
RESEARCH ARTICLE

The Role of Free Trade Zones in Activating Sources of Income in Iraq

Ziad Sabah Ali¹ ✉ and Sabah Nima Ali²

^{1,2}University of Baghdad, Iraq

Corresponding Author: Ziad Sabah Ali, **E-mail:** sabah.n@coadec.uobaghdad.edu.iq

ABSTRACT

Many countries, including the Arab countries, have sought to establish the free zones because of their important economic importance to diversify financial income, especially in rentier countries, in light of the trend towards the capitalist economy in light of what has been produced by economic globalization, in addition to that many Arab countries have turned towards establishing the free zones that many countries of the world have turned to, to support their economy, especially in the field of attracting foreign investments for these regions, and using them in transferring modern technology, and operating the national workers of the countries that have established those areas, and adopting their products in meeting the needs of the local market, where the idea of creating has been established Free zones as a tool for development by allocating specific sites in which various special laws and systems are applied and characterized by exemptions and facilities that qualify them to be investment attractions to develop export industries and international trade exchanges.

KEYWORDS

Free zones, E Introduction

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1. Introduction

Free zones represent an important mechanism of increased national product, in addition to creating new job opportunities because of its many advantages, the most important of which is the direct link to the outside world and the provision of complete lands and basic facilities, in addition to the peculiarity of dealing with them in terms of customs, import, monetary and other aspects that relate to the movement of goods Establishment and exit, which allows a great deal of freedom in transactions that attract investments, as international trade has shown the idea of free zones a long way to stimulate international commercial activities, as these free zones were mainly dependent on trade and saddened goods and with the development of modern economic methods, new forms emerged Advanced free areas, as it depends on other activities that are not dependent on trade and storage, such as free service areas and industrial free zones economic diversification, stimulating sources of income.

1.1 Research problem

The research problem revolves around the political and economic challenges facing Iraq regarding the establishment of free zones, which were greatly affected by the political and economic challenges that have passed in Iraq, and even though the free zones in Iraq possess many ingredients, such as the geographical location, the market, natural resources, and human forces as well On the incentives and facilities, but in return, they faced many political, economic, material, legal, and administrative obstacles.

1.2 The goal of the research

The research aims to highlight the free zones as one of the vigor pillars that most of the economies of developed countries and some developing countries, with the aim of achieving the benefits of the economies of developing countries, including Iraq, and creating sources as an additional means of development and stimulating income sources.

1.3 Research hypothesis

The research starts from the hypothesis: The free commercial areas have a positive role in stimulating income sources and financial revenues in light of the current economic challenges and indirectly covering the public budget in Iraq.

1.4 Research methodology

The researcher adopted the inductive approach and the descriptive analytical method of studying the effectiveness of free trade areas and their role in stimulating income sources as experiences of countries from them.

1.5 Research structure

The research is distributed between three investigations. The first topic dealt with what the free zones are and their types.

2. What are the free areas and their types

2.1 The basic concepts of free areas

1. The concept of free zones

Many definitions of free zones have emerged from their inception until the present time, which is a development of the concept of free ports and has witnessed many changes and taken various forms in various countries of the world.

It was stated in the definition of the free zone that it is an area of the territory of the host country that specializes and determines, and evaluates outside the customs region and is dealt with from the absence of foreign trade as if it is foreign, and allows it freedom of trade and the trading of goods) import, export, storage, and treatment Goods (manufacturing and services without restrictions, fees, customs taxes, or other taxes applied within the scope of the customs region (Amal, 1: 2017)

2-The juristic term for free areas

They are areas located in the territory of a state, but they consider them as if they were outside its territory in terms of customs laws, regulating export and import, and to a large extent in terms of tax bases and some administrative rules, and it is a piece of state land and has clear geographical borders and is within a port of Naval or air, and near it, it is customary to be isolated from the state, so that the goods entering these areas are treated for exports and the treatment of external goods, including the treatment of imports, but they are subject to the sovereignty of the state and apply to them the same laws of the state, and they are equipped with public facilities and the projects established on them have exemptions Tax, customs and procedural (Manal and Marwa, 54: 2012).

Over time, many concepts of free zones have emerged, including Casemal free zone, export free zone, foreign trade area, free production area, franchise exports area, tax-free zone, industrial free zone, financial free zone and information free zone, and other designations that mean One named in its concept, and its connotations is the region that shares main features among themselves, as it is clarified through Table (1) shows the terminology of the free zone through the historical relay.

Table No (1) The terminology of the free zone through historical relay

Term	Using it
Free Trade Zone	A traditional term used since the nineteenth century
Free industrial zone	Ireland 1970
free zone	Mexico 1970
Free export area	Ireland 1975
Free export operations area	1977 Korea
Export operations area	The Philippines 1977
A special economic zone	China 1979
Investment area	Sri Lanka 1981
Foreign trade area	India 1983
free zone	United Arab Emirates 1983
Free export area	Korea is different years

Source: ESCAP, 2005, Free Zone and port Hinterl and Development, United Nations, New York.P6.

