

The importance of customs tax in reducing dumping policies

(An analytical study of the customs tax in Iraq)

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Abstract

The aim of this research is to analyze the impact of customs tax on dumping policies adopted by some countries on the domestic product using econometric models.

The customs tax can protect agricultural and industrial products from competing with imported foreign goods and reduce dumping policies.

The lack of activation of customs taxes in Iraq reflected negatively on the development of national production.

The policy of economic openness and free entry of goods contributed to the deterioration of the local industry and agriculture, which led to the rise of unemployment and the exit of foreign currency due to the high volume of imports from abroad. The study concluded that the application of customs tariff on the import of cement for the period 2005 - 2017 led to an increase in domestic production from 3010751 tons to 13383353 tons annually by 344.5%.

Therefore, the government should limit the phenomenon of dumping because of its negative effects on the productive sectors and the cement industry through the use of economic policy tools and customs tax.

First: Introduction

-1-1 Introduction to the research

When the state imposes taxes of all kinds, it seeks a set of goals, the most important of which is to provide the state's treasury with financial resources, since taxes are the most important types of public revenue, and taxes also have other goals, including protecting and encouraging national production from external competition.

Taxes in the oil countries in general and Iraq in particular do not constitute anything but a very easy percentage of the state's public revenues, and the application of trade openness and freedom of trade policies contributed greatly to the decline in non-oil

GDP growth rates and the decline of the industrial and agricultural sector's contribution to this output.

The reform and restructuring of the productive sector in Iraq needs to involve a set of economic policy tools, the most important of which is the tax policy that can and effectively protect the domestic product, especially in new projects.

-2-1 The importance of research

Domestic production, whether industrial or agricultural production, witnessed a significant deterioration, especially after 2003, due to several reasons, including the deterioration of infrastructure, lack of government support, commercial openness, and others. Therefore, the tax policy in Iraq, especially the customs tax, can play an important role in restructuring the local production wheel if it is Inhibiting tax or a relative tax.

-3-1 Research problem

One of the general objectives of the tax policy is to protect and encourage the national product, but the lack of activation of this type of tax negatively affected the sustainability and development of national production. The policy of economic openness and freedom to enter goods without restriction or condition contributed greatly to the deterioration of the national industry and the accompanying high rate of unemployment and depletion of the currency Difficult because of the high volume of import from abroad.

-5-1 Research hypothesis

The customs tax can contribute greatly to protecting and developing the national industry from competition with imported foreign goods and reducing dumping policies.

-5-1 Research objective.

The research aims to analyze and clarify the effect of the customs tax in limiting the dumping policies pursued by some countries on the national product using standard models.

Second - Customs Tax (theoretical framework

2-1 The concept and importance of the customs tax

The customs tax is considered one of the most important tools of the trade policy that it can use to achieve certain goals that are in the interest of the economy because it is one of the intervention policies through which the movement of foreign trade between the country and the outside world is regulated.

It can be defined as a type of indirect tax imposed on goods that enter or leave the borders of the state and its region, and through it it is possible to distinguish between imported goods and similar local goods, provided that no distinction is made between exporters with the possibility of reducing these fees in developing countries (Hanu, 2016 : 17).

It can also be defined as the taxes imposed in any country on the goods entering and leaving it according to legislation or a special system (Al Jasim, 1975: 454).

Although the use of customs taxes in many countries is intended to achieve substantial financial revenue for the state, it may achieve another purpose, which is to protect some branches of national production because the high price of the foreign commodity as a result of the imposition of the customs tax makes consumers of this commodity shift their consumption to similar national goods, The customs tax is either a value and it is a percentage of the commodity values, and this percentage may differ according to the item, for example 10% for the price of cotton textiles, 50% for silk and 100% for nylon. The customs tax may be qualitative, which is a constant imposed on the unit from Commodity, for example, imposes 50 fils Per square meter of cotton textiles (Al-Omari, 1988: 102).

-2-2The objectives of the customs policy

The state aims, from taxation, to a set of goals that can be summarized as follows:

-2-2-1 A financial goal

In many cases, the goal of the state from this tax is to achieve revenue for the state treasury, especially when the tax is imposed on goods that are not produced locally as it is considered a pure revenue for the state, and it may resort to a state sometimes to impose a tax on its exports when there is difficulty in revenue.

