

# EVALUATING THE TOURISM BALANCE IN IRAQ AND THE PROPOSED POLICIES TO IMPROVE IT PERFORMANCE IN RAISING ITS CONTRIBUTION TO THE BALANCE OF PAYMENTS FOR THE PERIOD (2005-2018)

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## ABSTRACT

*Iraq has different and varied tourism assets, but it is not invested in a way that enables it to contribute to improving the performance of the balance of payments. This study aims to evaluate the performance of tourism imports and exports, the percentage of their contribution to the total exports and imports, as well as to evaluate the performance of the Iraqi tourist balance and the possibility of improving its contribution to raising the efficiency of Performance of the balance of payments by improving the performance of the tourism trade balance by following a set of policies that contribute to improving performance, including policies to reduce tourism expenditures on foreign products, and proposing a set of policies that can contribute to stimulating tourism exports.*

*Keywords: tourism balance, trade balance, the balance of payments*

## INTRODUCTION

The tourism balance is one of the important economic indicators, a tourism performance in the national economy , Its importance lies in determining the volume of tourism revenues and expenditures, as increasing revenues over expenditures contribute to improving the performance of the balance of payments and vice versa, and to improve the contribution of the tourism balance to the balance of payments, future plans must be developed based on required needs and according to realistic studies, real data and accurate statistics, In order to improve the contribution of the tourism balance to the balance of payments, future plans must be developed based on required needs and according to realistic studies, real data and accurate statistics, And the search for new marketing methods, with the necessity to continue studying the tourism markets to keep pace with the development of these markets and improve the competitiveness of the tourism sector and thus improve the balance of tourism trade by increasing tourism exports and reducing tourism imports, and then positively contributing to the balance of payments.

## **THE STUDY PROBLEM**

This study addresses the following problem: Do tourism exports constitute an important part of the total tourism exports in Iraq? Will it affect the tourism balance and the national balance of payments? Will the surplus in the tourism balance lead to the strengthening of the surplus in the balance of payments, or to reduce the deficit in it, or vice versa?

## **STUDY HYPOTHESIS**

To address the previous problem, the study attempts to address the following hypotheses:

- 1- The outcome of the tourism balance depends on the volume of tourism exports and tourism imports, and tourism exports do not positively affect the outcome of the tourism balance except in comparison with tourism imports.
- 2- The positive outcome of the balance of tourism can play a role in reducing the deficit or increasing the surplus in the Iraqi balance of payments, and the negative outcome of the tourism balance plays a role in either an increase in the deficit in the balance of payments or a reduction in the surplus in the balance of payments.

## **STUDY OBJECTIVE**

This study aims to review the theoretical framework of the concept of the balance of payments and the tourism balance and the nature of the relationship between them and to analyze this relationship along with developing proposals to activate and develop the role of tourism in the national balance of payments by increasing tourism exports and reducing tourism imports.

## **STUDY METHODOLOGY**

The researcher used the following scientific research methods:

- 1- The deductive approach in studying the theories, hypotheses and ideas of the balance of payments, the tourism balance and the relationship between them, and trying to project them to the reality of the study.
- 2- The researcher used the inductive approach in studying the reality of the tourism balance and its role in the balance of payments to reach results that serve the tourist decision-maker.
- 3- The descriptive approach was used in the study describing the study variables theoretically and practically.

## **STUDY STRUCTURE**

In order to answer the research problem and fulfill its hypothesis, it is divided into several paragraphs. As the first paragraph dealt with the conceptual framework for the balance of payments, the second paragraph dealt with the contribution of tourism revenues and expenditures to correcting the trade balance, and the third dealt with the analysis of the Iraqi tourism balance, while the fourth dealt with policies to improve the performance of the tourism balance, as well as the introduction, conclusions and recommendations.

