities Imported goods are of the poor quality that competed with local products and removed them from the market because of their cheap prices, thus helping to expose the Iraqi economy to the outside world, in addition to the absence of laws and legislations that control the import process - and if they exist, they do not do so because of rampant corruption in most institutions As well as the government's tendencies towards transitioning to a market economy without going through a guiding transition period that would serve as the basic steps to prepare for the privatization of the government sector at the very least, and unfair trade practices (dumping) have dangerous dimensions on the Iraqi economy, because they keep local products and industries ineffective. Meeting domestic demand as it is expensive and leads to the depletion of the hard currency derived from selling a depleted resource (oil). crude) in exchange for low-quality consumer goods.

And the Table (2) shows the state of commercial exposure in Iraq during the period (2004-2020), as follows: -

Table - 2 Commercial exposure in Iraq for the period (2004-2020)

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<b>The degree of economic exposure %</b>	<b>The ratio of total imports to GDP%</b>	<b>The ratio of total export to GDP%</b>	<b>GDP Billion-dollar</b>	<b>Year</b>
54.5	28.8	26.7	69062	2004
59.9	26.7	33.7	70217	2005
69.3	28.9	41.1	74244	2006
69.8	24.1	45.7	88408	2007
94.5	32.5	62.8	101180	2008
73.8	34.3	39.5	107228	2009
82.2	34.4	47.8	114018	2010
111.0	41.2	69.8	122698	2011
109.4	42.1	67.3	140221	2012
98.8	39.3	59.5	150659	2013
93.0	36.0	57.2	147567	2014
56.9	25.1	31.8	155014	2015
46.7	21.9	24.8	176436	2016
53.9	21.7	32.2	177219	2017
58.0	18.4	39.6	215603	2018
54.1	18.0	36.1	222371	2019
41.4	12.8	28.6	167290	2020

Source: The table prepared by the researcher is based on the data in Table (1). \* The sum of non-oil exports with total imports divided by the gross domestic product without oil.

We note from Table (2) that the highest exposure rate of imports to GDP was achieved in 2012, amounting to about (42.1%) due to the rise in the country's importance to about (59) billion dollars, due to the inability of the local production system to meet the demand Growing in local markets, which allowed neighboring countries, China and others to meet this demand and dump the Iraqi markets with their products, most of which are classified as inferior or impure.

It also achieved the lowest export exposure rate in 2016, which amounted to about (24.8%) due to the decrease in the value of oil exports to (43.7) billion dollars as a result of the drop in international oil prices, which amounted to about (36) d/b after it was about (47) billion. On the other hand, D / b in 2015, in addition to the slowdown in the global economy and the abundance of oil supply, and the decline in demand for energy, all of this came in conjunction with the occupation of several governorates by ISIS in 2014, while the lowest exposure to imports was in 2019, which amounted to about (18.0 %) due to the stagnation of economic activity and the decrease in the purchasing power of the individual as a result of the reduction in the per capita GDP, as well as the protests that affected most cities in the country, as a result of which some border crossings were closed, such as Badra and Shalamcheh.

The highest economic exposure rate was recorded in 2011. This is because the fluctuations in oil prices between (2011-2016) led to an impact on the Iraqi economy (up and down), which means that the national economy suffers from a high degree of exposure as a result of its dependence on a single commodity (crude oil), which is always affected by changes in oil prices in world markets.

Customs taxes are one of the most widely used and widespread commercial protection tools among countries, as it is a sum of money imposed by the government on all or some of the goods imported from abroad to protect local products from foreign competition or to generate revenues that contribute to increasing public revenues financed for government expenditures, in Iraq It is necessary to reform the customs tax system by raising the effectiveness and efficiency of the customs administration, which enhances the success of foreign trade policies in developing exports, especially non-oil ones, and attracting investments, which leads to the provision of revenues that contribute to increasing the volume of public payments in the country, as well as combating rampant corruption. At the border ports, which caused a decrease in the revenues of the customs ports for imported goods, which helped flood the local market with various inferior and cheap goods.

The Iraqi legislator excluded in the Iraqi Products Protection Law No. (11) of 2010, in contrast to the majority of the legislation under comparison, crops from the procedures for protecting national products, as Article (1) thereof states that ((First - Products: the sum of industrial and agricultural goods (except for crops) agrarian sector (which is produced from the industrial sector in Iraq), which is a strange situation for which we find no justification within the framework of the legal and economic philosophy of anti-dumping laws, especially since the Iraqi economy at present suffers from a decline in all its industrial and agricultural components, which requires strict protection, Therefore, it can be said that many reasons aggravated the problem of dumping in the Iraqi economy, the most important of which are:

1- Failure to activate the customs tariff law on imports led to a decrease in the prices of imported goods, as a tax of only (5%) was imposed. The Iraq reconstruction tax, except for food and medicine, is a low percentage that does not protect Iraqi goods and products when a high customs tax is imposed on imported production requirements for industrial purposes. In addition, an amount of (20%) made it difficult to compete with imported goods from neighboring countries, China, and others.

2- Weakness of control and control procedures on incoming and outgoing goods in terms of quality, failure to activate the consumer protection law, and the role of the standardization and quality control device. ) outlet - including about 13 or fewer unofficial outlets - without subjecting the imported goods to procedures and legal procedures and examining specifications, as there were almost no control and executive procedures on the local and imported products (Al-Birmani, 2019, 10).

