# Abstract

Iraqi Economy is characterized by unilateral rentier economy for its significant reliance on revenues derived from crude oil exports; therefore, high rates of industrial growth do not reflect the reality of the development of industrial sector. The added value of the extractive industries constitutes the greatest part of the total industrial growth in Iraq; while on the contrary, the added value of the transformative industries constitutes only a small percentage of it. Nevertheless, Iraqi industry has not been developed as a result of the circumstances of the war and the economic blockade, and the output of the industrial sector continued to decline since 2003. Additionally, the case is also true for the industry in the Kurdistan region as both Iraq and Kurdistan have experienced the same circumstances since Kurdistan is considered to be a part of Iraq. The study aims to determine a number of variables that affect the industrial growth as a determinant of it, and to analyze and measure the impact of these variables on the industrial sector growth in the Iraqi economy for the period (2000-2014). Pursuant to the research hypothesis that states that each of the economic variables or the determinants of the industrial growth included in the standard model as independent variables that represent (inflation, GDP growth, population increase, the value of imports, the value of exports, the official exchange rate (of the local currency against the US dollar)) has a different impact on the dependent variable (i.e. The added value of industry).

It also states that there is a positive relationship between each of the independent variables, which are the growth of the gross domestic product and the value of exports, and the dependent variable that represents the added value of the industry. In contrast, there is a negative relationship between each of the official exchange rates, inflation, population growth and the dependent variable (the added value of the industry). For the purpose of achieving the goal and the hypothesis of the study, both descriptive and econometric techniques have been used to measure that impact by multiple linear regression models and by utilizing the Ordinary Least Squares (OLS). The study applies two user-friendly software packages (Eviews 9 and SPSS 19). There are many findings of the study and the most important one is that the industrial growth represented by (the added value of the industry) is the function of each of the independent variables included in the model. The result shows no significance of one of the independent variables represented by the value of imports and was excluded from the model. The study also reveals that each of the variables (GDP growth and the value of exports) has a positive significant effect on the dependent variable (the added value of the industry), while each of the remaining

independent variables in the model (i.e. inflation, the official exchange rate, and population growth) has a negative effect on the dependent variable despite the significant variables in the model and this is in agreement with economic theory and the hypothesis of the study. Finally, for the future studies, it is recommended that the necessity of the significant attention and laying down the determinants of industrial growth should be taken into consideration when drawing the industrial development policy in Iraq.