## **THE KNOWLEDGE FRAMEWORK FOR THE TOURISM BALANCE:**

The economics literature has dealt with multiple and different concepts of the tourism balance, as it is represented by some as the double movement of tourists, including arrivals and departures, that is, it measures the movement of import and export of tourists, across the international borders of a country, and this process takes place between residents inside the country and non-residents (Habib Mahmoud Shaaban Al-Shobasi, 2010), or The difference between the value of a country's tourism imports and the value of its tourism exports (Raul Hernandez-Mar, 2007), and some believe that it represents the deduction of international tourism expenditures from their revenues (Center for Economic and Social Statistical Research 2015), or it is the balance of receipts from inbound tourists and the expenses of local tourists who travel outside the borders (Stephen F. Witt, 2013).

Thus, it focuses on explaining the nature of the relationship between resident and non-resident tourists, which includes transactions related to international tourism, which have been identified according to the concept of residence, which is similar to the concept used in the balance of payments (United Nations, Department of Social 2011), so it can be said that the tourism balance is A cross-border exchange of tourism services between residents of one country (departures) and residents of another country (arrivals), as the tourism balance consists of two parties, a credit party representing tourism revenues from arrivals and a debtor party representing tourism expenditures from departing residents.

## **THE ROLE OF TOURISM REVENUES AND EXPENDITURES IN CORRECTING THE TRADE BALANCE.**

The trade balance represents the difference between the value of a country's exports of goods and services and the value of its imports from them, during a period that is often a year (Sadiqah Baqir Abdullah, 2012), It represents the relationship between the export variable (X). And import variable (M). Since this relationship is affected by the balance of the balance, if the balance of exports exceeds the volume of imports, the country is said to have achieved a suitable balance of trade.

As for the contribution of tourism revenues and expenditures in correcting the trade balance, they appear through the role of tourism exports and imports and their ratio to total exports and total imports, respectively.

## 1- Percentage of the contribution of tourism revenues to total exports.

It is an indicator used to measure the role of foreign tourism activity as a source of foreign currency by calculating the foreign tourism revenues as a percentage of the country's total exports of commercial goods. As it shows the role of tourism exports and their ratio to total exports, despite the expansion witnessed by tourism exports in Iraq, it notices that the ratio of tourism exports to total exports has fluctuated as they were not of actual value compared to the total exports in Iraq. After the percentage witnessed a significant increase in 2015, when the percentage of tourism exports out of the total commercial exports reached 8.20%, compared to what it was in the past years.

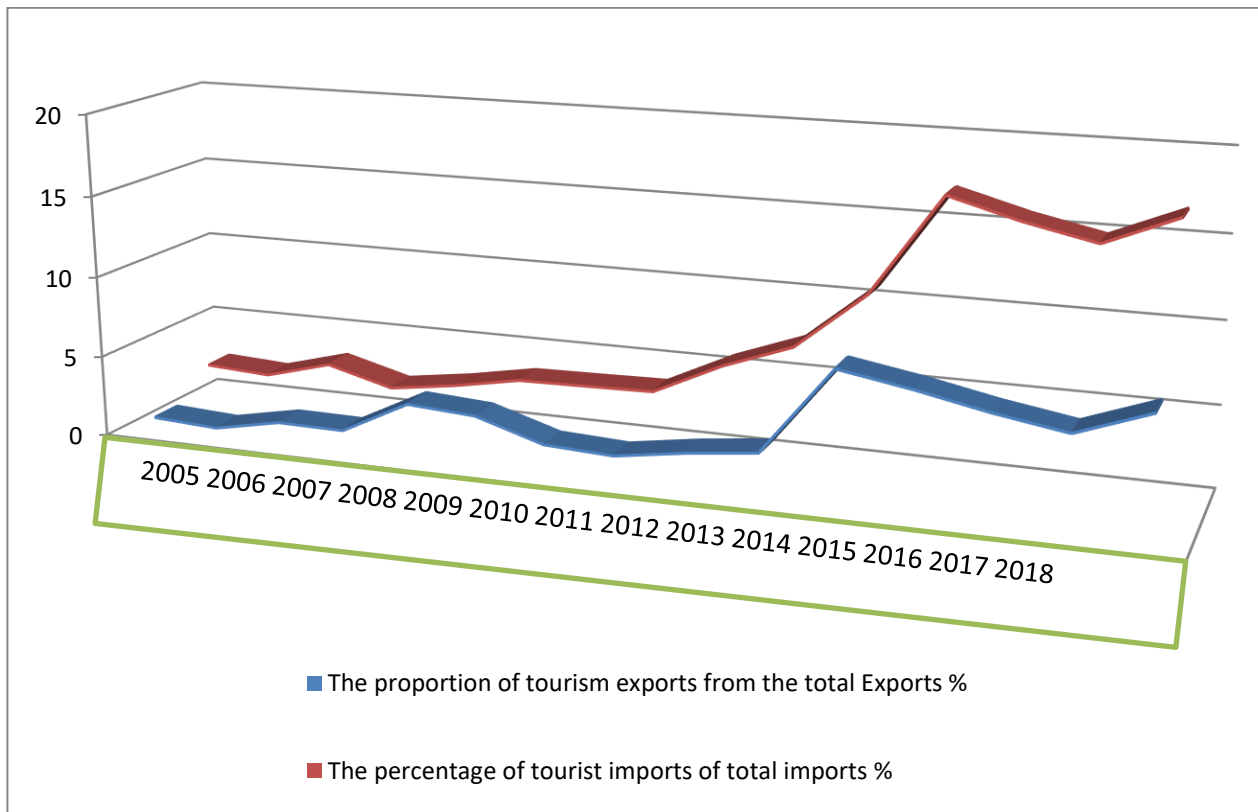
In 2016, it decreased again, reaching 7.4%, as shown in Table (1) and Figure (1).

