

Sales of Foreign Currency and its Effect on Local Non-oil Products in Iraq for the Period 2004-2017

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Abstract--- *The technical revolution here and the modern manufacturing environment have a significant impact on the development of the accounting field of costs represented by these new developments in the accounting field, especially those related to these techniques to manage the target cost and enhance competitiveness (such as the production system on time, the flashing system, total quality management, costs and management on the basis and activities, Continuous improvement, target cost, advanced value engineering, benchmarking, constraint theory and balanced scorecard). Where these technologies have been able to affect the accounting system at cost and on the recruitment of these technologies to serve both private business organizations (sophisticated and electronically controlled and the use of flexible and integrated manufacturing systems).*

Keywords--- *Technical Integration, Cost and Production Time, Developments in the Accounting Field.*

I. INTRODUCTION

Iraqi economy has witnessed after (2003) in its both sections of real and monetary a new stage with many changes, most important one is that Iraqi central bank gains independency according to the law no.(56) of year (2004) in drawing the monetary policy and determining the adequate tools to implement that policy, in addition to update new tools match with goals of monetary policy in Iraq might most important ones are stable prices and rising the value of Iraqi dinar via exchange price and margin of interest. These updated tools recognized with ability to enable the bank to adjust the credit size entirely indirectly, also it is more compliant to offer and demand rules. Because of exchange price is an effective tool on economy, the Iraqi government resorted to create a new source to sell the foreign currency (US dollar) came from accumulated incomes of selling oil to ensure covering the expenses of Iraqi government budget by Iraqi dinar.

Probably most important achievements resulted from the monetary policy is the stability of exchange prices of US dollar against the Iraqi dinar which reflected positively on reducing rates of inflation that reflects on the entire economy and achieve the economic stability.

But in the current circumstance of lower oil prices that influences negatively on foreign provisions in Iraq notably that Iraq is a mono economy country, the Iraqi bank is in front of two choice, first is to reduce value of US dollar or halt of dollar auction .

Problem of Research

Problem of research is instable economy and deterioration of Iraqi dinar in the period preceding to 2003 that reflects negatively on the performance of different sector and disability to variety of for foreign currencies in

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addition to spreading of corruption in different state sectors, all lead to failure to achieve stable economic and boom.

Hypothesis of Research

The research emanates from the hypothesis that says there is a relation between the foreign currency sales and the local non-oil product in Iraq for the period (2004-2017).

Importance of Research

Importance of research emanates from the important role of Iraqi bank in opening an outlet to sell US dollar for local buyers to ensure covering the government budget in Iraqi dinar and prove stability of economy and raising value of Iraqi dinar and controlling rates of inflation.

Aim of the Research

1. Showing the role of monetary policy and updated policies by Iraqi bank in achieving the monetary policy's aims.
2. Measuring and estimation the relation between foreign currency sales and non-oil Iraqi products for the period (2004-2017) to know the extent of influence and affection between variables.

Methodically of Research

The researcher depended upon inductive method in his research that aims to knowing the currency sale outlet and analyzing sales and purchases by dollar that reflects upon provisions of foreign currency in Iraqi central bank via using quarter data of purchases and sales of the US dollar sale outlet.

First Section

Conceptual Frame of Currency Sale Outlet

1- Concept of Foreign Currency Sale Outlet

Researchers and economists have differed in finding a specific concept for foreign currency sale auction, some of them see that it is an outlet of central bank to sell and buy foreign currencies in the economy of growing countries that aim to enter transitional period to merge and keep pace the advanced economies via achieving the stability in exchange rate, controlling currency offer, achieving stability in the general level of prices and eliminating the inflation.

Foreign currency sale outlet is also defined as a simple mechanism used by the central bank to by selling a specific amount of US dollar in auction to determine price of sale and quantity. Also foreign currency sale outlet is defined as organized markets in central banks and organizations where many different countries' currencies are exchanged with each other according to exchange prices being determined in the foreign market up to offer and demand forces of foreign currency.