2.2 Types of free zones

The free zones are divided into several different forms in the international field, and these forms were not the result of a single period of time but rather came over different time periods, some of which are old, such as commercial-free zones, and then took the rapid development in the economic field in creating new models, and among the forms of the industrial free zones for export The areas are divided according to the number of activities in them, including industrial and commercial areas, and through the advantages provided by the free zones in the host countries.

The world has witnessed multiple concepts and names for free regions that carry the same concept and are used in many countries of the world. The regions can be divided into:

1-Public Free Zones: These are the regions that the state is mostly established next to one of the cities, ports, or any other region that the state aims to develop, and was distinguished by the freedom of economic activity for all merchants, companies, institutions and economic bodies that allow it to practice activities, whether commercial or financial Or industrial, where it is equipped with public facilities and the basic structure of reception projects and each region is a separate board of directors and an administrative apparatus responsible for all steps for implementing projects, and provides all the necessary facilities required, not the issuance of licenses and procedures and providing technical, economic and legal advice as it provides the necessary facilities and exporting approval of licenses Required to establish projects in the public free zones from the Board of Directors of the Free Organization in order to save time and effort, and also provides lands equipped with the necessary facilities to benefit projects in public free zones (Al -Harizi, 85: 2007).

2-Private free zones: These are the areas that arise within the customs circles or within the country, aimed at establishing one project for multiple purposes, industrial, and storage for any other process; the special laws of this project are determined (Latifa, 9: 2015).

The free zone is also divided according to the quality of the activity practiced in it:

A- Commercial Free Zones: It is a specific geographical space that is located near a port and sometimes it is located inside the port, and these areas are established to carry out limited and permissible commercial activities with the rest of the world, and it was known (Plorot and Showob.t) as a limited-defined space and often exists Inside or near a port whose commercial activity with abroad is not subject to any restrictions, and the goods can be grievred for a period of varying for the procedures in force within each region, or open in order to confirm it or re -fill them, most often used by companies that focus on import and export or Wholesale distribution, as we find another concept of this form, which has a vital role in developing the commercial movement in Northern Europe and more recently in the Middle East countries, where it is called (DULY Free Shop, which is an extension of commercial free zones and is found in various forms (ports and airports) and directs their services to tourists that It is not subject to fees (Fadel, 33: 2012).

B-The free port: The free port is one of the ancient shapes that appeared in the free zones since the time of the ancient in the countries of the Mediterranean basin and then spread across the world, where this form played a major role in the emergence and development of trade in the Mediterranean and Northern Europe, where this type is formed in Transfer of goods and storage of goods, and competent commercial activities, where products can be installed, produce and collect inside these magazines, as the activities of the free port are the same as the activities of the commercial-free zone, as they can differ between them in the geographical location of the activity and the ability to ship and be sad. It is also characterized by its great ability to receive goods and the means of transportation, cooling and ventilation structures, and others. Examples of these areas include Hong Kong Port, Hamburg Port in Germany, CopeHaq in Denmark, and Port Said Port in Egypt.

Where the port's activities include the two captains or small factories to serve the port, where the aim is to store and recharge the goods without paying taxes or customs fees on it, as the free zone includes the city where the entire port is located, in this case, the city is a free port that is not subject to commercial transactions, either Individuals or companies were customs duties or taxes (Royal, 15: 1996).

C-free shops: It is an extension of the idea of commercial-free zones, specializing in the sales and purchase processes, often centered in ports, airports, and railways.

D-Free stores: This type of store is characterized by action capabilities that exceed the simple shipping and storage process to operations that allow the evaluation of vehicles stored in the free zone without taking into account the rights and customs fees

3-Industrial free zones: They are the areas that appeared in the mid-twentieth century specifically in the end of the fifties and are the first industrial free zone in the city of Shannon in Ireland in 1959, then these industrial areas led to expansion due to the increasing needs of countries to diversify income sources, economic gains and social services where The free zones were represented widely represented by the areas of integrated industrial gatherings through which the production of various goods and goods that pass through the production stages and then are ready for deportation, allocated for industrial investment and commercial and service works exclusively associated with it, where those who can be excluded from some measures and industrial policy restrictions in the state are devoted And dense industries have overcame employment, textiles, ready -made clothes, leather industries and food industries on the industrial free zones in the developing country, then we escaped to the collective industries

in the field of vehicle industry, heavy machines and electronic computers, and one of the most important advantages of these industries is largely concerned with broad commercial markets that are available in the least advanced countries, in addition to that it accommodates the percentage of cups Bira from the artistic manpower in industries that can be localized in the host countries after a period of time (Manal and Marwa: 2012, 68).

2.3 Industrial free zones are divided into several types:

A-Industrial Free Zones for Export: The United Nations for Trade and Development is known as the industrial free zone for export is a space within the national field protected by the customs system in force, and it is usually located by the port or an airport where it imports goods and equipment as well and exports it later, and the customs duties are imposed in the event of this commodity and products entered the national field protected by the country in which the region is located (Latifa, 2019: 11).