**Table (1) Percentage of the contribution of tourism revenues and expenditures to total exports and imports in Iraq for the period (2005-2018).**

years	The proportion of tourism exports out of the total Exports%	Percentage of tourism imports out of total imports.%
2005	0.77	2.40
2006	0.55	2.17
2007	1.37	3.28
2008	1.33	2.18
2009	3.44	2.78
2010	3.18	3.55
2011	1.89	3.63
2012	1.69	3.72
2013	2.35	5.75
2014	2.84	7.32
2015	8.20	10.84
2016	7.47	16.98
2017	6.81	16.70
2018	6.58	13.81

Source: The table was prepared by the researcher based on the official website of the World Bank: <https://data.albankaldawli.org/indicator/ST.INT.RCPT.CD?locations=EG>.

**Figure (1) Percentage of the contribution of tourism revenues and expenditures to total exports and imports in Iraq for the period (2005-2018)**



Source: The figure prepared by the researcher based on the data of Table (1)

**2- Percentage of tourism expenditures contribution to total tourism imports.**

This indicator reflects the volume of foreign currencies that local tourists spend when they travel outside the country, which constitutes a percentage of the volume of commercial imports, which negatively affects the trade balance.

Through Table (1) and Figure (1), we note that the volume of expenditures exceeded the volume of tourism revenues during the period extending from (2005-2018). On the balance of payments.

**THE PERFORMANCE OF THE IRAQI TOURIST BALANCE:**

Tourism revenues represent the main source of income in many countries and Iraq, like other countries, seeks to do so. The tourism balance represents the main criterion that clarifies the situation of the tourism sector by calculating the values of tourism revenues and expenditures and the extent of their contribution to the balance of payments. We review here the resulting changes in the tourism balance during the period from (2005-2018).

Tourism revenues, expenditures, and their contribution to the balance of payments, here we review the resulting changes in the tourism balance during the period from (2005-2018).