2- Aims of Foreign Currency Sale Outlet

Importance of foreign currency sale outlet ,which is considered indirect tool of monetary policy, embodied through the huge role it plays in achieving the economic stability in any country through sale and purchasing foreign

currencies to influence directly or indirectly over the entire economic changes:

It is possible to show aims of foreign currency sale outlet in any country by :-

- 1- Foreign currency sale outlet helps in achieving stability of local currency exchange rate and preserve it, this indicator is considered the most effectiveness in facing the inflation and maintain a stable level of prices notably the imported commodities.
- 2- Sending a signal of exchanging rate which is desired by monetary policy and accredited as a nominal fixer for population inflation expectations.
- 3- Applying the indirect monetary policy's tools notably open market operations in administration of economy liquidity and controlling it's levels via achieving balance in monetary market and enhancing monetary balance's chances.
- 4- Uniting of exchange rates and achieving harmony in mechanism of exchange market via saturation desire of market for foreign currency and meeting the needs of private sector to fund imported commodities and services of local market, also it participates in achieving balanced exchange rates.
- 5- It is used as a mean of obligate banks with the rate of the legal provisional as the bank would be banned from participation in the auction in case of lagging in the preserving the appointed rate of the legal monetary provisional.
- 6- Also it works on preserving offering within the specific quantity, then controlling the inflation rates.

3- Mechanism of Foreign Currency Sale Outlet

Mechanism of foreign currency sale outlet differs up to the monetary policy in addition to component of foreign currency offer and degree of development in monetary and financial sector in economy.

There are many mechanism for the work of foreign currency sale outlet can be explained as follows:

- 1- Two directions currency auction: Bank will intrude in this case as a seller or a buyer to foreign currency directly, for the rate that achieve the wanted aim, with ensuring stability in exchange rate and exchange market in general.
- 2- One direction currency auction: Bank will intrude in the currency auction but as a seller only, means enters in one direction to meet the local request of foreign currency and funding the imported commodities. Hereby, the bank acts as a monopoly market.

These Mechanism included Two Kinds of Selling up to the Time

- 1- Cash Sale.

This type of auction depends on daily or weekly sale processes done by the central bank, buyers buy the currency up to the shown price in time when transaction is done in cash, price is determined by the immediate exchange (soon).

- 2- Later Sale.

Means the that kind of auction of daily or weekly processes done by the central bank to sell currency, but they are done by later contracts with different periods, for instance (30,60,90) days.

4- Monetary Policy Aims in Iraq

Monetary policy applied in Iraq economic aims in general and monetary aims specially, if we shed light on the reality of Iraqi economy we would find the real problem is high rates of unemployment that exceeds the permitted rate applied by the united nation of (6%), while it exceeds (30%) in Iraq according to the report submitted by Iraqi ministry of planning for the period (1980-2003), after granting the independency to the Iraqi central bank after 2004, the bank took a new monetary policy that aims to achieve the economic stability, eliminating inflation, unemployment and achieving the stability in exchange rate .

Most important aims that monetary policy aims to achieve are the following:

- 1- Maintaining the value of Iraqi dinar and price level.
- 2- Achieving high level of using and operation labors to control the inflation.
- 3- Increment of economic growth via increasing products, income and investment.
- 4- Proving highest magnitude of foreign currency as a provisional.
- 5- Developing banking sector and monetary markets.

5- Tools of Monetary Policy in Iraq

Due to the independency given to the central bank of Iraq since 2004 up to the law of Iraqi central bank no.(56), this independency gives motive to the central bank to endeavor for achieving different aims and using variety and developed monetary political tools to influence on the economic activity and retreating the miserable economy, inflation across the country and following procedures that don't opposite with the monetary policy of the central bank via using the tools of monetary policy that are divided into quantitative, qualitative and updated monetary tools, they will be illustrated as follow:

First- Tools of Qualitative Monetary Policy in Iraq

- 1- Exchange Rate: The period after 2003 represented as a re-confidence of Iraqi dinar after the miserable economic circumstances in the period before 2003 that witnessed a phenomena called (Dollarization) as the Iraqi dinar lost its confidence as a storage of value in shed of negative interest rates make the people tend to keep dollar instead of Iraqi dinar and accepted means for exchange, the monetary authority intervene in every other time to change inadequate directions for exchange rate between using the policy of following flexible and constant exchange to meet external balance requirements.
- 2- Showing the monetary: Tackling with the concept of offering the monetary and it's contents in the Iraqi economy during research period face challenges include concept of offering money and affecting factors in the shed of changes that come over, offering the monetary by the common paying ways is no longer limited by them, they relied on currency in dealing out of banking device and time special deposits but moved to another wider concept to include many other monetary origins that include some fund's characteristics, offering the monetary in Iraq consists of :
 - 1- Monetary issuance: monetary issuance is considered one of the Iraqi central bank responsibilities up to the law no.(56) of year (2004), item no.(32), art (1) of this law states that : Iraqi central bank is the only

one can issue the paper and coin currency in order to be used in Iraq, according to this law, the monetary issuance in Iraq is entrusted with central Iraqi bank only.

- 2- Banking insurance: Commercial banks contribute in composition of offering monetary via insurance, loans represent process of creation the deposit monetary, commercial banks are considered the qualified destination to receive the deposits and granting loans and that lead to create other payment means that fuel the national economy.

Second: Indirect Quantitative Monetary Policy Tools in Iraq

The above mentioned central bank law had determined tools of quantitative monetary policy that are used to achieve aims of this policy and the right of using these tools is limited to central bank exclusively without any intervening from any other destination, these tools are specified by the central bank as follows:

1- Price of Re-discounting

This method is considered the oldest one of the monetary policy used in Iraq, as the central bank declared on 1950 readiness to re-discount of monetary bills according to the need of people and meet the commercial expanding, so on 2003 the Iraqi central bank re-moving this tool in a way that give the monetary market strong signals for appropriate changes with the development happens in the frame of interest prices that ensures positive revenues for deposits plus to eliminating the gap between saving and investment because of the non-equivalent difference between offering the money ready to be lent and demand for them.

2- Open Markets Processes

Iraqi central bank is able, according to the law no.56 year 2004, to deal open market deals with licensed commercial banks or those that have licensed issued from Iraqi central bank or licensed broker monetary companies, open markets processes are considered the methods that Iraqi central bank resorted to after 2003.

3- Legal Provisional Rate

Iraqi central bank started to apply this method on 1/11/2004 by requesting the banks to reserve provisional funds in this bank, also imposing penal benefit on banks that failed to do so.

Third- Tools of Indirect Monetary Policy updated in Iraq

Iraqi central bank inherited before issuance of the law 56 of year 2004 a big inflation started from the external sector to the internal sector because of the isolation of country from the outside world notably since 1980 until war of 2003, that led to lowering the internal funds in relation to outside countries, collapsing of Iraqi dinar since that period, after issuing the Iraqi central bank law no.(56) year 2004 and banks law no. 94 year 2004, the bank administration used some modern methods because old one are no longer useful because of the monetary ignorance, that pushed the bank administration to used new ones similar to the classic tools by content but more active, most important tools are :

1- Selling and Purchase of Foreign Currency Outlet

The Iraqi central bank sell and buy US dollar to the local markets as it buys US dollars from Iraqi ministry of

finance and sell it in the market to become as a central market for foreign currencies, that was applied on 04.10.2003 using auction method to sell and buy US dollars that obtained from oil revenues in order to control the offer of currency, inflation and achieving the stability in exchange price and funding the imports then proving the economic stability.

Iraq started since 2009 to sell US dollars by the constant exchange price like other oil countries that sell it in the auction in order to keep stable prices. The price is called here by (formal auction price), to saturate the demand, dollar is sold in auction by two methods:

- a- International transactions: represented by the transactions moved to outer accounts of contributing banks in the auction to funding the imports of private sector mainly.
- b- Monetary sales: represented by monetary sales to banks to fund diverse needs.