-2-2-2Economic goals

The goal of the tariff is a protective goal for the national product. Taxes may be imposed on exports and may be imposed on imports. When there are imported goods that compete with the local product, they are imposed on imported goods in order to raise their price, and thus the demand for local goods becomes more than before, as well as protecting new projects from competition. By the imported goods until these projects achieve economies of scale, but on exports, when the tax on the exported goods is gradually reduced, the percentage of local inputs in those goods increases in order to encourage the local product, and is also used to improve the balance of payments if it suffers from If there is a deficit, when this tax is imposed on imports, the balance deficit will be reduced.

-2-2-3 -Social goals

The customs tax is imposed on some commodities for social purposes such as alcoholic beverages, cigarettes, and others, because there are social and health effects for them on society. (Abdul-Rahman, 2015: 21.)

-3-2The protective effect of the customs tax

The imposition of the customs tax on imported or exported goods must have positive and negative effects on the economy. To understand this effect, we use the following graph to illustrate the effect of imposing the customs tax on a commodity.

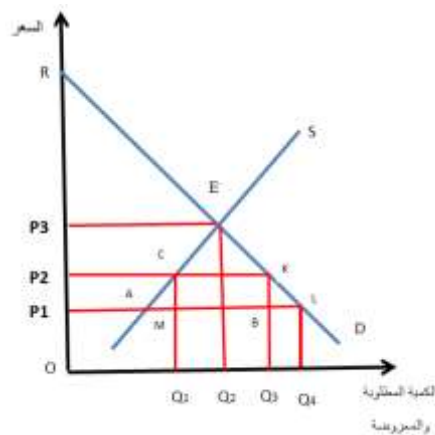


Figure (1) the protective effect of the customs tax

From the previous figure, we note that the price before the imposition of the customs tax was at P1, as the quantity consumed from this commodity was OQ4. As for the imported quantity of this commodity, it was Q1Q4. When imposing the customs tax, the price of this commodity increased to be at P2, which led to a decrease in the quantity consumed to OQ3.

An increase in the price of this commodity will reduce the quantity demanded of this commodity to OQ3, while the quantity supplied by the increase in price increases to OQ2, so the quantity imported from Q1Q4 to Q2Q3 has decreased.

But if the customs tax continues to be raised to more than P2, that is to P3, the quantity supplied will equal the quantity demanded. In other words, the national production in this case will be equal to domestic demand, which is known as the barrier tariff.

The imposition of the customs tariff can affect the welfare of society from the idea of low consumer surplus, consumer surplus before imposing any tax was representing the triangle P1LR, but when the tax price was raised to P2, the consumer surplus decreased, meaning that the consumer lost part of the surplus as a result of raising the tax rate imposed, which reduced that Community welfare this loss is equal to the area triangle P1P2KL.

For the purpose of understanding the truth of what happened to the consumer's surplus as a result of imposing the tariff, we must understand what each of these parts means. The area of the MCKB rectangle represents the imported quantity multiplied by the amount of the tariff, i.e. what represents what will be entered into the general budget of revenues due to imposing the tax. In this sense, this part does not represent a final loss To the consumer's surplus, as the returns must take their way to the doors of the public expenditures that will benefit the society as a whole. As for the area P1P2AC, it is located above the supply curve, i.e. it represents an increase in the surplus of the product due to the high price, if the other does not constitute a final loss to society, it has moved from a segment Take it Beijing to the producer segment (Amin, 2008: 182)

As for the area of the BLK triangle, it also represents a final loss borne by society due to the fact that the producers produce at a higher cost than the global competitive costs because this product was able to increase its production due to tax protection. Without this protection, it would not have been able to move its production from the Q1 level to the Q2 level and this increase in production In fact, it means transferring resources from efficient productive uses to less efficient productive use by international competition standards (Amin, 2008: 183)

Third: The conceptual framework of dumping policies

3-1 The concept of dumping

Before we address the phenomenon of dumping, it is necessary to get acquainted with the history of this phenomenon, as the first appearance of dumping was during the days of the American War of Independence, when distinguished English industries practiced dumping phenomenon to impede the growth of American industries, which was an obstacle to the growth of American industries, but at the present time states exercise The United States of America and the European Union this phenomenon against developing countries due to the increasing interest in international trade due to its different effects on the economies of countries, whether practicing dumping or in which dumping is practiced (customer and Kazem, 2014: 3).