**Table (2) the performance of the tourism balance during the period from (2005-2018)**

<b>Years</b>	<b>Tourist revenue million \$ (current prices)</b>	<b>Tourism expenditures million \$ (current prices)</b>	<b>Tourist balance</b>
2005	186	627	441 -
2006	170	526	356 -
2007	555	705	150 -
2008	867	813	54
2009	1.43	1.22	21
2010	1.74	1.68	6
2011	1.56	1.88	32 -
2012	1.64	2.36	72 -
2013	1.68	4.83	3.15 -
2014	1.94	6.12	4.18 -
2015	2.83	7.93	5.1 -
2016	3.12	7.65	4.53 -
2017	2.96	7.86	4.9 -
2018	1.99	8.09	6.1 -

Source: Table from the preparation of researchers depending on the table (2), the World Bank website: <https://data.albankaldawli.org/>

Through Table (2), tourism revenues amounted to (186) million dollars in (2005), while domestic tourists travelling outside the territorial borders of Iraq spent (627) million dollars, to record the tourism balance a deficit of (441- ) million dollars, in (2006). As for the years (2010,2009,2008), there was an improvement in the performance of the tourism balance, to record a surplus of (6,21,54) million dollars, respectively, as this improvement resulted from the increase in tourism revenues and the decrease in spending on foreign tourism products, in the years from (2011). Until (2018), the tourism balance recorded a deficit that reached the most severe in (2018), reaching (6.1) million dollars, resulting from an increase in tourism spending that reached (8.09) billion dollars and a decrease in tourism revenues to (1.99) billion dollars.

## **THE CONTRIBUTION OF THE TOURISM BALANCE TO THE BALANCE OF PAYMENTS IN IRAQ FOR THE PERIOD (2005-2018).**

The balance of payments represents the international transactions of a country during a period of time that is usually a year, which measures the flow of goods and services, and the difference between them represents the net balance (Federal Reserve Bank of New York), and thus it represents the difference

between the value of transactions in which the money leaves the country and the value of the transactions in which the money enters. It is positive when more money enters a country than it leaves, while the balance of payments is negative when it indicates the opposite, and the balance of payments is more comprehensive than the trade balance because it includes other transactions such as foreign direct investment and currency exchange.

And payments for goods and services (David L. Scott, 2003), or it is a statement showing the progress of economic transactions that take place in the form of debts and rights between people residing in the state and people residing in other countries during a specific period, usually a year, (Balance of payments textbook, 1996).

As for the importance of tourism in the national economy, it appears through the ratio of the contribution of the tourism balance to the balance of payments. If the tourism balance records a surplus and the balance of payments records a deficit, the tourism balance will reduce the deficit recorded in the balance of payments. But if the tourism balance records a deficit, as well as the balance of payments then The deficit in the balance of payments will increase. But in the case where the tourism balance is in a deficit and the balance of payments is in a surplus state, the tourism balance will reduce the surplus achieved by the balance of payments.

To highlight the contribution of the tourism balance to the Iraqi balance of payments, we review Table (3). We note that the role of the tourism balance in influencing the balance of payments is very weak, as the decrease in tourism revenues resulting from the decrease in the share of tourism exports in total exports and the increase in tourism expenditures resulting from the increase in tourism expenditures from total imports This led to a decrease in the role of the tourism balance in reducing the deficit in the balance of payments, as the tourism balance recorded varying rates of contribution during the study period. (0.009%), respectively, which led to an increase in the surplus in (2008-2011) and a reduction in the deficit in (2009)

As for the remaining years, the tourism balance recorded a deficit of varying proportions, which contributed to reducing the surplus in the balance of payments in the years (2005, 2006, 2007) and increasing the deficit in other years.



**Table (3) The Role of the Tourism Balance in the Balance of Payments (Iraq), (2005-2018)**

Years	Tourist balance million \$	Balance of payments million \$	The contribution of the TB to the MB%	The relationship between the TB and the MB	The extent of the impact of the TB on the MB
2005	441 -	6.18	7.13-	MB > TB	It lowers the surplus
2006	356 -	3,902,2	9.12-	MB > TB	It lowers the surplus
2007	150 -	15,914,0	0.94-	MB > TB	It lowers the surplus
2008	54	18,755,2	0.02-	MB > TB	It increases the surplus
2009	21	5,817,3-	0.03	MB < TB	It lowers the deficit
2010	6	6,289,5	0.009	MB > TB	It increases the surplus
2011	32 -	1,393,6	0.22-	MB > TB	It lowers the surplus
2012	72 -	9,255,0	0.77-	MB > TB	It lowers the surplus
2013	3.15 -	7,860,2	40-	MB > TB	It lowers the surplus
2014	4.18 -	11,871,0-	35.2-	MB - > TB -	It increases the deficit
2015	5.1 -	14,065.7-	36.2-	MB - > TB -	It increases the deficit
2016	4.53 -	6,359.0-	54.2-	MB - > TB -	It increases the deficit
2017	4.9 -	8,640.0-	56.7-	MB - > TB -	It increases the deficit
2018	6.1 -	12,061.2-	50.5-	MB - > TB -	It increases the deficit