B-Institutions: Institutions are one of the modern patterns of free regions that were known for the first time in Britain in 1977 by Professor Peter Hull, where the British government had thirteen areas in the economic stagnant (urban and rural) areas and during the period 1981-1984 the inches of the United States of America more than Two hundred regions, according to the Investment Free Zones Law issued in 1980, where the law granted facilities and incentives for investments that settle in the areas where unemployment, poverty, and other underdevelopment indicators that took control of these integrated areas of commercial and industrial activities, where the incentives enjoyed by investments in these areas are represented In exemption from the tax on its profits and alleviating the procedures more than customs exemptions, the economic return of the state in these regions is to achieve economic development (Ghada, 30: 2020).

4-Special economic areas: They are free zones within free cities, where they represent large integrated cities or provinces that contain the usual properties of society. These areas differ from the rest of the free zones in the existence of administrative decentralization that allows investment decisions in special economic areas outside the state. (Allawi, 4: 2016).

Where these regions represent a model of integration between the previous types of free zones, in 1978, China began to open up to the outside world and seek to attract foreign investments in numbers to create special economic areas, as it has established four special regions (Shuzah) and (Zhuhai), Zhuhai, (Shaanto) and (Akhayman) and in this type of free zones prefer investment activities due to the large size of the city and the appropriate economic and investment environment without being subject to restrictions and fees, in addition to that it contains industrial and residential areas despite the majority of the Arab free zones fall within this type of region (Al -Zubaidi, 10: 2008).

5-Free service free areas: they are divided into turn into:

A- Banking free zones: This type of free zone arose in the 1960s and 1970. The freedom of its activities on two conditions: to work in foreign currencies and involve commercial relations with non-residents. These areas are generally created to attract international banking services in exchange for exemptions from the bonds stipulated in national regulations. Examples of these areas are Hong Kong, Singapore, London, and New York (Ayadi, 11: 2009)

B-Free fiscal regions: The free zones as a flexible economic means that the state employs in order to achieve its economic strategies and economic policies have appeared in many forms free zones such as technological free zones, tourist-free zones, and through global economic transformations and the concept of free zones and its goals.

C- Insurance Free Zones: The Second World War is behind the formation of this type of free zone to be characterized by strict legal systems that restricted the work of insurance companies, and in the same form as banks and insurance companies, they are also present in free financial arenas that benefit from disrupting laws and tax on their activities (Hassan, Khawla 9: 2016)

6- Commercial-Industrial Free Zones: This type of region is more advanced as it combines commercial free zones with industrial free zones and can be called them universal free zones, where the goods and products received to the free zone may be stored and may be re-packaged And its packing as well as some of the manufacturing operations that the commodity is going through and the productive services caused to it for the produced commodity with the aim of re -exporting them outside the borders of the state or within it, where commercial, industrial and service activities are practiced, establishing these areas in general needs large areas of the land of the state as a result To the presence of a horizontal expansion in the size and quality of the investing projects, and therefore this encourages the attracting foreign and local investments and then the increase in the expected amounts of returns and benefits for the establishment of these areas after providing an appropriate investment climate represented in providing the required infrastructure represented in providing the incentives and facilities required by the host country as well On the availability of services or productive energies and the necessary raw materials, as well as appropriate workforce licenses and suitable It is in it, and in order to get rid of high taxes and competition in the original country that these companies usually leave

in search of new industries and new places and easy production conditions according to the type of industry to be investigated such as the free zone in Jabal Ali in the United Arab Emirates (Al -Zubaidi, 49 : 2004).

3. What is activation in income so First: The concept of economic diversification

Diversification is defined: as the means through which the sources of the state's revenues can be increased on the one hand and diversifying exports on the other hand, and the economy is intended not to rely on one economic resource and its strategic directing towards achieving sustainable development that has the constituents of continuity and continuous development because there is a joint link between diversification in sources Income and sustainability in terms of being two basic elements in achieving a sustainable economy, so diversification in sources of income has become limited the economic fluctuation of the state and the increase in the performance of its actual activity (Slmiya, Hadi, 436: 2008).

Diversification is also defined: as a process that aims to diversify the production structure and create new income-generating sectors so that it searches leads to reducing the total dependence on the revenues of the main sector in the economy, as this scientific leads to opening new areas of great added value and capable of providing more productive job opportunities for hands The national worker, and this leads to raising the rates of economic growth in the long term (Ahmed, 2: 2018).

3.1 The justifications for activation in sources of income

Diversification in sources of income is one of the important indicators that lead to the diversification of the economist through the use of all resources available in the country, which represent many different economic sectors, as well as represents the basic pillar to push the economic development movement in its various dimensions towards achieving its goals and achieving economic stability, and activation In sources of income in many diverse justifications, which are the following

1-The natural resources extracted from the ground of the earth have a distinguished depletion, especially fossil fuels, which requires that there be an alternative base for production, and in the absence of such a rule, the revenues of the various economic sectors will decrease, which is reflected negatively on the economic activities of the country in particular With the continued depletion of these resources, in addition to the lack of efforts that seek to improve the efficiency of the use of delicious energy sources such as charcoal, oil, and gas.