2- Drafts Auction

It is one of the indirect monetary policy means to affect on multi-monetary to deal with drafts, documents of safe and Iraqi central bank, because drafts and documents of safe are debt tools issued from ministry of finance in case of need and it is ensured by the government, issued with discount prices, paid by its nominal value when due to after 91 days, aim of issuing such document is to contribute in supporting the government to fill the deficit, while bank draft auction were issued by Iraqi central bank in two periods, first is 182 days due, second is 365 days sold in auction held every two weeks since 21.08.2006, issued with discount price and paid with its due value, it is considered an adjusting tool of liquidity plus it is considered investment outlets of banks and normal and significant persons in addition to it's role in developing the monetary bill markets.

3- Active Depositing Facilitations

By this tool, banks deposit surplus liquidity from legal insurance and reserve to the central bank with limited interest prices and diverse periods range from one day , called night deposit, to one week or one month or three months, this method aims to facilitate preserving biggest deposits of people Iraqi central bank did impose obligatory reserve rate of (75%) on governmental deposits in banks to prevent the phenomena of employment of government deposits that push facilitation so far from planned goals.

4- Permanent Loaning Facilitations

Permanent loaning facilitating ensure night insurance for banks opposite to presenting appropriate insurance in case of banks desire to lend from central bank in the night investment, that determine biggest amount can be lent according to the bank capital, the bank in turn submit appropriate insurance with a primary interest price higher than bank price by (2%), period of these facilitation range from 15 days or more but with a higher interest price by 3% if it was (15)days, primary deposit limits reach 20% of bank capital or more up to the central bank agreement.

Second Section

Sales and Purchase of Selling Foreign Currency Outlet in Iraq for the period (2004-2017)/ Analytical Approach.

In order to understand events of selling foreign currency outlet we should first analyze sales and purchases of

central bank of foreign currency and its effect on exchange price because the most important aims that this outlet aim is achieving stable exchange price.

We can understand most important developments via the following table that includes sales and purchases the Iraqi central bank by dollar beside exchange price outlet, market exchange price to understand effect of sales upon exchange price.

Tab 1: Sales and Purchases of Outlet by Dollar, Outlet Exchange Price and Market Exchange Price for the Years (2004-2017)

Years	Sales of central bank by \$ annual Cash /billion	Foreign currency / draft /billion \$	Total foreign currency sales	Annual growth rate of sales%	Purchases of central bank from ministry of finance annual/billion	Annual growth rate of purchases %
2004	4017		4107	----	1555	---
2005	9649		9649	134.9	10.600	61.7
2006	8456	2719	11175	15.8	18000	69.8
2007	2890	12982	15872	42	26700	48.3
2008	5567	20301	25868	62.9	45500	70.4
2009	4569	29421	33990	31.4	23000	-49.5
2010	2193	33977	36170	6.4	41000	78.3
2011	1459	38339	39798	10	51000	24.4
2012	3664	44985	48649	22	57000	11.8
2013	12226	41005	42231	-50	62000	8.8
2014	14563	37165	51728	22.5	47515	-23.4
2015	5989	38315	44304	-41.4	14500	-69.5
2016	4690	15710	20400	-53.9	25653	76.9
2017	9352	31375	40727	99.6	40355	57.3

Source/ Iraqi central bank, statistical site, currency sale outlet, annual media publication (2004-2017)

Column (4,5,7) made by the researcher base on data of column (2,3,6).

Annual growth rate= (new exchange price-old exchange price)/old exchange price x100

Notice the rise of sales by dollar in central Iraqi bank since start of work, to be in 2004, total sales are (4107) billion dollar cash due to high oil income , worthy to mention that in the period(2004-2017) was ascending rising of oil prices which ensure a good chance to raise hundreds of billions of dollar. Rising continued until 2016 to begin lowering to achieve (4690) billion dollar , (15710) billion dollar draft and negative growth rate of (53,9%) from the previous one, attributed to many reasons like different exchange prices , increasing gap between formal exchange price and opposite exchange price resulted in mild lowering in demand on dollar

And lower sales plus lowering of foreign currency/draft, it is worthy to mention that Iraqi central bank used drafts as one of sale methods in the outlet in 2006 as shown in the above mentioned table with fees less than cash sale to activate the bank work, develop and mending the bank sector as the cash sale get lower with some rates after 2008 but worth to mention that cash sale still score the first class in the outlet sales. While purchases of central bank of foreign currencies (\$) from the ministry of finance has reached (1555) billion dollar in 2004, we noticed that sales at that year were higher than purchases so the bank in order to overcome that deficit in the sales resorted to withdraw from reserves to fill the gap between the offered and demanded quantities to preserve stability of currency value. The following chart shows relation between foreign currency and purchases during study's period.

