

THE SITUATION OF IRAQI OIL INDUSTRY AND ITS PROSPECTS

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Abstract

Iraq is a major oil producer and exporter (the second one after Saudi Arabia), member of OPEC and was able to reform its oil sector and to gradually pass to a market economy system, by restructuring and privatizing its oil production, processing and distribution. Some medium term and long term priorities set for economic development are presented in the article and also investment and business opportunities existing for domestic and foreign investors.

Keywords: *oil, gas, production, diversification, strategy, priorities.*

J.E.L. Classification: *E 61, F 63, Q 13, Q 32.*

Introduction

Iraq is now a major player on the world oil market and was able to restore a large part of its production capacities and to resume a robust economic growth despite the violence, terrorist activities and heavy political disputes. The former forecasts for oil production proved to be too optimistic but Iraq will soon become a very important oil producer and a country with a more diversified economic structure. Iraq is investing a lot of funds in oil exploration, exploitation and processing, petroleum products distribution and export facilities and intends to develop petrochemical sector, other processing industries, agriculture, commercial and public services, social fields. Iraq intends to make a good use of high gas resources and to export a large part of its production. Privatization and upgrading of oil and gas industry is made with the support of important foreign investors, like Chinese ones, but domestic capital will play an essential role in the future economic development.

I present some medium term priorities, focused on the increase of oil and gas production and on exports too, but some important directions for a long term vision are based not only on oil sector but also on institutional and legislative building, on market institutions and forces, on a better micro and macro management of economy (a better governance at all levels), on the promoting and financing scientific and technological activities.

Iraq needs good relations not only with USA, that practically controls many economic activities in Iraq, but also with other countries, like its traditional partners from Europe and Asia, among them I could mention Romania, which enjoys great respect and appreciation in Iraq.

1. Reform of oil sector

After removal of Saddam Hussein, the oil production sector and other sectors of Iraqi economy came under US control, that together with the new Iraqi governments have failed so far to develop a clear and solid economic policy either on short, medium or long term. In order to rebuild Iraq, affected by several major conflicts, it is required the normal operation of the oil sector for creating an important flow of oil revenues, this imposing the concentration of Iraqi efforts in the next years for rehabilitating and renewing the oil

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production system in order to reach at least the level attained before 1990. To achieve this

objective it is necessary to stop the decay of the oil industry, the state being in need of services of the foreign companies in the drilling, development, construction, technology, management activities, etc.

Reform in the oil sector implies the recovery of the total structure of this sector and it may not be valid only for the parent company (National Oil Company), but it has to consider the cooperation of domestic private sector with external private sector participating in oil discovery processes, development and production, by means of carrying out the outsourcing of services from oil industry by the parent company and by establishing of some services companies. These satellite companies require the conclusion of contracts with foreign companies working in the oil field, in order to improve the oil modern processing technology as well as to ameliorate the modern management processes, organization, administration and management of companies from this field.

For upgrading the petroleum sector at an appropriate level to ensure its competitiveness one should greatly stimulate the domestic and foreign investments. To ensure the domestic investments it is seen as the potential source the substantial income provided by the oil sector, and for foreign ones it is needed a strong government and business environment capacity to attract foreign investment for developing the oil sector.

There were considered two variants of Iraqi oil policy reform (Al Dulaimi Haidar Ali, 2009): (1) On the medium term, i.e. 5-10 years, the focus must be on the guidelines for providing of all financial, economic and human resources under the intensive program for taking Iraq out of current crisis, and removing the heavy legacy left by the former regime of Saddam Hussein and also by large destructions due to former military actions and stopping terrorist activities, especially in Baghdad area. The main objectives are the restoration of infrastructure and compliance with all external obligations of Iraq, this requiring the rising to a maximum level of Iraqi oil production and exports, taking advantage of extra foreign investments and foreign aids to ensure the largest possible effect of allotted financial resources. It is clear to any objective observer involved in analyzing domestic economic situation and implicitly the distribution of national income, that this period will require a higher good use of oil resources and an increasing trend of gross domestic product (GDP).

(2) On the long-term the focus is laid on the improvement of the internal structure of GDP and on building a balanced economy, gradually reducing the high dependence on oil resources and increasing the diversification of economic structures through the development of services and other industries in order to meet the new internal and external requirements based on a higher productivity and competitiveness.