Source: The table was prepared by researchers based on Table (2), the World Bank website: <https://data.albankaldawli.org/>

## **POLICIES TO IMPROVE THE PERFORMANCE OF THE TOURISM BALANCE:**

Many policies can be followed to improve the performance of the tourism balance, as the process of reducing tourism spending on foreign tourism goods and services is one of the leading national economic development strategies aimed at improving the performance of the tourism balance by producing tourism goods and services locally instead of importing them for the local community to maintain the circulation of funds. And wealth in the local environment, (Cervelli. Robert, et al, 2018), this policy is based on the realization that economic development can achieve industrialization only through developing local capabilities capable of replacing the demand for foreign goods and services on the local tourism product, which aims to reduce or perhaps eliminate economic leakage, (Aregbeshola R. Adewale, 2017).

1- Policies to reduce tourism expenditures for local tourists on foreign tourism products and services.

It is a strategy aimed at reducing spending on tourism products and services requested by local tourists from other countries, which, if applied in a scientifically correct and thoughtful manner, can contribute to improving the performance of the tourism balance. This strategy is to provide alternative tourism products and services to products requested by local tourists from other countries. With the possibility of producing



them locally at lower costs and higher quality, which aims to reduce tourism spending on tourism goods and services that are produced outside the country's regional borders. According to this strategy, the state is fully aware of the tourism services that can attract local tourists and reduce the number of tourists who wish to travel to similar foreign attractions.

On the other hand, the state concentrates its efforts on improving its tourism products and encouraging tourism exports by offering high-quality and low-cost tourism services in the international tourism markets. This policy calls for reducing the demand for foreign goods and services and replacing them with local products and services, (Brian. Nelson, 2009) .

The policy of reducing spending depends on the production of non-natural tourism services (man-made tourist attractions) or the local heritage, archaeological, and religious tourism resources that can be replaced by foreign tourism resources that do not require advanced technological expertise, as well as the therapeutic services that can be provided by some Specialized health institutions, and the reduction policy can be determined by the following points:

A- In light of the low rate of demand for natural tourism products, it is imperative to find national industrial tourism zones to replace the foreign destination areas.

B - Reducing the values of certain tourism products, especially (religious and natural tourism), with values less than the establishment of their counterpart of tourism products in foreign tourist attractions, representing a guarantee of an increase in the local demand for these products that can contribute to reducing tourism imports.

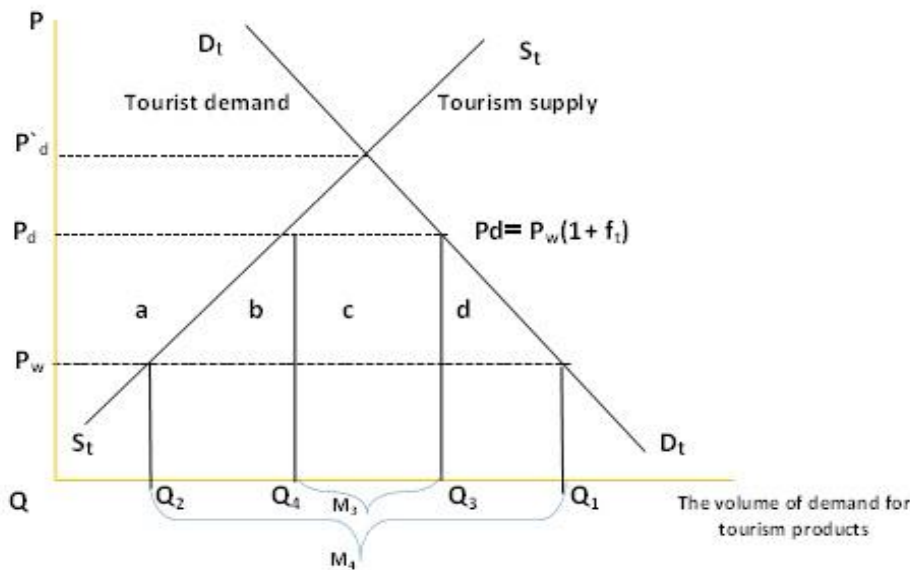
C - Making the prices of imported tourism products relatively high by imposing fees on some types of travel for tourism purposes, and other measures, thus making the production of alternative local tourism services profitable.

