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A NEW ECONOMIC AGENDA: FROM RECONSTRUCTION AND DEVELOPMENT TO PROSPERITY

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As Delivered

Yousif Al Dunainawi, Chairman, Advisory Commission of the Prime Minister, Iraq
Bismillahir Rahmanir Raheem. Coming from Iraq to Bahrain, I feel very much at home. With the open machine, I will speak in Arabic.

Bismillahir Rahmanir Raheem. At the start, I would like to thank Bahrain for having welcomed us at this very important meeting. I would like as well to thank the IISS for the studies that show the importance of such challenges, how to find solutions, how to get beyond the choke points and problems that we are going through.

This is why, ladies and gentlemen, dear guests, it is a great pleasure for me to be with you today at this very important session that discusses one of the most important issues that we are facing in our country. And this means, how can we pass from crises and wars, and rebuilding what has been damaged to establish productive and sustainable prosperity?

I would like to talk about this topic from the perspective of Iraq's experience in the light of the economic and reformist vision of the new Iraqi government. It stems from the fundamental conviction that political and security stability, that economic reform, that human development, that regional integration are not, in fact, separate paths. They are interconnected elements in the project of building a modern state.

Firstly, from the crisis economy to the stability economy. The geopolitical developments that we have witnessed in our region, namely the recent wars and the conflicts, have proven that the effects of these conflicts are no longer confined to the borders of the countries experiencing them. They rather extend to the energy markets, to the supply chains, international trade, food security, investment flows, financial stability. These crises have revealed the fragility of some economic models that rely on a single source of revenue, on a single trade route, or supply chains that lack flexibility and alternatives.

For Iraq, these challenges have a double importance because we have a pivotal geographic location and economy that is heavily reliant on the oil revenues, not to forget the accumulated challenges resulting from the decades of war, terrorism and instability. Thus, the real challenge that we face is not only rebuilding the infrastructure, but to restore the state, the economy and the society's ability to respond to the shocks, to reduce the reliance on external conditions and to transform the stability into sustainable development. In fact, reconstruction, and however it is important, cannot be an end in itself. It should be a starting point towards a new economic model.

Secondly, the government vision. We have here three components: a stable society, a productive economy and balanced partnerships. The government in Iraq has started through a vision based on three main points: stable state, productive economy and balanced partnership. The government has translated this vision into a comprehensive government programme that includes 139 priorities in 14 main sectors, and it has adopted interconnected reforms that target root causes of the challenges.

First of all, enhancing the state sovereignty, the stability, unifying the security decision-making and consolidating the rule of law, thereby providing the necessary environment for economic activity.

Secondly, economic and financial reform through the diversifying of the income sources, reforming the banking system, raising the efficiency of the public spending and strengthening the role of the private sector.

Social construction is the third sector. Human development, developing education, health, empowering youth and women, strengthening social protection and justice in the distribution of development opportunities.

While looking at these three paths as a single system, we say that sustainable economic growth cannot be achieved without stability. And we cannot have long-term stability without guaranteeing fair development that provides opportunities for citizens.

Three economic reforms, transition from rentier economy to a productive economy. Diversifying the economy is one of the most important strategic challenges for the government. Despite the fact that Iraq has significant natural resources, its high reliance on oil makes public finances vulnerable to fluctuations in global prices, geopolitical disturbances and challenges associated with energy-export routes. The government thus adopts a new policy based on restructuring the economy, on strengthening productive sectors, especially industry, agriculture, services, technology and transportation. We are working on reforming the public banking sector, developing the financial-compliance system, restructuring public spending and improving resource-management efficiency.

The private sector is at the heart of the economic-transformation process because the state cannot be the only largest employer and investor. In fact, the state has to become a state that regulates and stimulates economic activity. The state is to set policies, protect competition, ensure fairness and transparency, and allow the private sector to lead growth and to create job opportunities. The message that we want to convey is clear. The future of the Iraqi economy should not be measured by the volume of oil it produces, but the volume of added value it can generate, job opportunities it can create, and its ability to compete and integrate into the regional and global economies.

Fourthly, redefining infrastructure from local projects to networks for regional integration. One of the most important lessons revealed by the recent crisis is that infrastructure is no longer about roads, bridges, ports, power stations, et cetera. It has become a fundamental element of the national and regional economic securities. Countries that do not possess multiple transportation networks, diverse energy sources and advanced digital infrastructure will not be capable of withstanding economic and geopolitical disruptions. Iraq has a strategic opportunity to transition from being a market, a geographical corridor, to become a regional hub for trade, transport, energy and data.

The Development Road Project stands out as one of the most strategic projects that can reshape Iraq's role in regional and international trade by connecting Iraqi ports with transportation networks extending to Türkiye and Europe, and to also connect Iraq to the different export routes and corridors. Iraq is working on it from southern Iraq to Syria to Türkiye and to Europe.

In fact, the real importance of this project is not limited to transporting goods, but it includes establishing industrial zones, logistics centres, commercial services and investment opportunities. The government is also working on developing the energy infrastructure, on enhancing electricity and gas interconnections with neighbouring countries, on expanding oil-export outlets and developing ports and industrial value chains.

Fifthly, digital transformation and governance. Ladies and gentlemen, it is important to emphasise that the economic challenges facing countries are not only related to resource scarcity. It is rather linked to the efficiency of institutions and their ability to manage resources. This is why institutional reform and digital transformation represent a fundamental pillar of the government programme. The government is moving towards launching a national digital-transformation strategy, developing telecommunications infrastructure, automating procedures and services, strengthening cyber security and artificial-intelligence ecosystems.

In conclusion, from reconstruction to building the future, Iraq has faced many challenges, and it highlights the fact that building peace cannot be done just by putting an end to conflicts. We need efficient institutions, a productive economy and a society that has trust in the future. We can rebuild a road or a facility, but the biggest challenge is to rebuild the institutions in restoring confidence, and reforming economy and providing future generations with opportunities.

Iraq, based on the natural resources it has and on its geographical location, is capable of moving from a country that has been affected for decades by wars and conflicts to a trusted partner in security and prosperity.

Let me conclude with one sentence. Reconstruction can, in fact, rebuild what has been destroyed. However, prosperity will be achieved when the capabilities become sustainable, when they transform into opportunities, economic security and a better life for citizens. This is the transformation Iraq is seeking to achieve in the next phase.

Thank you.

Dr Bastian Giegerich, Director-General and Chief Executive, IISS
Mr Chairman, thank you very much for your message and outlining the government's vision across society, the economy, and that message of partnerships that you brought, and then giving us some practical projects that you are working on. Thank you very much for that.

Assistant Secretary Blome, may I invite you to take the podium?