Oil should be used in the right way because it is the most important natural source in Iraq, and it should be considered the ensuring of transparent contracts or conventions for oil discovery, production, export concluded with foreign companies, by assuming an important role of national oil companies and by endeavour to fair allocating the revenues coming from petroleum resources to Iraqi citizens, avoiding large differences among social categories existing in other states.

Reforms and new discoveries in the oil sector bring some good hopes for a Iraqi prosperous future, it will only be attained if there is a competent and responsible management for achieving this objective, as required by the application of the Oil and Gas Law, which occurred at 15 February 2007, aiming at developing oil fields and the ample oil reform.

After major political change from 2003, economic policy was revised in Iraq, implicitly on the redemption of high old debts of the country. It was resumed the oil production, which began to develop and grow, a process associated with an increase in world oil prices after 2007. Because Iraq's economy absolutely depends on oil, that stage is called

the stage of single economy that allowed the government to reorganize the economy and to revive it by focusing all the efforts for reconstruction using oil revenues during the first 5 years of the new regime.

The Iraqi government drafted in the second part of the last decade a 10-year plan for the reconstruction focused on raising the oil production, predicting an output up to 6 million barrels/day within 3 years. Development in this area began in the 2005-2007 period and by the end of 2008 the production reached 2.5 million barrels/day, being estimated at the beginning of 2009 that oil production will reach 3 million barrels/day and then 6 million barrels/day in 2012. Previous estimates proved to be too optimistic, oil production will reach only 3.4 million barrels/day -170 million tonnes- in 2013 (3.75% of world production) and exports were only 1.9 million barrels/day - 95 million tons- in 2012. To achieve this policy development, it was reserved a great share of revenues for extraction, transport and processing for the oil sector. Iraq is the 5th country in the world as regards the oil reserves, according to the U.S. Energy Information Administration, and surpassed Iran as the second OPEC's largest producer by the end of 2012. The problems of poor infrastructure, high levels of terrorist activities, the exaggerated political disputes have affected the achievement of a substantial increase in oil production level in the last years. In 2012, Iraq was the world's sixth largest oil exporter, exports being directed mainly to U.S.A, India, China, South Korea, Canada, Italy, Spain. Unfortunately most of the petroleum gas production is burned in the atmosphere instead of being used for other purposes, Iraq is the fourth country in the world that burns gas to flare.

Excess of oil revenue, which has recently been forecasted, will be focused on developing the key economic sectors, priority being given to the agriculture. Iraqi government has made a program to develop this sector, which in a not too distant future will compete with petroleum sector regarding the incomes of agricultural production, food industry and other related industries, due to the large availability of arable land and water.

At the same time many oil revenues have been allocated to other sectors: industry, transport, trade, banking, tourism, real estates, other services, technological and scientific field, health, education.

For the growth and contribution to support and strengthen the gross domestic product that was planned for a period of 10 years after the fall of the former regime (2003), Iraq's economy should not depend only on oil revenues but also on other economic sectors. Unfortunately violence and terrorism that followed for almost 10 years have prevented the Iraqi governments to run most of these projects.

Due to the fact that Iraq has the largest oil reserves in the world (according to the estimations made by some Iraqi and foreign experts and endorsed by Iraqi government) that may reach 350 billion barrels-48 billion tonnes, it is obvious Iraq will play an important role in the world economy, as it will possess the last oil large reserve in the world. Therefore a great attention of Iraqi government and society is paid to economic development and investment of oil revenues in the economic growth of Iraq. Regarding the agricultural sector (3.4% of GDP) which is one of the largest productive sectors in the region, Iraq will probably become a leading food supplier for the Middle East, if it will be developed a national master plan for the development of agricultural and food production.

Summarizing the above mentioned ideas, I may say that the Iraqi government policy is based on stimulating the investments in the oil sector to achieve a production level as high as possible, especially in context of the reversal in oil prices, causing a positive change in the balance of payments situation and supporting important investment surpluses inside and outside Iraq so that their total amount to form the basis of Iraq's economy transformation from a system similar to a socialist one (slow economic and social progress) in a true market

economy, ensuring prosperity for all citizens. It is worthy mentioning that Iraq has besides huge natural oil and gas resources a quite skilled labor force and some well-known scientific achievements implemented with very high efficiency due to its previous efforts that were made to acquire and exercise this knowledge in the course of its history. Therefore, I find quite proper the Iraqi current state policy based on the development of a strong economy, using existing financial resources/revenues. It must be known that the purpose of government lies in implementing this strategy after 2013, through the rapid growth of oil production up to 6 million barrels/day and then to 12 million barrels/day by the end of this decade, bringing a significant currency infusion to the Iraqi economy, which may cover all its future financial needs. But a strong increase of Iraq oil production and also Iran's oil production may lead to a certain decrease of oil prices in the future. As concerns the future of crude oil there are a lot of scenarios and many political and economic uncertainties for making accurate and reliable predictions (Petre Prisecaru, 2007).

