

The chances in countries' economies after World War II: Petroleum Economics in Kurdistan region of Iraq

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Abstract— *Kurdistan region of Iraq represents a good case study to examine the effect of oil price, because most of its earning dependence on exporting crude oil. Kurdistan region of Iraq is one of the major oil exporting countries. Generally, the national income depends on crude oil. Oil revenue in Kurdistan region of Iraq covers 90 percent of Kurdistan region of Iraqi government's budget and also Kurdistan region of Iraqi economy could be effect by would economic during economic problems. Thus, increasing oil crude oil price can effect on economic growth in Kurdistan region of Iraq. So it is crucial to use other resource instead of oil revenue as a new strategy to gain national revenue. The main objective of this study is to examine the effects of oil price and oil production value on economic growth. Annual growth rate, compound growth rate and correlation coefficient can be used to estimate of the data. The data is annual data which were converting a period of 21 years from 1995-2017. As a result, Economic growth is one of the most important sources of economic transformation because it reflects the community's ability to increase productive capacity and optimal investment and also sustainability requirement includes a diversified economy on the face of shocks, dynamically adopts technology and head accumulation human money, competitively can gain relative advantages compared to the other. Thus, it operates within stable, stable economic policies and economic development and there were positively statistically significance between oil price and GDP, oil production value and GDP.*

Keywords— *History, Economic, History of Oil, Economic Growth, Kurdistan region of Iraq.*

I. INTRODUCTION

Toward the apocalypse War II and in the wake of imploding of European economy, these organizations assumed control over some wide slick zone in the Middle East. There were some useful motivations to make this simple for them including the closeness of the zone to Europe and oil penetrating. Seven restraining infrastructure organizations were established; five of the American and the other two were British and Dutch. They were known as the seven sisters and they cornered the oil market and predefined the cost of oil as they needed. (Kilian, 2007). The significance of this exploration is uncovering the impact of unrefined petroleum cost on financial development and gathering information was utilized to examine that impact. Kurdistan district of Iraq all in all is the spot of pragmatic piece of the examination. The growing of the crude oil price lately was extremely taken in consider. Though oil was realized as a secondary source, it developed a vital resource in the societies later. During 1970s and 1980s, the Arab nations confronted an

awful unsteadiness in financial development, however in the mid of 1970s, expanding the oil items and ascending of its cost helped the oil nation makers. Afterward, the majority of the Arab nations experienced the falling of oil cost and monetary development including Kurdistan area of Iraq. Kurdistan area of Iraq has been considered as one of those nations that has instable relations with monetary development and financial turn of events. Regardless of these, it had a sufficient financial development in the previous many years (de Jong & Nikolić, 2018). The start of finding of oil in the United States was by an American official called Aduin Drake. He delved the primary oil well in 1859. That was a defining moment in looking for oil a lot market and rivalries showed up. The market was immediately changed to imposing business model market. An American organization claimed by an American individual called Rockefeller cornered the market around then. That restraining infrastructure expanded and made the division of certain organizations hence drove predefine oil cost and assuming control over oil destinations. Later

an agreement called AKNACRI was agreed upon. It incorporated these fundamentals, predefining oil cost and isolating oil destinations and stacking and dumping oil barrels (Igwe, 2018).

II. LITERATURE REVIEW

A Historical Entrance for Oil

Man has known the utilization of oil for a great many years, and its utilization has created at various stages, beginning from the utilization of oil to paint, filling the breaks and its uses for warming, lighting, developing and as treatment of wounds (Banov, 2020). First disclosure of an oil store was in the second 50% of the only remaining century in 1830 when oil streamed during the extraction of salt in the United States of America. It was trailed by another revelation in Russia in 1856 and in Romania in 1857. The extraction of oil by Edon Derbik on August 28 1859 in Tetsvile, Pennsylvania in the United States at the profundity of 69.5 feet and extraction rate (25-35) barrels every day to declare the start of the cutting edge oil industry. Kurdistan district of Iraq knew the utilization of oil for various purposes, both during the time spent canvas, building and clearing streets, just as it was utilized by the Assyrians in their different ventures (Awan, 2016). The improvement of the oil business in Kurdistan locale of Iraq proceeded and Kurdistan area of Iraq got one of the nations with numerous significant financial assets, including oil, as Kurdistan district of Iraq drifts on a pool of unrefined petroleum with demonstrated stores of more than (200) billion barrels. Turkish organizations are among the principal organizations to obtain the option to look and prospect all over Kurdistan locale of Iraq in (1925) aside from the Basra region for (4) shillings of gold per ton of unrefined petroleum. In 1927 Baba Karkar fields were found north of the city of Kirkuk, however just in 1934 did the creation of oil start financially (Yasiri, 2009). During the seventies of the only remaining century, the oil business in Kurdistan district of Iraq saw an observable improvement in the field of advancement of oil fields, expanding creation limit and the augmentation of pipelines for trade or inside vehicle of oil and fluid gas, just as ports of fare, liquidation and capacity (Van Eyden, et al. 2019).