Several definitions were received on the concept of dumping, so the United Nations knew for the first time dumping in 1922 that the existence of a dumping strategy was a possible issue as goods destined for export were sold at prices below the price registered in the importing country and at a price lower than the cost price, and that the price adopted by the definition aims to Facilitating the setting of margin dumping and enables the necessary corrections to be made (Saleh, 2012: 3-4). As it was known as the policy of selling goods in foreign markets at prices lower than the prices at which the same goods are sold in the internal market under the same conditions and other factors (Alwan, 2012: 5). (GATT) was defined in light of the general agreements of the World Trade Organization tariffs in 1994, that the introduction of international goods to other countries at export prices lower than their value in regular trade is harmful to their industry or modern industries, in other words, the concept of dumping is to consider the product as a dumped product if it is entered into the country's trade Less than the normal value of a similar product when directed to consumption in the exporting country (Al-Tom 2015: 14). And the concept of dumping is linked to two main aspects (Naama, 2014: 6)

The first: It relates to the price side, as dumping is the sale of a commodity in foreign markets at a price lower than the selling price in domestic markets.

Second: Linked to costs: dumping can be claimed, as the commodity was sold at a price lower than its production cost.

Through these concepts, dumping can be defined as the sale of goods at lower prices than those sold in the importing countries practiced by the countries in order to discharge the surplus from production or remove other competitors from the market.

-3-2 -Types of dumping

Dumping is a negative phenomenon that harms the economies of countries, whether they are developing or advanced, and through commercial dealings in international markets, we notice there are many types and forms of dumping, some of which drowned according to their internal and external purposes, others according to the period, as follows:

1- Dumping according to its internal and external purposes

Internal dumping:

It is the case in which a company puts a commodity on the local market at a price lower than its production costs locally to remove local competitors from the market (Abu Jameh, 2012: 192)

External dumping:

It is the situation in which countries dump the market of another country by exporting goods to them at prices lower than their production costs, and it is considered one of the most famous types of dumping and practiced by developed and developing countries alike, such as dumping American markets with iron and Japanese and Russian steel (Tom, 2015: 14)

•periodic dumping:

This type of dumping occurs during the depression (seasonal dumping) period in order to eliminate excess stock (Saleh, 2012: 7)

2-Dumping according to the period

Permanent dumping:

At the end of this type of dumping leads to the presence of a monopoly in the market that enjoys protection, for permanent dumping and monopoly is a syndrome, as monopoly depends on protection from foreign competition through barriers and customs restrictions that generate monopoly, and monopoly generates dumping through the willful monopoly of price discrimination, and a decrease The price of a commodity in the foreign market in proportion to what increases the external demand

for it, because its lower price increases its competitiveness, and thus the owners of price discrimination achieve the greatest amount of profits (Lakhdar, 2013: 36)

•accidental dumping:

This type of dumping does not target a specific market or a specific country in a permanent manner, and occurs due to emergency conditions such as the desire to get rid of a specific commodity at the end of the season, as it is offered on the international market at low prices, or for emergency conditions, as happened when large quantities of products of the Asian Tigers countries flow during The Asian crisis in 1997 as a result of the depreciation of its currencies (customer and Kazem, 2014: 93)

Temporary dumping:

It is called short-term dumping and is practiced to achieve a specific purpose that ends with its achievement, and therefore it is a temporary reduction in prices aimed at opening new markets or stabilizing the feet of the dumped in them, or its purpose is to defend against foreign competition in an emergency or to prevent the establishment of new projects in the market or eliminate a competitor He expelled him by downloading the losses (Lakhdar, 2013: 37)

-3-3The causes of the dumping phenomenon in Iraq

Dumping is one of the economic policies that relate to economic competition between countries to obtain the largest volume of foreign markets to dispose of their products and search for demand in these markets. The dumping policy in Iraq has several reasons, including:

- 1- The disruption of the customs tax law on imports led to a decrease in the prices of imported goods, and only Iraq (5%) was charged with the exception of food and medicine, and there are taxes of up to (20%) on raw materials imported by the industrial sector necessary for industrialization. Which led to the high prices of production inputs due to high tax rates and poor qualityMost of them, such as iron, wood, dyes, and other materials, have made it difficult for these industries to continue operating or be able to compete with imported goods (customer and Kazem, 2014: 98)
- 2- The ill-conceived economic openness made the volume of imports in a state of increasing increase and exports in a state of increasing decline, especially after 2003, knowing that most of the imports are from consumer goods and not capital (Alwan, 2011: 7)
- 3- The weakness of qualitative and quantitative standardization bodies in defining and following up the specifications and quality of commodities and industries (Customer and Kazem, 2014: 98.)

- 4- Lack of interest in operating unemployment, reducing persuasive unemployment, and less customs revenue and tax imposed on economic, industrial and agricultural activities (Alwan, 2011: 7)
- 5- The lack of a tight commercial system to protect the Iraqi market from dumping attempts by regional states (Zboun and Kazem, 2014: 99)
- 6- Lack of sufficient awareness among consumers and their weak financial and technical capabilities (customer and Kazem, 2014: 99)
- 7- The spread of sidewalk goods in Iraq, as most of the goods offered on the floor are non-manufactured, low-priced, and perishable goods, most of which are sourced from Iran and China (customer and Kazem, 2014: 99)

-4-3The negative effects of dumping on Iraqi industries

The policy of external openness after 2003 led to the opening of the Iraqi borders for various types of goods and products from different countries of the world, and when the country is exposed to the state of dumping, the state of dumping will not stop when individuals enjoy low-priced commodities, but there are many rebounds that reflect negatively on the economic performance of the exposed country To dump.

The negative effects of dumping on Iraqi industry can be summarized as follows:

- 1- Disrupting and delaying the wheel of industry and agricultural investments, and the accompanying disruption of the country's basic agricultural and industrial capacities and resources that are distinguished by its strategic importance (Alwan, 2011: 8)
- 1- - 2Decline in agricultural production due to the inability of the Iraqi farmer to meet the prices of imported agricultural products to neighboring countries due to the low prices and the lack of application of health measures on imported foodstuffs and the spread of the phenomenon of administrative and financial corruption (customer and Kazem, 2014: 96)
- 2- Dumping is an auxiliary factor that increases the problems faced by the public and private industrial sector (Abboud, 2015: 84)
- 3- Increasing unemployment rates as a result of the declining role of the industrial sector, due to the closure of many factories and the privatization of many of them (Zubun and Kazem, 2014: 97)
- 4- As a result of the low profitability of the agricultural sector, the labor force has moved from this sector to other non-productive businesses to achieve rapid profit (Alwan, 2011: 8)
- 5- The role of the public sector has diminished due to the harm it is represented by low sales, lower revenues and the reluctance of consumers to acquire the local product despite their knowledge of the quality of the specifications approved in its production, for example the cement industry has suffered from intense and unfair competition by products of other countries, which has negatively affected This industry is harmful, according to the statistics of the

General Company for Southern Cement that its percentage of dumping amounts to (28%) (customer and Kazem, 2014: 96)

- 6- The short period of consumption for imported goods, which may be bad goods, and it eliminates competition between domestic and foreign goods, which leads to a decline in domestic production and the transformation of many private factories into mere warehouses to store goods (Abboud, 2015: 84).

Fourth: The effect of customs taxes on cement production in Iraq

-4-1 -The relative importance of customs taxes in financing tax revenues

Customs taxes constitute a large proportion of tax revenues in Iraq, and this is evident from Table (3-1)

Table (3-1) Percentage of the contribution of customs taxes in tax revenues for the period from (2005-2017)

Million dinars

Rate 1/2% 3	Tax revenue 2	Customs revenue 1	the years
24.88	474865	118176	2005
37.14	589651	219032	2006
20.79	1101503	229076	2007
39.18	960929	376539	2008
34.29	1722515	590688	2009
32.79	1725082	565718	2010
31.01	1408185	436714	2011
19.66	2633194	517867	2012
17.44	3419976	596643	2013
12.07	4263681	514636	2014
5.64	7385339	416858	2015
14.29	4530451	647482	2016
23.64	5201000	1230000	2017

Source: Prepared by the researcher relying on the Republic of Iraq, Ministry of Finance, Budget Department, General Authority for Customs, Customs Tax Department for the years 2005-2017.