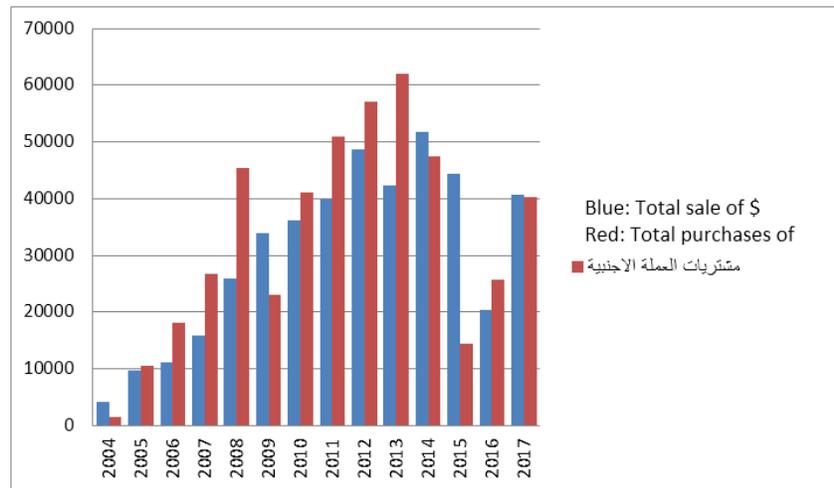


Chart 1: Relation between sales and purchases of central bank of foreign currency (\$) during (2004-2017)

Source: Made by the researcher relying on tab.(1).

Chart(1) shows difference between purchases of the central bank of \$ and sales during research study period, we noticed that the difference was light but became high after 2005 as purchases are higher than sales, while dollar exchange price was stable during that period, in 2004 exchange price of outlet was 1.435 Iraqi dinar while market exchange price was 1.454 means it was bit higher and the higher exchange price in the outlet was 1.469 dinar/dollar in 2005 while market exchange price was 1.472 dinar/dollar and difference between them represented the value of gap between outlet exchange price and market exchange price.

Third Section

Analysing of Non-Oil Local Product

Targeting the local non-oil product as a broker goal for the monetary policy to show importance of other economic sectors and extent of effect on economic stability in different countries as it will give a feature of monitoring inflation because it is not reduced by the local inflation rate.

The local non-oil product includes different economic sector except oil, these sectors are (commodity, services and distribution) we can explain them in detail:

1- Commodity Sector Includes

a- Agriculture, forests and hunting:

Agriculture sector plays an important role in the countries' economy notably the Arabian ones, because it contributes in achieving the food security and ensuring income for many people and ensure raw materials for many industries of transformative industries.

b- Industry sector: includes (transformative industry, extraction industry that includes excavation of oil and minerals from earth.

c- Water and power sector.

d- Building and construction.

2- *Distributional Sectors Include*

- a- Transportation.
- b- Trade.
- c- Banks and insurance.

3- *Service Sectors*

- a- Inhabiting sector.
- b- Personal services.
- c- Social growth sector.

First: Developing of Non-oil Product in Iraq for the Period 2004-2017

Includes the economic sectors that form the total local product represented by agriculture, industry, trade, water, power and construction except oil sector to know rate and size of contribution of these sectors in forming the product and shed lights on the path of different economic sectors especially that Iraq has suffered and still suffer from many wars most prominent ones are its war in 2003 and against ISIS plus influences of lower prices of oil since 2014, as the non-oil economy witnessed shrinking leads to displacement of people due to crises, most important of this shrinking is the economy of Iraq depends upon oil only, most dangerous challenges that face economy of Iraq is the unexpected lower of oil prices in addition to another reasons like war against terrorism, mal-planning beside scares from sudden bigger lowering in prices in shed of high rates of offer and less demand for oil in international markets, attributed to high oil reserve in USA and objection of Arabian countries to reduce their production like Saudi Arabia that is considered the biggest producer of oil, so Iraq should get rid of mono-source economy via variety of economic sectors and ensuring the required and constant funding for the state budget from other non-oil sectors, following table shows development of local non-oil product for Iraq for period (2004-2017).