Historical Influences Affecting Oil

Oil supply, as other financial exercises, is affected by a wide range of and separated variables, yet this impact happens when the market is serious. It is noticed that the development of raw petroleum costs and oil creation is viewed as heavily influenced by the significant oil organizations, yet after the rise of the Organization of OPEC oil market change from a restraining infrastructure

to a serious market, the inventory of oil is dependent upon and impacted by a few elements; Petroleum request is perhaps the main elements influencing the stockpile of oil, since request is made by the offer, when oil makers note that there is an expansion popular for oil will build their proposal on the lookout, yet on the off chance that they notice the contrary will diminish their offer. From this point of view, we state that there is a solid connection between the interest and the market supply of the oil item, as indicated by which costs are resolved. When there is an interest that surpasses supply, costs will in general increment. On the off chance that the oil trading nations can offer extra amounts of oil to acquire extra incomes financed by their economy, on the off chance that they arrive at their greatest creation, their extra monetary incomes - coming about because of more exorbitant costs - Term oil, and when request is lower than supply, costs will in general fall. Buyer nations are attempting to raise their inventories, increment their utilization of oil and the other way around for oil sending out nations (Nasir, et al. 2018). Oil strategy or creation strategy: This factor significantly affects the stock of the oil ware, regardless of whether by expanding or diminishing or stable stockpile. The oil strategy or creation strategy is spoken to in a bunch of activities taken by one or certain gatherings in how to abuse oil. Decrease or suspension of oil creation is a significant financial and political weapon taken in a few structures in the oil market, for instance, what the Arab oil delivering nations during the war 1967 and 1973, when its oil was utilized as a weapon against threatening pioneer nations and affected the worldwide oil supply. Just as the protection of the coordinated stock which has a few targets, including a more drawn out time of oil misuse better as looked for by OPEC through the codification of creation. Regarding expanded stockpile or creation, the point is to increment monetary re-visitations of meet advancement prerequisites, similar to the case for Saudi Arabia and Iran that each time request OPEC to raise their quantities, in light of the fact that both have an enormous hold of oil (Gbatu, et al. 2017). The cost of oil: The financial hypotheses show that the connection of the inventory to the cost in any market is backwards, the expansion in the stock of the item prompts lower costs and the other way around. At the point when oil costs increment, the oil delivering nations try to expand their creation source and as a trade-off for extra pay to meet their financial necessities particularly if these nations depend chiefly on their pay on oil incomes. In the event that they are industrialized nations try to build their creation to lessen their imports of oil, notwithstanding influence the costs to decrease them, for example, what England accomplished at the and if costs are low makers

try to diminish supplies, particularly on the off chance that they arrive at levels that are not proportionate with the expense of oil extraction (Vohra, 2017).

Historical Demand for Oil

Meaning of oil interest: Petroleum request can be characterized as speaking to those amounts of oil based goods that an individual requirements at a specific level and inside a particular timeframe to show fulfilling different necessities, regardless of whether utilization, for example, fuel or lighting, and for gainful purposes, for example, petrochemical items. By characterizing the IEA for oil interest, we state that oil utilization isn't unrefined straightforwardly, however is liable to refining that produces oil based goods, for example, fuel and others utilized in the petrochemical business (Oladosu, et al. 2018). So the interest for oil is of two sorts, interest for unrefined petroleum, and interest for oil based commodities, so there is no interest for oil based goods except if there is an interest for raw petroleum. It is subsequently conceivable to state that there is a corresponding impact between interest for raw petroleum and oil based commodities. The adjustment in the cost of raw petroleum influences the oil wares, yet might be a couple, since they don't show up straightforwardly, however are dispersed among the oil based goods, while the adjustment in the cost of oil based commodities straightforwardly influences the cost of oil, either increment or decline, this is because of the cozy connection between oil based commodities and their lone source, to be specific, unrefined petroleum. The idea of interest flexibility is the adjustment in the interest for oil on the adjustment in cost. The versatility of interest in the present moment is nil, in light of the fact that an expansion in cost doesn't really prompt a decrease popular. This is on the grounds that the customer in the present moment is associated with fulfilling his necessities. He can't decrease his solicitation, on account of low costs the purchaser looks to expand his interest, however not an enormous amount, but rather restricted, in light of the fact that the capacity limit is restricted and on the grounds that it's huge expense. Long haul flexibility of interest is adaptable, in light of the fact that by expanding costs in the long haul, customers try to diminish oil interest by searching for different sources (Diaz, et al. 2016).