It is clear from the data of Table (3-1) the increase in the collection of customs taxes during the years of the study, as they reached (118176) million dinars for the year 2005, which is the lowest customs revenue during the study period, and the reason for this is the absence of customs control for border ports and the absence of security after 2003, and achieved in 2006 The highest contribution rate in tax revenue, at a rate

of (37.14%) and with a customs revenue of 219032 million dinars, and in 2015 it achieved the lowest contribution rate in tax revenues, at a rate of (5.64%) and a customs revenue (416858) million dinars due to the security conditions it is going through Iraq, and the customs taxes returned to rise to achieve the highest revenue for the year 2017 and in advance T (1230000) million dinars, at a contribution rate (23.64%) of the public revenues.

-4-2The Relative Importance of Customs Taxes in Financing General Revenues:

Customs taxes constitute a small percentage of general revenues in Iraq, because public revenues in Iraq depend heavily on oil revenues, and this is evident from Table (3-2)

Table (3-2) Percentage of the contribution of customs taxes in general revenues for the period from (2005-2017)

Million dinars

Relativity 1/2% 3	Public revenue 2	Customs revenue 1	the years
0.25	45989445	118176	2005
0.44	49612766	219032	2006
0.43	53110590	229076	2007
0.44	84363743	376539	2008
0.11	53126190	590688	2009
0.89	63324963	565718	2010
0.47	92671371	436714	2011
0.47	109607148	517867	2012
0.57	103377909	596643	2013
0.51	99402199	514636	2014
0.61	68176606	416858	2015
0.11	57797672	647482	2016
0.15	77335955	1230000	2017

Source: Preparing the researcher by relying on:

Republic of Iraq, Ministry of Finance, Budget Department, Customs General Authority, Customs Tax Department for the years 2005-2017.

Republic of Iraq, Ministry of Finance, Economic Department, Technical Information Department, Final Accounts Tables.

Table (2-3) shows an increase in the percentage of the contribution of customs taxes in public revenues during the school years, as it reached (0.25%) in 2005, and achieved in 2006 a contribution rate (0.44%), and achieved the highest contribution rate in 2010 with a rate of (0.89) %, And achieved the lowest contribution rate in 2016 (0.11%) due to the security conditions in Iraq.

-4-3 The relative importance of customs taxes in non-oil GDP

A study of the percentage of the contribution of customs taxes in the non-oil gross domestic product can show the extent of the success of the economic administration in employing financial resources to achieve economic growth, reduce dependence on oil resources, and to show the relative importance of customs taxes in non-oil GDP, we use the table (3-3).

Table (3-3) Percentage of the contribution of customs taxes in the non-oil GDP for the period from (2005-2017) (million dinars)

Relativity 1/2% 3	Non-oil GDP 2	Customs revenue 1	the years
0.37	31153813	118176	2005
0.51	42736143	219032	2006
0.43	52437718	229076	2007
0.53	69859660	376539	2008
0.79	74645152	590688	2009
0.63	89159565	565718	2010
0.42	102070683	436714	2011
0.41	125231441	517867	2012
0.40	148013639	596643	2013
0.34	149480319	514636	2014
0.30	137631783	416858	2015
0.45	142904553	647482	2016
0.87	140200000	1230000	2017

Source: Preparing the researcher by relying on:

Table 3-1 data for customs revenues.

-Ministry of Planning (miscellaneous bulletins), Central Statistical Organization, National Accounts Directorate, statistical bulletins

Table (3-3) shows the percentage of the contribution of customs taxes to the gross domestic product in 2005 (0.37%), and the percentage (0.79%) for the year 2009, but this percentage decreased for the years 2014, 2015 and 2016 due to the security conditions experienced by Iraq and the reduction of customs tax rates. This led to a decrease in the percentage of the contribution of customs taxes in the gross domestic product, and achieved the highest contribution rate in 2017 and by (0.87%) as a result of the stability of the security situation and the increase in customs tax rates.