The excessing part of oil revenues will be allocated in Iraq for the development of science, research, education, as a strong basis for the modernization of the Iraqi economy and society. Basically the most important resource in a modern society is the human resource, not the natural resources, since the great economists like Roy Harrod, Domar Evsey, Bob Solow and Paul Romer had well demonstrated and argued that the only way a country may maintain a high/constant growth rate is by encouraging and promoting human capital (Marcel Ionescu-Heroiu, 2013). The paradox of the countries that have rich natural resources but have not been able to achieve significant economic progress is known as The Dutch Disease and it learns us that natural resources should be exploited in a sustainable and intelligent manner, by developing other economic and social sectors, especially those having spillover effects and placing a great emphasis on human resources. The future of Iraqi oil, set by the new oil and gas law, will be the most determining factor for the gradual transformation of Iraqi economy from a predominantly public sector to a private one, preserving the ownership rights of huge/giant oil fields in the state hands on short term, knowing that these oil fields recently discovered in Iraq are divided into the following content types: huge fields, very large fields, large fields, medium fields. It may be noted that the Iraqi government offered some privileges for encouraging the oil extraction (and processing) in some huge fields held by major foreign companies, such as Al Ahdab oil field, which was offered to a Chinese company. Gas fields associated to oil ones have been offered to Shell company, the effect being revealed only after 2009, knowing that there are other possible oil fields (around 500), still undiscovered and unexploited.

The discovered wells were multiplied from a few hundred to more than 1,500 in the year 2008 it was forecasted the development of nearly 15,000 wells over the next ten years, in the plan presented by The Oil Ministry of Iraqi government

The future of the oil industry, petroleum and natural gas and other metals such as phosphorus, uranium and mercury will gradually turn consistent with economic transformation of Iraq into a market economy, by improving the business climate and legal guarantees granted to foreign and local capital. Investments in other sectors will gradually show their real importance and will progressively record larger profits than the oil economy.

The Iraqi governments laid down ambitious and detailed plans for the reconstruction of the country and for the creation of a modern oil industry, in consonance with the requirements of the domestic and global market. This industry will also enclose the initiation of research and exploration stages for new deposits, which will allow not only the increasing of oil processing and production of oil derivatives in Iraq, but their transport using carrying facilities and special ports for transporting the crude oil to important areas of oil refinery in foreign markets. The Iraqi government has considered the development of petroleum industry

by building new modern refineries able to meet the growing needs of internal market and demand of foreign markets. All these are designed to ensure a better use of crude oil and to get large profits for supporting the development of the Iraqi economy. The government paid a lot of attention to environmental impact of extending oil processing, making important studies for evaluating the environmental impact, for risk reduction and for promoting the sustainable development concept, including the subject of negative externalities of oil processing.

The first step was the construction of small refineries with a capacity of 10,000 barrels/day to respond to internal needs. In 2008 it has been started the building of a refinery with a capacity of 30,000 barrels/day, along with a larger one, with a capacity between 100,000-300,000 barrels/day, hoping that future large refineries will be built to ensure the requirements for petroleum products of global markets. Also, attention was focused on infrastructure and transportation of crude oil and petroleum products from producing fields to the areas of domestic consumption and to the export ports. At the same time the government also focused on diversifying the transport means, by using pipelines, tanks, railways and sea ships. Private sector is currently engaged in transport activities, by connecting and taking over the wells oil extraction to supply points, in this regard there have been involved many domestic and foreign companies since one does not need too much money for investing in this activity compared to those needed for refinery processing or for special oil export ports.