To achieve this policy in a manner that achieves its desired goals, it is necessary to follow the policy of imposing tourism fees:

These fees are imposed on some types of external and internal tourism services, as it is justified to impose travel fees for tourism among the means that can contribute to reducing foreign tourism spending in the concept of (encouraging national tourism), which cannot compete with foreign tourism products locally and abroad except through support With protection and other forms of support, and on foreign tourists seeking religious tourism service at home, this policy recommends three considerations or conditions in the field of using tourism fees as a tool to reduce foreign tourism spending:

- This policy aims to diversify the sources of income from imposing temporary fees associated with enhancing the principle of efficiency.
- It follows that travel fees for tourism purposes should gradually decrease or cancel when the desired goals are achieved.
- Gradual transition from the tourism product to the domestic market to the external (export) market

Figure (2). Shows the effects of charging travel fees for tourism purposes



At the international price (Pw) determines the required quantity of tourism services (Q1) Domestic tourism service producers find that their production at quantity Q2 is profitable.

- At that, the required quantities of the foreign tourism product are reduced

$$M1 = (Q1 - Q2)$$

- Tourist fee (ft) is equal to the difference between the domestic price and the international price (Pd - Pw).
- After adding the tourist fees ft (as a percentage of the travel costs for local tourists who wish to foreign tourism), and in the event that the supply St is fully flexible for the external service provided to the local tourists, the price of the tourism service abroad rises to pd, reducing the required quantity of it from Q1 to Q3 and raising the product from the local service. Alternative from Q2 to Q4.

Thus, the demand for tourist destinations outside the country's borders decreases to (M3 = Q3 - Q4), with the increase in the demand for the local tourism product.

Tourism fees result in the following:

Increasing the surplus of the tourism product equivalent to the area (A).

The resource cost is equivalent to the area of the triangle (b) because the tourism production resources have shifted from low-productivity uses to alternative products for the consumer of foreign tourism goods and services.

C = ft Pw (Q3 - Q4) Tourism revenues, due to tourism fees, are equivalent

Deadweight net loss in personal rights does not compensate for increased gain in any way.

Tourism fees (which limit) the number of local tourists wishing to travel to areas of foreign tourist destination is those that raise the price to  $(P^d)$  when the local demand equals the local supply.

The interest of the protection policy is not limited to tourism fees (which are imposed on the imported tourism product), but rather with the importance of reducing taxes and fees on the inputs used in the manufacture of the local tourism product to reduce its production costs, to improve its competitiveness.

## 2- Proposed policies to stimulate tourism export

Among the proposed policies is to develop strategies that stimulate tourism exports that facilitate all measures that stand in the way of increasing the number of tourists coming to Iraq, which include all related incentives to attract tourists and investors alike, to advance the national tourism reality.

### A- Develop plans and strategies to develop and improve tourism quality:

The success of the tourism industry and the increase in the number of inbound tourists are conditional on the continuous development and permanent improvement of the tourism facilities, products and services, which must be permanently and continuously subject to the specifications and standards for quality and evaluation, and based on which quality certificates are granted, which are the expression of excellence and leadership for the sake of its continuity and development in the market Competitiveness that only allows for the best in quality and excellence, and the tourist naturally desires to obtain the service and the tourism product in line with his desires at the time and place he wants. Accordingly, the quality of the tourism product is the best form of being able to attract tourists and the continuity of this attraction and fulfil all obligations towards them in terms of reception, transportation, care during the stay, visits to sites and tourist attractions, and until the last stages of departure Quality plays a particularly important role in the field of tourism activities and services.