-4-4 The effect of the customs tax on cement production in Iraq:

The cement industry in Iraq is affected by a set of economic policies related to production, market and trade. The most prominent of these policies is the customs taxes, which have a positive and negative impact on cement production.

Table (3-4) the effect of the customs tax on cement production in Iraq for the period 2005-2017

Customs tax rate%	Imported quantities (Tons) ²	Domestic production for Iraq (Tons) ¹	the years
20	5000000	3010751	2005
20	2200000	3180946	2006
20	5700000	4242783	2007
20	6900000	6586038	2008
20	2500000	5956577	2009
20	5000000	8177291	2010
20	5500000	9714860	2011
20	6000000	12517392	2012
20	6200000	14530401	2013
20	2500000	11771028	2014
15	4500000	11357291	2015
15	2199000	12245691	2016
15	2100000	13383353	2017

Source: Prepared by the researcher, relying on:

Republic of Iraq, Iraqi Ministry of Industry and the General Company for Iraqi Cement (Central, Northern, Southern), Information and Statistics Departments, Production Reports for the years (2005-2017)

Republic of Iraq, Ministry of Finance, Budget Department, General Authority for Customs, Customs Tax Department for the years (2005-2017)

Table (3-4) shows that the percentage of customs taxes was fixed for the period from (2005-2014) and its effect was positive on production, so it achieved a continuous increase throughout the study period, so the production amount in 2005 was (3010751) tons and the amount of import (5,000,000) tons. The highest amount of production in 2013 (14530401) tons and the amount of import (6200000) tons due to an increase in the demand for cement for investment projects and the expansion of the reconstruction movement to stabilize the security situation in Iraq, and with a decrease in the customs tax rate for the period (2015-2017) to increase the import to cover the shortfall The market because some cement factories stopped production due to the security conditions that passed through Iraq and Enkh Production in 2015 exceeded (11357291) tons, and imports increased to (4,500,000) tons due to the decrease in the customs tax rate.

Fifth: Analysis of the standard results of the relationship between customs tariff, cement production, cement import, and customs revenue

To measure and analyze the results, we will learn about the relationship of joint integration between customs tariff and customs revenue and cement production and import of cement in Iraq for the period (2005-2017) using quarterly data, so we will test unit root Philips - Peron (PP) and Dickie Fuller test (ADF) and test Joint integration using the Autoregressive Distributed Lag ARDL model, to show the extent of the tariff impact on customs revenue, cement production, and cement import in Iraq, will be in accordance with the outputs of the Standard Program (EViews) for the time series that are included in Model.

-1-5 Variables used in the standard analysis

- 1- Customs tariff (X1), which is the independent variable.
- 2- Cement production (Y1), which is the first dependent variable.
- 3- Importing cement (Y2), which is the second dependent variable.
- 4- Customs revenue (Y3), which is the third dependent variable.

Table (5-1) shows the time series of economic variables that were covered in studying the relationship between the variables.

Table (5-1) Annual Data for Tariff, Cement Production and Cement Import

Tax rate% X1	Revenues Customs tax Y3	Y2 imports Tons	Domestic production y1 Tons	the years
20	118176	5000000	3010751	2005
20	219032	2200000	3180946	2006
20	229076	5700000	4242783	2007
20	376539	6900000	6586038	2008
20	590688	2500000	5956577	2009
20	565718	5000000	8177291	2010
20	436714	5500000	9714860	2011
20	517867	6000000	12517392	2012
20	596643	6200000	14530401	2013
20	514636	2500000	11771028	2014
15	416858	4500000	11357291	2015
15	647482	2199000	12245691	2016
15	1230000	2100000	13383353	2017

Source: From the work of the researcher based on the data of Table (3-1) and Table (3-4)

5-2 -Unit Root Tests

Unit root tests are among the rigorous tests that determine the extent of the time-series stillness and the knowledge of its temporal properties in terms of its degree of integration, and that the self-regression method with slow periods distributed over the

boundary test is applicable and regardless of whether the basic variables are static at their original levels (0) I integrated From zero degree, or to reach stillness after taking its first (1) differences, i.e., an integral of the first degree, or a mixture of the two, therefore it is necessary to ensure that there is no integral variable of the second degree (2) I, and to verify the degree Integration of variables using the Philips Peron test and test Extended wiki Fuller, and Table 5-2 shows the results of sleep tests (the root of the unit)