The Historical Development of the Global Oil Market

Since the revelation of oil unexpectedly, it very well may be named will come. The oil market has passed a few phases since the revelation of oil and can be put together by time spans (El, 2019).

- During the period 1857 to 1870 (since the start of the oil business until the development of

significant oil organizations): The oil market at this stage was serious among the little oil organizations that began putting resources into oil misuse, particularly in the United States of America and the opposition was savage among these organizations, brought about the consolidation of some of them and the vanishing of others, until it turned into a huge and solid organizations.

- During the period 1870 to 1960 (since the rise of significant oil organizations until the establishing of OPEC): The oil market in this period became markets of syndication oligarchs between organizations that control the US oil industry and other to the worldwide oil market by controlling the investigation and extraction, transportation, appropriation and valuing, And known in this period on 1-9-1927 an arrangement Aknkari between these organizations, known as the seven sisters, which accommodates the division of the world oil market and the oil wells on the planet among them, and hence turned into the oil market restraining infrastructure of these organizations, particularly considering the restricted job of oil-creating nations.
- During the period 1960-1973 (since the establishing of the OPEC until the 1973 emergency): With the foundation of the OPEC in 1960, the imposing business model of the seven sisters was diminished and the oil market transformed into syndication of the item spoken to in the OPEC nations. With this association, the creating nations attempted to reinforce their position and protect their inclinations. That after 1973 when OPEC part states chose to stop their oil supplies in dissent against the help of the administrations of the significant forces to the Zionist element finished the job of significant oil organizations.
- During the period 1973 to 1980 since the start of the emergency of 1973: At this stage, the oil market turned into the imposing business model market of the OPEC nations, where when oil costs rose and the interests of oil burning-through nations were influenced and the creation of non-OPEC oil nations expanded, The association loses its capacity.

From 1980 to 2011 the standard of Law of market interest for the oil market: At this stage, the oil market has become including a bigger number of makers and shoppers and it turned into a serious market, yet after the control of oil

organic market in 1981 by expanding oil supplies outside OPEC, the circumstance of flimsiness in the market oil costs and has gotten referred to occasionally as there was a drop in costs in 1986, 1998 and 2008, the sharp ascent somewhere in the range of 2003 and 2007 and the low interest for oil in 1986 and in 2011 the expansion popular and inclusion of the deficiency brought about by the Libyan occasions and inclusion by Saudi Arabia Oil creating nations (Vu & Nakata, 2018).

III. THE ANALYSIS OF THE DATA

The discoveries from this investigation uncovered that financial development is quite possibly the main wellsprings of monetary change since it mirrors the network's capacity to increment profitable limit and ideal venture and furthermore maintainability necessity remembers a broadened economy for the substance of stuns, progressively receives innovation and head aggregation human cash, seriously can pick up relative favorable circumstances contrasted with the other. In this way, It works inside steady, stable financial approaches and monetary turn of events and there were decidedly factually essentialness between oil cost and GDP, oil creation worth and GDP. This implies that expanding one purpose of oil cost and oil creation esteem in Kurdistan locale of Iraq, GDP increments also. As indicated by (Raduzzi & Ribba, 2020) ,Oil cost positively affect the

GDP through its commitment to government incomes (trade incomes). Around the world and locally, the oil costs is variances among the worldwide elements and it is emerging from worldwide occasions. In his view, if the oil cost expanded, it energizes oil sending out financial and hurt oil bringing in financial matters (Anderu, 2018).

The oil cost is a financial worth or a money related picture which is per barrel of unrefined petroleum in the US dollar and it is communicated in real money since it is connected to US dollar and can be presented to oil cost in the oil market inside the ideas of numerous things, for example, (the cost accomplished, the cost announced, the assessment rate and the cost of sign) (Gnimassoun, et al. 2017). The time of (1995-2017) were taken to show change of oil cost in those period saw numerous monetary turns of events, political and military reflected in the entire of the truth of the oil market then as oil cost tumbled from (16.86\$) in 1995 and it expanded by 0.203 in 1996 (20.29\$), the ascents proceeded in 1997 by 0.118 (18.86\$) at that point the cost of oil in 1998 diminished by 0.271 (12.44\$). Also, after 1998, the cost of oil expanded when 1995 were as a base year. The cost of oil expanded a great deal in 2012 (109.45). Also, the ascent of oil costs proceeded until 2013 then it diminished because of numerous reasons (Albaity & Mustafa, 2018):