2-Treating the curse of natural resources, as it includes most countries rich in natural resources in the countries of the developed world, for example, South America, Africa, and the countries of the Arabian Gulf, were the failure of rapid growth despite the provision of natural resources in these countries where this phenomenon is called (the curse of natural resources) and therefore the diversification is In income sources it will reduce the risk of resources (Jubouri, 12: 2017).

3-Diversification of exports as facing fluctuations in economic growth, as fluctuations are one of the main reasons for fluctuations in developing countries that focus on producing them in the most volatile sectors that are exposed to many total shocks, whether these shocks are internal or external, where they represent (50%) One of the fluctuations facing developing countries that caused the focus in the most vulnerable sectors of these shocks (Hussein, 43: 2017).

4- Reducing investment risks and diversification in sources of income contributes to increasing economic growth rates by increasing investment opportunities, and reducing investment risks, as diversification of investments leads to a large number of economic activities will reduce the investment risks caused by the concentration of investments in a few of them (Al-Khatib, 6: 2014).

3.2 Standards of activation in sources of income

In order to evaluate the policy of diversification in the sources of income in any country of rentier countries, it is necessary to study some of the quantitative indicators and standards through which we can measure the degree of diversification in economic structures, where these criteria are determined in production and then income and from these standards (Amin and others, 2019: 55).

1-The percentage of the contribution of the economic sectors to the gross domestic product: means the rate or degree of structural change that is based on this standard through the percentage of the contribution of the various sectors, including oil and non-oil, in the gross domestic product. One of the criteria indicating the efficiency of the economy is, provided that this is not a reason for the decrease in the local product of that sector, and therefore this indicator shows the amount of change in the production structure and national income sources, where the contribution of each sector to the gross domestic product can be calculated from The following formula

$$r_1 = \sqrt{\left(\frac{pt}{pt}\right)^2} \times 100$$

Where (RI) represents the percentage of the sector's contribution (i) to the gross domestic product, (PI) represents the output in the sector (I), and (PT) represents the gross domestic product per year (T).

2- The development of the export rate: This indicator is one of the important standards that can be relied upon in measuring the success of the diversification policy and the degree of diversification in sources of income, the more the revenues obtained from the total government exports, for the oil bodies with the largest percentage of the total exports It indicates a high degree of diversification in sources of income will contribute to the increasing value of non -oil exports that include the local need from that commodity and export the surplus of them in order to increase the sources of diversification of income that the state gets ((Khadr, 10: 2005).

Whereas (ROX), where the percentage of oil exports (XI) represents oil exports, (XI) total exports

3- The development of the total employment according to the sectors: This indicator is considered an important criterion for measuring Any development in one of these sectors to the high wages of workers in this sector, as the percentage of workers in the agricultural sector is significant in developing countries despite the lower the relative importance of this sector in the gross domestic product. As for the oil sector, we note that the percentage of its contribution to the local product total is high, in addition to that service sector, which accommodates large proportions of the workforce so that the percentage of its contribution to the gross domestic product is weak, and the contribution of each sector can be calculated in employing the

workforce according to the following formula
$$ROX = \sqrt{\frac{\sum_{i=1}^n \left(\frac{x_i^2}{x_i}\right)}{1}} \times 100$$

Where ((R1) represents the percentage of the sector's contribution (I) in the manpower (L1), the workers in the sector (I), (L1) represents workers in all economic sectors during the year (T) (Rasan, 45: 2017).

4-The rate and degree of structural change: This indicator represents one of the criteria that represents the amount of change in the production structure and national income sources, as it indicates the percentage contributions to the various economic sectors in the gross domestic product, where the volume of the output is in any economy, annual growth rate and growth The sectoral in the formation of indicators indicating the efficiency used in the economy and the nature of its performance, provided that the gross domestic product of that sector is not decreased, with the increase in the contribution of other economic sectors, especially the productive ones, because any development in the productive economic sectors such as manufacturing industries that lead to an increase in the contribution This sector is in GDP.

5- The development of the rate of antibiotics: This indicator can be adopted to know the success of the diversification policy in sources of income through the development of exports. The more the revenues that the state receives from various exports indicated the success of the policy of diversification in sources of income; when the demand for oil exports increases the total exports of some oil exporting countries, it was indicated the failure of the diversification policy in sources of income, and when the value of non -oil exports increases due to the development of the productive capabilities of the non -oil economic sectors that cover the local need from those commodities and export the surplus in order to increase the sources of income (Khaled, 19: 2011).

4. The reality of the free zones in Iraq

4.1 The free zones operating in Iraq:

The free zones in the world seek to raise the rates of economic growth through the establishment of export industries and link them with front and back ties inside the country, and obtain foreign exchange as geographical sites are allocated to them in which economic laws and systems are different from those followed within The country concerned because it enjoys commercial exemptions and facilities, which makes them attractions for capital, whether from inside or outside the country, the free zones in Iraq have arisen under Law No. (3) of 1998 (the General Authority for Free Zones Law) as free zones under this law became one of the directions. Economic is far-reaching to attract Arab and foreign investments, as the history of the establishment of free zones in Iraq dates back to the late 1960s when it was established by (French) institutions working in Iraq and with an area allocated to them (7500 square meters), its activities were found in a commercial form and in a limited manner And humble and therefore did not help her to continue long (Shihab, 2012: 81).