Rather, it has become the main determinant of the procurement process and a basic pillar for survival in the market due to the high competition in the tourism market, Quality control systems have varied and have evolved from simply monitoring the final product to confirming the quality of the product from start to consumption, then comprehensive quality management for all production elements The International Organization for Standardization is concerned with developing international standards for all products and services, and it is the body entrusted with granting certificates on the extent to which standards are applied to institutions that provide products and services that match these specifications.

B - Employing all financial, organizational and administrative capabilities and capabilities to achieve the goals drawn, provided that it is a comprehensive view of the dimension, which requires the observance of the following:

- A comprehensive organizational vision that enables decision-makers to visualize the organizational framework for resource mobilization and synthesis, as the lack of appropriate organization wastes the available resources.
- A financial and in-kind vision of all available resources to achieve comprehensive tourism development, which is represented by the tourism resources and the human and financial resources that are used to mobilize these resources.

C- Defining the objectives sought from the tourism policy to be a guide for this policy towards the correct way of tourism work and that the goals include economic, political, social, cultural, artistic and environmental goals, as well as the possibility of dividing them into long, medium and short-term goals by

the requirements of the current and future transformations, as it can determine the means and goals drawn, According to importance and priority as follows:

- Work to raise the rates of tourism growth and increase tourism revenues in a manner commensurate with the expected increases in the number of arriving tourists, taking into account the level and quality of the incoming tourist with an increase in the duration of his stay and the rate of his daily spending, which requires serious work to diversify the components of the tourism offer and thus diversify the tourism demand by studying, The tourism market and knowledge of the sources of incoming tourists, their nationalities, cultures and travel motives. Studies have shown that religious tourism is the most prevalent patterns compared to other patterns.
- The need to focus on organizing domestic tourism and providing the requirements for its development and making it an international tourist attraction, with a focus on providing tourism services and places of entertainment and entertainment of reasonable price and high quality.
- Preserving and protecting historical, cultural and archaeological resources from extinction and destruction, as well as protecting natural resources from environmental pollution resulting from successive wars and peace
- Giving the private, public and mixed sectors the freedom to choose the role that it can contribute to achieving tourism development by the legal and legislative controls set by the authorities in directing and supervising the elements of the tourism industry to ensure the progress of tourism performance through achieving economic, political and environmental stability.
- Establishing plans to diversify and develop tourism products and services in line with international standards. The diversification of tourism products and the provision of distinctive tourism services, make the country a tourist destination by establishing tourist areas, and diversifying the types of accommodation and accommodation within them (hotels, villas, guest houses, chalets, youth camps, apartments for families, etc.) and highlighting religious tourism and Environmental, desert and health.

C- Developing a national tourism marketing strategy:

The role of tourism marketing comes after the success of the promotion that highlights the elements of tourist attractions and the delivery of information about them to the various global tourism markets in a manner that succeeds in drawing attention to the tourism product that is being promoted, and this is done through negotiation marketing and agreement on preparing trips and preparing groups of tourists and practical terms For trips, cost and other details Marketing is an important area for tourist destination countries, cities and tourist regions, as different markets can be studied and thus the possibility of opening towards these markets, and the success of tourism marketing requires the conclusion of alliances between the various local and international tourism institutions in it or the merger of a number of these national and regional institutions and companies to create large tourism entities Able to continue in the tourism industry and able to compete with the strong competition arising from the liberalization of services at the international level. The largest burden of course in this area falls on the shoulders of the private tourism sector.