2. Situation of oil industry ownership

The term property has been used in two different senses during the mankind history and linked to political philosophy, the oldest meaning and most extensive used was referring to the degree of education or to the right to use or to give up to something. But in the modern sense it refers to the right to obtain the possession of a real estate. This means that every person has the right to property, and it means that everyone has full control on his body and mind, on his work and the results of his work. Property has limited features, it is born from the core of an informal/unofficial institution, and extends to the economic, political and social fields. When you want to transfer property rights through specialized means this leads to quantitative and qualitative changes in the nature of these functions, in the objectives and means of carrying out them. This overall change in the ownership functions arises due to the changes in the strategy and the management of ownership functions, in the changes of political, economic and social interests, that surround this topic, in the monopoly of managerial product of those activities.

Iraqis are proud with national ownership over oil resources (oil wealth) and as such the existence of a strong national oil company, which is strictly independent and has real economic objectives, may contribute to the development of the oil industry, and oil property may be very useful for the rest of the national economy, provided that it has a very good management. Private sector, including local companies, foreign companies and multinational oil companies play an important role in this project of resource property capitalization because it has enough financial and technical resources that are not available to the state sector, provided that private and public interests are brought together and transparency and opening are observed by all stakeholders. Basically one should be fully clearness on the provisions of all treaties, conventions, agreements for all stakeholders, as the participation of private sector in the oil export, distribution and processing is an essential aspect for the development of Iraq's oil industry, for increasing its exports and for strengthening the links between Iraqi oil and the rest of the economic sectors.

The choice of ownership form on discovered and undiscovered oil reserves is decided by the Iraqi people and this ownership on oil and gas reserves, as well as general operating

and administrating principles should be clearly and transparently specified in the Iraqi constitution. Property management issues on the exploration and transportation of oil by pipeline and loading ports may be subject to special laws in this area. Government should promote a serious and responsible strategy for the privatization of the Iraqi oil industry, firstly by solving difficult problems arising from large political, economic and social divergencies. The goals of this strategy and estimated results may be the subject to an academic approach, but also of large debates with the public participation on several main aspects of ownership changes in this industry (Musbah Abdul Aziz, 2005):

- * Need to form a political, economic, legal, institutional system in the country.
- * Need to form an appropriate institutional system for the management of oil industry.
- * Focus on the main aspects of the ownership transfer in the oil industry.
- * Fair transfer of the ownership, this transfer should be made in accordance with market mechanisms.
- * Taking into consideration of large social shortcomings which affected many Iraqi people and many Iraqi counties.
- * Taking into consideration of promoting national interests in the face of foreign ones, without affecting economic and administrative efficiency standards.
- * Logical connection of the ownership issue with the future development and growth needs of the economy and with the legal and justified desire of the Iraqi people to remove traces of poverty and underdevelopment quickly.

Islam religion specifies different forms of ownership, at the same time Islam calls for the ideal of dual property (property with various forms) instead of the ideal of unique ownership forms adopted by capitalism(private) and socialism(state). Basically Islamic economic system of property rights ensures the private, public and state property, and reserves for each of the three mentioned forms of property the special space in which they operate (Abdulah Hussain, 2000).

Improving the economy infrastructure and privatization of the public sector, especially in the oil sector, are necessary for the prosperity of the economy and its stability after years of disastrous economic policies of Saddam Hussein regime. Both processes are favourable to the main Iraqi partners, that is to U.S. and its allies, to Middle East and developing countries.

Returning Iraq as the main actor on the global oil market will provide a higher availability of resources, perhaps a greater market stability and more financial resources for the Iraqi people, ensuring increased and multiple opportunities for regional and transnational companies on the whole. Rebuilding of oil and gas infrastructure, and their privatization will become a good example that it may be followed by the oil privatization activities from other countries.

3. Oil market in Iraq

3.1. Oil Storage

Oil storage area may be achieved under the earth, in its natural fields or it may be put in tanks and in pumping and isolation stations (temporary storage) but it may be in the tanks located in export ports, in the tanks of processing refineries and in the tanks of strategic reserves. One may speak on the international oil storage, as there are special tanks for strategic oil reserves, which are very large and may influence the trend of international oil prices.

In 2005, the Iraqi Oil Ministry has prepared a project for a full liberalization of the storage and distribution sector and for moving it to the private sector and has provided additional import permits for oil derivatives and for building pumping stations.