Tab 2: Shows the Non-oil Local Product in Iraq for Period (2004-2017)

<i>Years</i>	<i>Total local product with current prices /Billion dinar</i>	<i>Oil product with current prices /billion dinar</i>	<i>Local non-oil product (total local product-oil product) billion dinar</i>	<i>Rate of annual growth for non -oil product</i>
2004	53	31	22	---
2005	74	42	32	45.5
2006	95	53	42	31.3
2007	111	59	52	23.8
2008	157	87	70	34.6
2009	131	57	74	5.7
2010	162	74	88	18.9
2011	217	115	102	15.9
2012	254	126	128	25.5
2013	273	125	148	15.6
2014	266	116	150	1.4
2015	199	62	137	-8.7
2016*	204	61	143	4.4
2017*	226	86	140	-2.1
Rate of complex annual growth %	3.2			

Source:

Column (2) central Iraqi bank, statistical site, Total Local product in current prices.

Column (3) Saif Al Abdulezzaq , Hussein Dikan Darweesh, Measuring of Impact of Oil Incomes in Variables of Monetary Policy in Iraq for period (1999-2015), University Of babel, college of administration and economy, MSc. thesis unpublished, 2017, p(86).

- Central Iraqi bank, central statistic center, annual reports for years (2016, 2017).
- Column (4), (5) made by the researcher depending on data of column (2) (3).

Table no.(2) shows development of non-oil local product during research's years as we notice the non-oil product path oriented toward rising with a positive complex annual growth rate of (3.2%) to score (22) billion inar in year 2004, in (2005) the local non-oil product scored high rise rate of (45.5%) from the previous year to be (32) billion dinar and continued in increasing until (2015) due increasing of oil product and reflects on increasing productivity of other economic sectors with certain rates that participated in increasing of non-oil product.

Second: Effect of Selling Foreign Currency Outlet on Local Non-oil Product

Targeting the local non-oil product as a broker goal for the monetary policy gives monitoring peculiarity for inflation as it is not reduced with local inflation rate beside ensuring a guide path to observe monetary interest prices and how much affected with monetary liquidity for funding initiative in return this type of policy get blamed because of affecting with monetary policy tools which requires coordination between the two policies of monetary and financial to support the local product and protect it via applying the last one to some protective to confront the deficit of commercial non-oil balance for instance, sales of foreign currency in Iraq for the two years (2007, 2008) have scored (15872 and 258068) billion dollar respectively, while local non-oil product scored (52 and 70) billion dollar for these years, as increasing of selling foreign currency was accompanied with increasing in local non-oil product for these two years. Stability of exchange price in short term produced from balance of required offered quantities of currency in selling outlet results in stable inflation helps projects to achieve stable incomes with expansion of local product base with interest from offer flexibility based on stability of exchange price as there is extreme between effectiveness of funding projects' initiative and effectiveness of contributing bank system as a feeder of services and commodities markets.

Fourth Section Measuring the Relation between Foreign Currency Sales and Non-Oil Local Product in Iraq for the Period (2004-2017)

This section concerns with measuring the effect of foreign currency sales on non-oil local product to reach the accurate results, and to estimate the relations by quantitative method via describing the sample and testing how much stable that the time chains for changes and knowing significance of the sample via using simple linear slope.

First: Describing the Sample

Picking two variables for quantitative analyzing, one is dependent variable and the second is independent variable , independent variable which is (sales) symbolized with AC means the variable that affects other variables, while the dependent variable was non-oil local product symbolized with (GDPup) which the variable that is influenced with the independent's changes.