D- Enact modern tourism legislation and laws:

Tourism legislation is one of the most important roles and tasks of the state towards inbound tourists and those working in the tourism sector, and the most important principles that must be sponsored by legislation is to define the tourist about his rights and duties and to put in place legislation that takes care

of the establishment and investment of tourism institutions, their pricing and classification, the encouragement and guarantee of tourism investment, and the development of legal frameworks Which preserves the national heritage and the origins of entry to archaeological sites and put in place regulations that sponsor tourism buildings to take into account the arts of architecture and national heritage. Legislation recommended by international tourism organizations must also be drawn up, and the concepts and rules approved by the World Tourism Organization on the ethics of tourism must be established. Legislation encouraging investment in the areas of customs exemptions, increasing the investment factor in non-heritage areas, and some exemptions from fees and taxes.

E - Creating a supreme council for national economic and tourism balance from the private and public sectors, aiming to develop strategies for successful tourism, overseeing the survey, planning and implementation stages of tourism projects, and working on coordination with existing local, regional and global tourism organizations and councils, as well as making use of the capabilities available in the United Nations.

Especially ESCWA and UNESCO to develop and stimulate the tourism economy, as well as work on promoting and marketing tourism in the neighbouring tourist regions or between other regions to encourage investment in various tourism sectors, develop local and international tourism, setting up an annual calendar for festivals and national tourism activities, drawing up general tourism and economic policies for the future, taking into account the preservation of the sustainable environment, wealth, antiquities and national heritage.

F - Raising the indicators of developing human resources working in the tourism sector through a series of appropriate policies and procedures in academic and professional training and education with a focus on research centers to prepare studies and research on the requirements of the current stage and developments on the local and international arenas to ensure efficiency in providing tourism services and solve problems and deviations that The tourism industry suffers from it.

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## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions:

- 1- The ratio of tourism exports to total exports fluctuated as they were not of actual value compared to the total exports in Iraq.
- 2- The tourism balance can contribute to improving the performance of the balance of payments by reducing the deficit in the balance of payments or increasing the surplus in it, and its contribution may also be negative by increasing the deficit in the balance of payments.

- 3- Despite the expansion that tourism exports have witnessed in some years of study, it is noticed that the ratio of tourism exports to total exports has fluctuated, and it was not of actual value compared to the total exports in Iraq.
- 4- It is noted through the study that the proportion of tourism imports out of total imports is high compared to the proportion of tourism exports out of total exports, which indicates that the value of tourism spending exceeds tourism revenues.
- 5- The Iraqi tourist balance recorded a clear deficit in most of the school years, while it recorded a positive contribution with a slight impact on the balance of payments in the four years of schooling.
- 6- Tourism in Iraq lost the most important element of its economic importance during the study period, which is security and political stability, as Iraq has witnessed during the past years an escalation of the pace.

### Recommendations

1. To improve the balance of payments, it is necessary to strive for a balance between payments abroad and receipts by improving the balance of trade.
2. In order to improve the performance of the balance of payments and get rid of fluctuations in the data, it is necessary to work on updating and developing statistical work in each of the statistical agencies, the Central Bank and the Ministry of Finance by adopting international standards and methodologies in preparing and publishing statistics.
3. In order for the tourism balance to contribute to correcting the imbalances that occur in the balance of payments by reducing the deficit in the balance of payments or increasing the surplus in it, tourism revenues must be increased and tourism expenditures reduced.
4. Although Iraq possesses most of the tourist assets that it is unique to possess when compared to other tourist countries, such as religious tourism, but it has not invested in a way that can increase tourism revenues, thus improve the tourism balance, and thus improve the performance of the balance of payments.
5. To improve the performance of the tourism balance, it is necessary to work to reduce the percentage of tourism expenditures out of total imports, as well as to increase the proportion of tourism exports out of total exports.
6. In order for Iraq to increase the percentage of tourism revenue contribution from total exports, and reduce the proportion of expenditures from total imports, it should follow a policy of reducing tourism expenditures for local tourists as well as a policy of stimulating exports.
7. In order for Iraq to be able to put a space in the global tourism market to make one of the priorities of government performance is to work and maintain security and political stability, as Iraq has witnessed during the past years the escalation of terrorist acts, which contributed to significantly reducing the number of tourists coming to Iraq.

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