During the eighties of the last century, the need to establish free zones in southern Iraq, especially in the Safwan region, emerged; however, this issue was studied due to the circumstances of the Iraq -Iran war. To attract foreign and Arab investments, since 1998, Iraq has witnessed the opening of three free zones:

1- The Free Zone in Basra/Khor Al-Zubayr: It is the first free zone that originated in Iraq, located in the southwest of Basra, and at a dimension of (40) km and with an area of (10,000,000) that can be expanded in the subsequent stages and is characterized by

its strategic location overlooking the Persian Gulf, which makes it a point An important geographical link with international trade lines between East and West, and the area designated for investment is (42%) of the total area (Al -Ubaidi, 2014 :), as this impact was chosen as a result of several qualifications that the region enjoys its strategic location overlooking the Arabian Gulf, which makes it An important geographic point of international trade lines between East and West, due to its connection to a dense network of land, sea and air lines, including railways, as it possesses a market and commercial depth towards the Iraqi, Gulf and global markets, as well as it is close to the port of Khor Al -Zubair with basic infrastructure Integrated (such as transportation and ports services) as well as their proximity to raw materials, raw materials and semi -processed goods, and large stores are available in the port (Umm Qasr), and Basra Governorate and nearby governorates are distinguished Naha's abundance of labor with various commercial experience and technical skills (Shihab, 2012: 84). The first phase of the free zone was distributed in three sectors, the first is the commercial sector that occupies an area of (181686) square meters, the second is the industrial sector, which has an area of (256190) square meters, and the third is the service sector with an area of (22650) square meters, in addition to containing the area Free on buildings for service departments, a fuel station, a pumping station and collection of pure water, electrical transformers rooms and squares for standing and loading (annual report, 2000: 3).

2-The Trade Free Zone in Safwan: The main goal of establishing this point is to achieve the main commercial goals, encourage foreign trade and export development, and give way to Iraqi institutions to obtain imported goods with certain conditions, as the establishment of the free zone in Safwan Bajah requires many warehouses and stores that are used in Sadness, mobilization, or assembly of goods by leasing them to workers in the free zone (Al -Aboud, 2019: 11).

3-The Free Zone of Nineveh / Felville: This area, which is located in northern Iraq in the Nineveh Governorate, was established on the Mosul-Zakhu road, and it is about (20) km from the center of Mosul and from the Turkish border (Ibrahim Al-Khalil) about (100) km, And away from the Syrian Arab borders (Rabia) about (120) km, and from the Iranian border by (300) km and with an area of (400,000) square meters, (Shawky, 116: 2014). The choice of this site was appropriate, not the stature of the free zone in terms of its concentration. With intermediate sites, they are located at the wild crossroads in different directions to Turkey, Syria, and Jordan, which will provide them with the ingredients for success in their economic and production activities through the availability of energy sources, raw materials, and workforce in the governorate center. Complete due to the shortcomings that the integral structures of transportation suffer, whether it is modern means or rails that reduce the transportation costs, as the region suffers from palaces in the wireless and wireless communication network that enables it to achieve the advantages of the place, especially since Iraq occupies a strategic location and a Between the countries of the world, it qualifies it to be a prominent location in the field of free zones in neighboring countries (Ministry of Finance, annual report, 2007: 2)

4- The Free Zone in Al-Qaim: This region is located northwest of Anbar Governorate near the Iraqi-Syrian border, which was established in 2001 and is about 400 km uncl of Baghdad, with an area of 70,000 square meters for the first stage and (200,000) square meters for the second stage and is linked to the Nineveh Governor On the wild road (Rawah – Al Mosul) to the Turkish border, with regard to the land road (Al -Qaed -Baghdad -Basra) to the Gulf and (Al -Qaim Road -Akashat) is linked to the international road that extends from (Al -Rutba -Tarabil) to the Jordanian border, and thus this region is considered A good link for trade coming from Southeast Asia through the Indian Ocean and the Arabian Gulf to North Africa supervising the Mediterranean Sea, and vice versa and thus can achieve great savings, and the cost is low. Umm Qasr), to the Arabian Gulf, and it is linked to a railway (Khor Al-Zubair-E. Palace), to the Arabian Gulf, and is linked to a railway (Al-Qa'im-Haditha-Baiji-Mosul), to the Turkish border, and the activity of the free zone in the Qaim is limited to In the first stage of the activity Commercial and service, as it contains large areas near the international border, including the land lands that contain many stores and ready offices. In general, this region is prepared in terms of the availability of water, electricity, and other service facilities, as well as the availability of manpower, and it is expected to be this. The region is a large commercial affair because it has distinct economic characteristics compared to other regions (Al -Basri, 2012: 12).