3- Iraq's accession to the World Trade Organization as an observer member, as the WTO aims to free trade and movement of goods without customs and non-tariff barriers. Therefore, Iraq needs a lot of experience and familiarity with administrative procedures and practices. Its knowledge of market mechanisms and market access is minimal and does not have technical capabilities and administration for diagnosing and confronting dumping problems compared to developed countries.

4- After 2003, Iraq became a broad market for the disposal of inferior quality goods for the exports of neighboring countries and other countries in a way that brought them huge profits and that the adoption of an effective control system led to the exhaustion of many expired and unhealthy goods, most of which were sold in popular markets in particular, which led to The spread of severe and incurable diseases, and these commodities were competing with the locally produced items, especially the production of the Iraqi private sector (Abdul Redha and Kazaz, 2016, 113).

5- The emergence of many intruders from speculators in the field of trade for a quick profit and their easy access to identities from the Baghdad Chamber of Commerce led to the import of goods without customs controls or oversight in light of the administrative and financial corruption that most border crossings suffer from.

6- Un programmed trade liberalization led to an imbalance between the volume of exports and imports, as imports were characterized by an increase in exchange for a decrease in the volume of exports, especially since most imports are luxury and luxury goods and not capital goods. This was reflected in the reduction of production directed to export and thus the increase in unemployment rates.

In addition, the state's commercial policy aims to exploit the Iraqi market and make it a market for the disposal of its local products to achieve its economic goals and encourage local production and obtain the highest profits, which was one of the most important reasons for the Iraqi economy to fall into the trap of dumping. Therefore, to avoid

### **4.3 Possible solutions (different time limits) to combat unfair trade practices in the Iraqi economy**

The global trading system, which requires the reduction of customs duties, does not necessarily mean opening the local markets broad to foreign goods, as the level of customs duties must be determined within the bilateral negotiations in a way that protects the local industry and achieves national interests, and that the GATT system and the World Trade Organization included various methods of protection against dumping and the like, including legal protection methods that protect human health, the environment and others, as well as standard specifications to prevent commercial fraud. The importing country has the right to limit the import of goods. Specifically especially in the event of a deficit in the balance of payments. As far as the Iraqi market is concerned, anti-dumping in Iraq requires the following:

#### **4.3.1- In the short and medium-term**

A- Imposing customs duties included in Law No. 23 of 1984 to protect local goods from unfair competition from foreign interests and commit to building a developed national industry to avoid dumping practices. 20.

B - Expanding and activating social protection networks and civil society organizations that combat dumping by submitting monthly reports for imported goods whose prices are much lower than those of a similar local product.

C- The general frameworks to counter dumping is based on legislative and institutional frameworks that include upgrading the work of standardization and quality control devices and activating consumer and producer protection laws through effective regulatory agencies, in addition to establishing specialized bodies that have sufficient capacity to diagnose dumping in the Iraqi market and combat it with Iraq's accession to the World Trade Organization.

#### **4.3.2- In the long run**

It is necessary to work on a set of customs tax reforms to combat this phenomenon, including the development of customs laws in line with modern customs work systems and products in the global trade climate for the decisions of the World Trade Organization, in addition to activating some procedures and laws that support the local industry and regulate the import process in conjunction with the implementation of the Iraqi Products Protection Law No. (11) of 2010 on the ground, which came in line with the changes that occurred the Iraqi economy from complete openness to foreign trade in the country.

### **Conclusion**

Dumping is an example of price discrimination as it sells the same product at different prices to different groups of consumers, even in other countries. As a result, the same product is sold in one country at an additional price. According to the World Trade Organization, dumping occurs when a company sells its products to foreign consumers at lower prices than domestic consumers. The economic basis of dumping also stems from differences in price elasticity of demand. Unfair trade practices, which increased after the commercial openness in

Iraq after 2003, led to a decline in the productive sectors, especially (the industrial and agricultural sectors), thus stealing the social welfare in the country, as most of the imported goods are of the poor quality that competed with local products and removed them from the market because of their prices were cheap, and thus helped expose the Iraqi economy to the outside world. Trade dumping also led to an increase in the lavish and random consumption of imported goods and the draining of financial revenues that would have been better directed towards building and developing Iraqi industries, as well as sabotaging public taste and the spread of commercial fraud in the markets. This has deepened the depletion of individuals' financial resources and the failure to benefit from the well-being achieved from importing global goods and products. And that anti-dumping lies in the imposition of the customs tax - according to what was determined by WTO and within the conditions mentioned in the body of the research; thus the theft can limit the social welfare of the consumer, as there is a direct or indirect relationship between reducing the import process with the absence of local goods or products. Meet the growing needs and the level of social welfare.

### **Recommendations**

A- Work to put the conditions set by the World Trade Organization into practice because of their importance in reducing or rationing the volume of imports of consumer goods and services that can be produced or manufactured locally.

B- Develop a strategy for cooperation with the private sector and allow it to engage in revitalizing the real sectors of local production and employment operations by creating a work environment whose basis is the government's role in imposing customs tax or working with import quotas for the goods and products it produces. The private sector or the government. Control over the official border crossings and the unofficial ones, thus limiting unfair trade practices and dumping operations that negatively affected the reality of economic and social life in the country.

C- The need to move towards attracting foreign direct investment inside the country and investing in productive (capitalist) sectors with long ranges to enhance the incredible productivity of economic savings in production, thus filling the local need for goods, services, and products and working to export the surplus to international markets, while creating a competitive tendency. In production processes, therefore, the production of goods and products at a low price and high quality, and this leads to maximizing social welfare in the country.

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