These changes would include the authorization of private sector to import the main petroleum products, especially petrol and diesel, but also to store, transport and sell directly to citizens, and also to build and manage the pumping stations networks, which may allow to private sector to sell products at commercial priced agreed with the Iraqi Oil Ministry. The foundation of projects for strategic storage(inventories) is of major importance in different periods of time, as they take part in supporting the fuel distribution system existing in Iraq. These projects are of great importance for the economy as they may prevent or mitigate any decrease or shortage of petroleum products of any kind, through their implementation it will be supplemented the storage capacity, which allows the sale of the stored products when the world price is increasing. If this project is carried out entirely, it would enhance the potential of national economy because new jobs will be created and the skills of Iraqi personnel, working within this project, will be increased to a great extent.

3.2. Medium-term strategic vision

Iraq's economy with a GDP of about 242, 5 billion \$ (7,200 \$ per capita) in 2012, of which industry had a share of 64. 9%, services of 31.7% and agriculture only 3.4%, relies heavily on oil, as oil represents 84% of Iraqi exports (\$ 93.91 billion \$) in 2012. Gradual destruction of Iraq's economy occurred during three decades due to the wars, oil embargo and political instability, which had negatively affected the fundamentals of this economy. Therefore, the government is required to make great efforts to rebuild the country's fundamental base of economy and to apply a detailed scientific program for the development of key economic sectors. It calls for major efforts to succeed in the direction of investments made for country's reconstruction, in rehabilitation of labor force at all levels, in renewal of training and education programs, in recovery of skilled migrants, attracting of foreign scientific experts in order to potentiate the scientific activities and free movement of factors of production, in a better integration of the Iraqi economy in the world economy with the aim to increase productive activity across all sectors of the economy by transforming the state economy into a market economy (Al Dulaimi Haidar Ali, 2009).

From all that was shown it may be pointed out that there is nothing more important for the government and the new regime than to develop and modernize the oil and gas industry in the first stage aiming at increasing the flow of foreign currency, with the objective of enhancing and diversifying the production in order to achieve higher profits and revenues as compared to the current situation.

3.3. Long-term strategic vision

In my opinion it should start the rebuilding of the oil industry in several stages, due to the fact that its destruction was caused by the policy of the previous regime. This means submitting many efforts to ensure the availability of funds, obtaining a close collaboration on behalf of producer countries and large international companies from this domain, these objectives may be achieved through(Al Dulaimi Haidar Ali, 2009):

- 1) Making new complete and general geological studies in all regions of Iraq, the provision of geological maps for this purpose, extending the operations for discovery, exploration and drilling of new wells and placing them into production. This practically started after the government issued a specific law (Petroleum Products Investments Law) and adopted The Oil and Gas Law in 2007;
- 2) Creating a national oil industry based on modern technologies by replacing all the obsolete means of production with modern ones and ensuring high production capacities;
- 3) Renewal of processing, transport and storage means;
- 4) Reconstruction of transport lines and stations, renewal and creation of new lines, pumping and separation stations;

- 5) Developing of new transport means to support the growth of production activity, renewal of export ports in other regions;
- 6) Establishing a complex refinery process inside Iraq (in the free export ports);
- 7) Giving importance to research and development objectives from petroleum institutes, forming and training of personnel skills in oil sector that are able to use new methods in the production processes, renewal of existing outlets and endowment with modern technology;
- 8) Developing of an international oil market in Baghdad or Basra oil (commodity -oil and gas- market));
- 9) Opening of investment opportunities in all economic fields by changing current valid law on investments by granting ownership rights to private investors (real estate);
- 10) Paying particular attention to those specialists who work in this area by creating a specialized oil institution, which will cooperate transparently with the reputed institutions existing on international arena;
- 11) Rational use of petroleum financial resources through diversification of the Iraqi economy, by developing petrochemical industry and other industries that would complete the development of non-oil sectors;
- 12) Maximizing of oil revenues by increasing oil export volume;
- 13) Maintaining Iraq as a main oil supplier in the world market, having a significant role in the world energy balance;
- 14) Periodical restructuring of the Oil Ministry, to keep pace with the strategic evolutions and developments in international market;
- 15) Effective participation of Iraq in strengthening OPEC role in the world energy market and a possible involvement of Iraq in a similar organization in the field of natural gas;
- 16) Meeting the needs of Iraqi internal market of oil and gas in a continuous and sustainable way;
- 17) The rapid development of electricity production, which is currently quite insufficient and is causing a lot of troubles in the economy and in the households.