5-Al -Hurra region in Kurdistan (Ibrahim Al -Khalil region): The site of the strategic Ibrahim Khalil region is a field that has arrived between the wild road crossroads linking Iraqi Kurdistan in Turkey and from it to Europe; if it connects it to the land, air, and sea roads, as for the fact that it is located on the main wild roads, it is connected to a road A major wilderness links it from the south in the city of Mosul and other Iraqi cities and from the southeast side, it is linked to the city of Dohuk and from it to the provinces of the region, and from the southwest, it is linked to a direct way to Vishkabur and from it to the Syrian territories, while from the east it is linked to a way that leads to the Haj Imran border area with Iran From the north, the bright luster of the quick wilderness that connects it in Turkey (Muhammad, 2021: 804) is associated with.

6-The free zone specialized in the oil and gas axis in Khor Al-Zubair: These areas are under construction, where the area is about (11) million square meters, and is concerned with providing logistical services to companies operating in the oil and gas sector.

7-The free zone of the city center company in Baghdad /Awarej: Industrial (Al-Madinah Center for Automobile Services Limited), as the area of the site is (6500 square meters) is expandable and is located on the main road (Baghdad- Hilla) in the Awarej Industrial District and is concerned with car trade and accessories.

4.2 The economic and social dimensions of free zones in Iraq secondly

The host countries of free zones seek to achieve profitability and commercial returns only, but they achieve economic and sometimes social goals in general, which constitute economic growth and contribute to building the economic base necessary for development through a new development mechanism and on this basis, the most important of these dimensions can be summarized as follows:

1-The financial dimension of Iraqi free zones: The financial goal is one of the most important goals arising from the free zones as a source of public income, as the experiences of the host countries of the free zones showed their effectiveness in establishing a new source added to public revenue sources, many forms of revenue sources can be achieved through these areas through (Land renting, export allowances, decoration) as well as what can be pushed to the investor to respond to the services provided in these areas and that the General Authority for Free Zones worked to enhance the investment process and attract local capital, as it includes a realistic study of free zones in Iraq in terms of restrictions and problems facing The process of strengthening any possible means to stimulate its investment business to investigate and enhance its income, the free zones witnessed development in its income and expenditures during this period (2003-2020), and this is explained by Table No. (2) to develop revenues and expenses for the General Authority for Free Zones in Iraq.

Table (2) The development of the revenues and expenses of the General Authority for the Iraqi Free Zones for the period (2003-2020) with thousands of dinars.

the year	Revenue of a thousand dinars	Revenue of a thousand dinars	The surplus achieved a thousand dinars*	Development rate		The percentage of expenses to revenues%
				Revenues %	Expenses %	
2003	714928	28598	549730	(69.5)	40	(11.5)
2004	937090	916880	20209	30	98	221
2005	919085	1018374	(99289)	(2)	111	11
2006	943389	1276316	(332927)	2.6	35	25
2007	449870	1672918	(1223048)	(52)	271	31
2008	1289130	2401455	(11123251)	187	186	44
2009	2448544	2445898	264600	90	99.8	2
2010	3312336	2580851	731484	35	78	6
2011	2271066	2637353	(366287)	(31)	116	2
2012	4049718	2749334	1300384	47	68	4
2015	4042292	232181	1937957	46	57	4
2017	5806092	2567,751	3238,341	48	44	6
2018	8616794	2373,812	6242,982	49	27	8
2019	6914230	2466748	353147251	52	35	31
2020	6319804	2458681	359390233	60	38	80

Source: The General Authority for Free Zones, the annual administrative report of 2012, 10.

The numbers inside the arches mean the value is negative

It is noted through the schedule an increase in the commission's expenses by 4% in 2012 from 2011, due to the expenses of expropriating the lands of Safwan in Khor Al -Zubair, as well as other expenses, while the revenues increased in 2012 by 47% from the previous year, as this indicates A rise in revenues on the possibility of its contribution to financing the public budget if available, and investment opportunities have completed, and the challenges have taken their way to disappear, as experiments have proven host countries for the free zone. The free zones will be exempt, as well as what the persons pay from allowances in exchange for the services provided in that region, and the clarification of them through Table No. (3), which shows the revenues achieved in the ethnic-free regions.

Table no (3) The Outcome of the Revenues Achieved in the Free Zones in Iraq for the period(2004-2020)

the year	Nineveh Free Zone (Dollar Revenue)	Basra Free Zone (Dollar Revenue)	The total
2004	251444	264640	516084
2005	59479	368577	428056
2006	322357	298941	621316
2007	299842	134807	434649
2008	663974	126998	790972
2009	1722195	339057	2061252
2010	1461136	1457677	2918813
2015	1282435	6412447	7694882
2020	1488588.66	27363933	4224982

Source: Ministry of Finance, General Authority for Free Zones. Excellencies.