Table 1: oil price 1995 as a base year

Years	Oil price	1995 as a base year
1995	16.86	-
1996	20.29	0.203
1997	18.86	0.118
1998	12.28	-0.271
1999	17.44	0.034
2000	27.6	0.637
2001	23.12	0.371
2002	24.36	0.444
2003	28.1	0.666
2004	36.05	1.138
2005	50.59	2.00
2006	61	2.610
2007	69.04	3.094
2008	94.1	4.58
2009	60.86	2.609
2010	77.38	3.589
2011	107.46	5.373
2012	109.45	5.491
2013	105.87	5.279
2014	96.29	4.711
2015	49.49	1.935
2016	40.68	1.412
2017	52.51	2.114

Truly, the primary oil fields were found in 1923. (Khana Oil) was for neighborhood utilization and furthermore Kurdistan district of Iraq were the subsequent significant oil maker after Iran which started business creation in 1912 however Kurdistan locale of Iraq had a real creation and huge amounts in 1934. The oil creation had been expanding to reach (3.7) million barrels for each day in 1979 while the oil creation became (3.5) million barrels for every day in 1989 on account of war and Kurdistan area of Iraq's intrusion of Kuwait in 1991, oil creation dropped to (282.5) thousand barrels for every day. The circumstance proceeded until 1996 when the program of replacing oil for food occurred (Wen, et al. 2019). Also, the oil creation esteem were found by duplicating the oil creation and oil cost. Thus, the oil creation esteem approached to (392.838)

million dollar in 1995 which expanded to (779.136) million dollar and it expanded until 2000 (20780.04) million dollar. It expired gradually from 2000-2003. yet, in 2003, the oil creation esteem diminished forcefully in view of war. From 2003 to 2009, the oil creation esteem expanded a ton on the grounds that in this period the oil cost and oil creation expanded. The greatest year for oil creation esteem were 2012 (97071.21) in light of the fact that the oil cost become most extreme value contrasting with different years at that point oil cost become less and less from 2013 to 2016 and the oil creation esteem become less and less from this period. At last, the oil creation esteem expanded progressively in 2019 (Taghizadeh-Hesary, et al. 2019).

Table 2: Annual growth rate and annual compound growth rate for oil price 1995 as a base year

Years	Oil Price	Annual Growth Rate	Annual Compound Growth Rate
1995	16.86	-	0.05%
1996	20.29	20.34%	
1997	18.86	-7.04%	
1998	12.28	-34.88%	
1999	17.44	42.01%	
2000	27.6	58.25%	
2001	23.12	-16.23%	
2002	24.36	5.36%	
2003	28.1	15.35%	
2004	36.05	28.29%	
2005	50.59	40.33%	
2006	61	20.57%	
2007	69.04	13.18%	
2008	94.1	36.29%	
2009	60.86	-35.32%	
2010	77.38	27.14%	
2011	107.46	38.87%	
2012	109.45	1.85%	
2013	105.87	-3.27%	
2014	96.29	-9.04%	
2015	49.49	-48.60%	
2016	40.68	-17.80%	
2017	52.51	29.08%	

IV. CONCLUSION

Economic development is perhaps the main wellsprings of monetary change since it mirrors the network's capacity to increment profitable limit and ideal speculation and furthermore maintainability necessity remembers an enhanced economy for the substance of stuns, powerfully embraces innovation and head gathering human cash, seriously can pick up relative points of interest contrasted

with the other. Along these lines, it works inside steady, stable monetary approaches and financial turn of events. Oil costs have been influenced by worldwide emergencies, as oil is an essential global product joining political, financial and international components which is impact it. There were factually critical connection among GDP and Oil cost on the grounds that the p-esteem was not exactly the normal alpha 0.05. Accordingly, the connection

between genuine GDP and oil cost were emphatically sure in light of the fact that the estimation of relationship coefficient equivalents to 0.864 which is more prominent than the estimation of connection coefficient (0.5) this implies that if the oil cost expands, the genuine GDP will increment also. Besides, there were factually critical connections between genuine GDP and oil creation esteem on the grounds that the p-esteem was not exactly the basic alpha 0.05. Therefore, the connection between genuine GDP and Oil creation esteem were unequivocally certain on the grounds that the estimation of relationship coefficient equivalents to 0.958 which is more noteworthy than the estimation of relationship coefficient (0.5) this implies that if the oil creation esteem builds, the genuine GDP will increment also.

V. RECOMMENDATION

- The monetary strategy producers should make the oil area, the development train through the petrochemical businesses, notwithstanding misuse monetary saving to help other financial area in this occasions oil value ascends on the planet markets.
- The public authority attempts to fortify collaboration and organization with OPEC to control supply of raw petroleum in the OPEC locale with the of influencing worldwide raw petroleum costs.
- Exploit effective encounters in all nations that have comparative assets to open foundations or particular universities or focuses in this field.

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