It is known that petroleum and gas represent important strategic products that are vital for all states in the world. According to this, it is in the interest of all importing states to understand and respect the producers sovereignty over their own oil production and proper use, to have fair prices for both producers and the consumers, because this strategic product is quite limited in terms of quantity and it is difficult and costly to develop alternative resources, such as green energies. The global economic development (in all sectors) depends on the energy use and, above all, on the oil and gas availability, so the Iraq oil industry is connected to the requirements of the global economy, which is now in its phase of globalization.

Based on this idea, the new Iraqi regime has developed and implemented new economic policies, petroleum products being considered strategic ones, because they greatly influence the development of national and world economy. Iraqi economy is linked now more or less to the world economy and there are interdependencies and intercorrelations, which call for new long-term vision. Iraqi government representing the new regime has understood the need for cooperation with the United States, the EU and other countries in order to transform the economic policy of Iraq and especially the oil sector from a system similar to a socialist economic system into a free market system within the framework of globalization process.

Conclusions

Oil remains a vital strategic product for the all world economies, ensuring important revenues which will continue to form an essential economic wealth for all countries

possessing this product. This wealth is actually an insurance bill that provides a fixed and safe income, so Iraqi government must extract oil in an amount that meets the needs for foreign currency, and maintaining sufficient reserves underground. In my opinion, this procedure will be applied until at least we may provide the political stability and citizen security in the country. Based on the fact that oil revenues do not represent financial surpluses, but only a part of the national wealth, it is not in the interest of Iraq that they are scattered through excessive purchase of consumer goods. Instead, a large part of them must be invested in economic and social sectors. Funding of these consumer expenses and purchasing of consumer goods should be made from incomes brought by investments targeting economic growth and substantially contributing to the increase of goods exports.

The best way to invest these revenues is in major economic projects developed with industrial countries or by acquiring economic objectives from these countries, or from the bank interest of oil financial funds, especially in this stage of economic stagnation provoked by financial and economic crisis that has hit European countries, United States and some Arab countries.

The largest part of Iraqi investments abroad is targeted to foreign countries developing oil projects, meaning that the investment value will increase due to increased oil and gas prices which remained at very high levels in the last years. Also Iraqi and Arab oil-producing countries participation in purchasing a transport fleet, the use of incomes for building dams, water tanks and for setting up a common Arab bank and other economic projects will contribute to a rapid economic development and to the rising of living standards.

Many Arab oil-producing countries have resorted to allocating a large portion of oil revenues for foreign investments in real estates, banking sector and tourism due to poor absorption capacity of their economy, but Iraq may use its oil resources in the development of both the agricultural and the food industry, in investing in the tourism sector, in the construction of joint regional projects with other countries, for example petrochemical projects, processing industries, common commercial banks and others sectors that increases the participation share of non-petroleum sectors to gross domestic product, given the fact that oil is an exhaustible resource, and other substitutes could reduce the dependence on oil in the next decades. Huge wealth/resources that Iraq possesses, especially oil, may play a leading role in developing the country's economy in all branches.

In the first stage, the best strategy for Iraqi oil revenues is to use them in the oil industry, by building oil refineries for processing distributed on a rational scale in the country. The main role of these refineries is to produce petroleum products that will meet domestic needs and to export the surplus of these products to the world market for increasing foreign currency earnings. It is in Iraqi interest to process and transform the crude oil into petroleum products (gasoline, diesel, kerosene and paraffin) with prices that exceed the price of crude oil and thus to absorb a certain number of unemployed people. Upgrading of oil industry by introducing modern techniques of production will increase the output from a quantitative and qualitative point of view, based also on projects which include petrochemicals, polymers and fine chemicals.

Because oil is an exhaustible resource, it is important that oil revenues are used to develop the agricultural sector, because Iraq is quite rich in land fertility and has enough water supply which distinguishes it from the rest of the neighboring countries. History proves that agricultural wealth was the base in the construction of Mesopotamian civilization which was the first human civilization well-known in the world. The agricultural sector has not lost its leading role to date in terms of the construction and development of Iraq.

In addition to the development of oil industry and agricultural production, as mentioned above, it is possible to use solar energy for heating and lighting in Iraq and also in other areas that also require funding to build and develop them. Iraqi oil depletion trend is

however one on a very long term, because the oil reserves will last still some decades, but any responsible government would focus on a diversification plan for the state natural resources and economic activities, and reduce the excessive dependence on one or two resources. This important strategic vision should be included in any strategic economic priorities set by Iraqi authorities for an optimal use of financial resources, allocated not only for oil production and export but also for other economic and social sectors.

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