It is noted through the table despite the revenues of the free zone in Iraq distributed in three geographical locations, as the data indicates the revenues achieved in Nineveh Governorate, the issued if total revenues during the period reached about (48) million dollars, then the free zone in Al -Zubayr if its total revenue reached About (3) million dollars, while the free cleaner in the post, the reality indicates that there are no revenues in this region, due to the suspension of the work of this region because of its use by the American forces during the period from (2003-2008), if this area is still in the process of preparing Rehabilitation and sustainability for the restoration of economic activity (Fadel and Jawad, 2011: 20).

2-The investment dimension of the Iraqi free zones: The laws are determined for the period of investments, activities, and commercial services for a period of (15) years and industrial projects for a period of (25) years, which are renewable, while ensuring the investor's right to dispose of the project, whether by assignment or participation in whole or in part, as well The participation of a local partner in the case of the investor was non -Iraqi, and the absence of any restrictions on the investor regarding the structure and number of employees and workers used, as well as facilitating entry and residence procedures for foreign investors and workers. The laws have set competitive prices for the scheduled wages in terms of (allowances) and wages in free zones in countries Neighborhoods; in terms of infrastructure, there is an endeavor to develop them constantly for these structures, and on this basis, there is a continuous review of laws, and the instructions of free zones in a way that serves the investor, facilitates work procedures, and schedule No. (4) shows the number of investment contracts in the Iraqi free zones for the period (2006- 2020).

Table no (4) number of investment contracts in the Iraqi free zones for the period (2006- 2020).

the year	Total contracts	the year	Total contracts
2006	235	2014	164
2007	113	2015	167
2008	119	2016	170
2009	138	2017	174
2010	169	2018	169
2011	174	2019	102
2012	177	2020	109
2013	168		

Source: The table was prepared by the researcher, relying on the annual administrative reports of Iraqi free zones for different years(2003-2019).

It is noted from the table the decrease in the number of contracts in the free zones for the period (2006-2020) decreased from (235 to 109) due to the security conditions in the country and the weak services in the free zones and not activating them directly, as commercial activity represents the largest part of the signed contract rate, as it was done Classification of commercial activities in the first place and industrial activities in the second place and then service activities, for activities related to free zones, the activities of the free zone in (Khor Al -Zubair) are commercial activities that include cars, storage of car tires, equipment, public trade, import, export and re -export, in various Iraqi products and equipment Commercial and marine mobility, import and export of heavy materials, import, export of various foodstuffs, store them in legitimate stores, and trade in oil products, while industrial activities in this region are the manufacture of engines oil production, dismantling, modification of equipment, vehicles, and chemical industries (bitumen , Insulating materials, grease, oils), import, and export of Full Cement, McCle, Industry, Tools, and Reserve Materials (Ali, 2013: 122).

Despite the advantages of the investment provided by the Iraqi Free Zones Law No. (3) of 1998, these areas are no longer attractive to foreign investment and resettlement in these areas, as the Iraqi investor occupies most of the activities invested in these areas,

as the number of Iraqi investors reached (122), While the total foreign investors are about (3) investors, while the number of Arab investors (9) investors, the projects distributed on the free zones differ according to the difference and differentiation of the capital volume of employees in the project, foremost of which is the difference in the size of the capital employed in the project, It is expected that such differences will occur, as the nature of commercial activities varies in terms of their needs for capital from industrial activities and service activities, as the total capital of the projects operating in the free zone in Khor Al -Zubair (7.4) million dollars distributed between the commercial activity that reached the head His projects money (5.6) million dollars, while the volume of industrial activities capital reached (\$ 1.8) million dollars.

The performance of the free zone in Nineveh is the weakest compared to Khor Al -Zubair in terms of the size of the capital invested in it, as it amounted to (5.3) million dollars distributed between (2.9) for commercial activity, while the capital invested in industrial projects, and service went at the same pace as it is. (\$ 1.2) million dollars in a row in 2011 (Shawky, 123: 2014).

3- The social dimension of free zones: The social dimension is one of the main goals for creating free zones through this dimension contributes to creating job opportunities and alleviating the unemployment that society suffers from, and for Iraq, unemployment and administrative corruption are among the most economic and social challenges that Iraqi society suffers from, as Unemployment reached (15%) in 2008 and (11%) in 2019, at the same time, most state institutions suffer from convincing unemployment under the current circumstances. There is no solution to this problem, as the investment environment is not encouraging for investors, and despite these problems, It is suffering from the free zones remains one of the solutions that help reduce the percentage of this unemployment (the national development plan, 2014: 124). Table No. (5) shows the number of workers in the Iraqi free zones. For the period (2004-2020).

Table (5) number of workers in the Iraqi free zones for the period (2004-2020)(

the year	The number of workers	the year	The number of workers
2004	198	2013	230
2005	200	2014	236
2006	207	2015	233
2007	192	2016	237
2008	208	2017	240
2009	192	2018	250
2010	205	2019	230
2011	226	2020	202
2012	239		

Source: Prepared by the researcher: relying on the administrative reports of Iraqi free zones for different years.