$GDP_{Pup} = f(AC)$ Then, the linear sample will be:

$$GDP_{Pup} = B_0 + B_1AC + U_i$$

Second: Testing and Estimating Standard Sample

The researcher will depend test of stability and common integration to illustrate the relation between local non-oil product and foreign currency sales through quarter data available for sales and non-oil product in Iraq for period 2004-2017.

1- Testing the Sample Stability

Testing the stability is considered first step to measure stability degree of time chains as there is two types of time chains (stable time chains and instable time chains) and usually using difference to re-stable the instable chains.

Tab. 3: Testing Stability of Time Chains for Economic Changes

<i>Variable</i>	<i>Statistical value</i>	<i>Critical value</i>	<i>Type of stability</i>
AC	-6.850152	-3.557472 -2.916566 -2.596116	First difference
GDP _{Pup}	-8.173945	-3.557472 -2.916566 -2.596116	First difference

Source/ Prepared by the researcher depending upon program (E-views7)

We noticed through table (3) that all variables are not stable at their level, sales of foreign currency AC is (the stable variable) get stable at first difference-sector, while the independent variable (non-oil local product) get stable at second difference –sector, consequently, the sample will be excluded from common integration test due to there is no more than one independent variable.

Second: Testing the Causality (Granger Causality)

This concept refers to a known case followed by another event always, consequent of these events lie during a specific time, first event called by (reason) and the second one called (Reason), many causality tests are used to determine nature of relation between economic variables because these variables may not move in same direction to achieve balance due to effected with different variables that refer to availability to periods of time set-backs express the time difference for the variable dependent response to the effect of change in independent variable and vise versa, so causality is used to determine the type and direction of relation among economic variables, it is consider the most important pivots to determine the economic forms as it aims to search for reasons behind scientific phenomena to distinguish between the dependent phenomena from the explained independent t phenomena, Granger sample is used in most time chains studies, the relation between economic variables (G=), change in current and past values for a variable that cause the change in another variable, hence change in values of X_t occur because of the variable Y_t , value of Y_t is determined accurately by using previous value of Y_t , if the statistic test value F is bigger than calculated value, hence cause hypothesis $H=1$ will be rejected and replacement hypothesis will be accepted $H=0$.

Table 4: Granger Causality Test

Pairwise Granger Causality Tests			
Date: 09/19/19 Time: 00:40			
Sample: 2004Q1 2017Q4			
Lags: 2			
Prob.	F-Statistic	Obs	Null Hypothesis:
0.9680	0.03259	53	D(ACQ) does not Granger Cause D(GDPUPQ)
0.8949	0.11135		D(GDPUPQ) does not Granger Cause D(ACQ)

Table (4) shows there is no causality relation directed from foreign currency sales to the local non-oil product.

II. RESULTS AND CONCLUSIONS

- 1- Results obtained from Granger causality test showed that there is no causality directed relation from foreign currency sales to the non-oil local product in Iraq for the period (2004-2017) and that doesn't support the research hypothesis that says there is a relation between foreign currency sales and non-oil local product.
- 2- Time chains for the non-oil local product are not stable at its level as well as sales data of foreign currency during research period mean they suffered from unit root consequently can't rely on this sample in future foresees.
- 3- Local non-oil product in Iraq didn't take part in achieving the economic growth during research period.
- 4- Foreign currency sale outlet had no significant effect in improvement of different economic sectors' productivity except oil sectors during research period.

III. RECOMMENDATIONS

The researcher recommended a bunch of recommendations in the shed of this subject due to its big importance and influences the country's benefit, some of them are:

- 1- Increasing monitoring and following by central bank on sales to prevent smuggling.
- 2- Creating new ways to obtain foreign currency and increasing them in order to increasing its productivity.
- 3- More concern about economic sectors with different sectors to improve their productivity.
- 4- Central bank has to play important role via coordinating between monetary policy's tools and monetary policy in order to rise level of productivity for different economic sectors except oil ones via directing concern with fuelling the monetary support for these sectors to rise the productivity and improve economic level of the country.

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