It is noted through the schedule that the contribution of free zones to providing job opportunities was a very weak contribution, as the number of workers in the Iraqi free zones reached (198) is a weak percentage, and therefore it does not contribute significantly to alleviating the intensity of the unemployment that society suffers from, then he followed up The number of workers to rise slightly to the highest percentage of (250) for the year 2018.

4.3 The role of free zones in stimulating the national economy:

The free zones are one of the basic pillars of revenue by rebuilding the private sector and encouraging money owners by investing their projects in the free zones, as it contributes greatly to the operation of unemployed labor and thus will create a competitive economic environment that contributes greatly to maximizing the revenues resulting from investment In the free zones, the government's tendencies are compatible with maximizing non -oil revenues and the contribution of actors in diversifying the sources of financing the public federal budget.

Through the experience of the free zone to major events in economic development, changing the economic structure and addressing the imbalances in it, and from the great dominance of the oil sector in forming gross domestic product and the formation of exports and state revenues in the form of the greatest way and from the dominance of foreign workforce on the employment structure in the economy, the oil benefits constitute the source The president for public budget revenue is the main engine of economic activity, and if these returns decrease, the size of the local market shrinks, the decrease in oil prices is reflected in the economic conditions, and as long as the demand for oil depends on external factors such as global consumption and oil companies 'policies, this exposes them to the affected conditions Economic abroad, which is reflected in its economic growth, and since the Iraqi economy is characterized by a lack of diversity in its commodity production, the demand for foreign goods is characterized by extreme diversity so that the country depends on meeting its needs of all types of goods, almost completely on imports from abroad, which are fundamentally funded by Revenue from the export of oil and petrochemicals, so I must seek to

diversify its economic resources Reducing oil dominance, attracting foreign investments, expanding the private sector, encouraging the use of advanced technologies in economic fields, which are achieving stability in the economy and its partner in terms of stimulating trade, developing local industries, attracting local manpower and expanding the private sector.

5. Conclusions and Recommendations

5.1 Conclusions

1-The free trade areas in Iraq since their establishment is still going without a clear and stable strategy due to political and security instability and imbalances in the Iraqi economy was the biggest obstacle to the reluctance of investors to invest in free zones in Iraq.

2-The free commercial areas play a positive role in stimulating income sources to cover the general budget and enhance the economic sectors in the gross domestic product indirectly. Where the free zones witnessed developments in their activities, including storage and transit to commercial, industrial, and service activities within the free zone space, which led to the emergence of types of free zones from free ports to commercial and then industrial free zones and then comprehensive free zones

3-The success of free commercial areas and free zones in achieving their various goals is required to provide a set of factors, including what is specific to paying investments from the countries exporting investments and a set of factors for attracting investments to the host countries.

4-Some free zones have moved away from their basic goals, which are the establishment of export industries, technology transfer, attracting competencies from the hosts of the host country, and providing opportunities to work and improving work strength skills, and this is the case for most Arab countries; thus some free zones have become a stronghold to import consumer goods, taking advantage of this. The advantages and incentives offered by the free zones and the expansion of these commercial activities that depend mainly on storage and services did not leave, except for a narrow field in front of industrial projects and in front of the expansion of export industries in the future.

5-The success of the free zone is measured on the basis of returns and profits, but in addition to the amount of its participation in developing the host country's economy and diversifying sources of income. This participation includes all direct and indirect benefits of the economy such as exports and job opportunities, using local resources, developing the services sector, improving work strength and technological and administrative skills, and others.

6-Investments in the free zones in Iraq suffer from incomplete infrastructure services, and perhaps the most suffering in this regard is administrative, marketing, commercial, and legal activities.

5.2 Recommendations

1-Setting a clear and stable strategy for the program of free commercial areas and free zones in Iraq, given its positive role in contributing to the stimulation of income sources.

2-Focusing on completing the construction activities of the infrastructure of the free zone subject to the study, such as expanding the external road leading to the free zone and its afforestation. And the return of the free zone building and its furnishing, especially after the security events that this region was exposed to and the need for a comprehensive wall for it.

3-Improving the water network, electricity, sewage, telephone communications, and postal services, and improving the supporting devices in the customs area, health, bank, and civil defense.

4-Using the facilities available for the free zone to establish transit and covered stores and establish a model fuel station, as well as establish tourist facilities in the free zone.

5-Create an appropriate investment climate to attract investments, which is one of the most important factors that affect the attraction of Arab and foreign investments to invest in free zones, and this requires ensuring that foreign capital does not confiscate nationalize or seize.

6-The necessity for full coordination between the Customs Authorities and the National Investment Authority, and the General Authority for Free Zones to simplify procedures and remove all obstacles and problems facing investors by decision-makers in the General Authority for Free Zones in Iraq.

7-Beginning with electronic exchanges of information, data, and procedures between the Directorate of the Free Zone in Falvel and the General Authority for the Free Zones in short of time and effort and keeping pace with the development in this field.

8-Free zones represent one of the technology transmission channels, which requires, especially in developing countries, to develop and improve the levels of skills for local hands operating in these areas through agreement with foreign companies invested in these regions by working on training them in a manner that is appropriate and the level of imported technology used in industrial companies in these areas.

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