Table (2-5) 1- Results of unit root tests according to Phelps-Byron tests at the original level of data

PP					
		Y1GDP	Y2EX	Y3RT	X1
With Constant	t-Statistic	-1.0908	-2.6031	-0.1607	-0.5206
	Prob.	0.7127	0.0990	0.9365	0.8784
		n0	*	n0	n0
With Constant & Trend	t-Statistic	-1.7323	-2.8285	-1.4555	-1.7471
	Prob.	0.7222	0.1942	0.8318	0.7154
		n0	n0	n0	n0
Without Constant & Trend	t-Statistic	1.2756	-1.1653	1.4269	-1.0587
	Prob.	0.9469	0.2195	0.9601	0.2580
		n0	n0	n0	n0

Source: Preparing the researcher based on the program's outputs (EViews.)

Table (2-5) 2- Results of unit root tests according to Dickey-Fuller tests at the original level of data

ADF					
		Y1GDP	Y2EX	Y3RT	X1
With Constant	t-Statistic	-1.0908	-2.6031	-0.1607	-0.5206
	Prob.	0.7127	0.0990	0.9365	0.8784
		n0	*	n0	n0
With Constant & Trend	t-Statistic	-1.7323	-2.8285	-1.4555	-1.7471
	Prob.	0.7222	0.1942	0.8318	0.7154
		n0	n0	n0	n0
Without Constant & Trend	t-Statistic	1.2756	-1.1653	1.4269	-1.0587
	Prob.	0.9469	0.2195	0.9601	0.2580
		n0	n0	n0	n0

Source: Preparing the researcher based on the program's outputs (EViews.)

We note from the results of tables (5-2-1) and (5-2-2) that the time series of the variables contains the unit root, because the probability values are not statistically significant for the variables under study, which means accepting the null hypothesis (H0) that shows that The time series is not static at its original level, and it can be said

that this series is not static from degree (0) I and contains the root of the unit, and therefore the first differences will be taken to the variables, as shown in tables (5-3-1) and (5-3- 2)

Table (1-3-5) Results of unit root tests according to Phelps-Byron tests at the first data differences

The first difference PP					
		d(Y1GDP)	d(Y2EX)	d(Y3RT)	d(X1)
With Constant	t-Statistic	-7.4143	-6.9448	-7.2923	-7.0711
	Prob.	0.0000	0.0000	0.0000	0.0000
		***	***	***	***
With Constant & Trend	t-Statistic	-7.3694	-6.8864	-7.3315	-7.1305
	Prob.	0.0000	0.0000	0.0000	0.0000
		***	***	***	***
Without Constant & Trend	t-Statistic	-7.0000	-7.0000	-7.0000	-7.0000
	Prob.	0.0000	0.0000	0.0000	0.0000
		***	***	***	***

Source: Preparing the researcher based on the program's outputs (EViews.)

Table (2-3-5) Results of unit root tests according to Dickie-Foller tests at the first data differences

The first difference					
		d(Y1GDP)	d(Y2EX)	d(Y3RT)	d(X1)
With Constant	t-Statistic	-7.4143	-6.9448	-7.2923	-7.0711
	Prob.	0.0000	0.0000	0.0000	0.0000
		***	***	***	***
With Constant & Trend	t-Statistic	-7.3694	-6.8864	-7.3315	-7.1305
	Prob.	0.0000	0.0000	0.0000	0.0000
		***	***	***	***
Without Constant & Trend	t-Statistic	-7.0000	-7.0000	-7.0000	-7.0000
	Prob.	0.0000	0.0000	0.0000	0.0000
		***	***	***	***

Source: Preparing the researcher based on the program's outputs (EViews.)

It is clear from the data of tables (1-3 - 5) and (2-3 - 5) that when taking the first differences of the time series they became static and do not include the unit root, and this means accepting the alternative hypothesis (H1) in the sense that the variables are integrated from the first degree (1 I).

-3-5The results of the joint integration test according to the ARDL model

The results of joint integration clarify the relationship between the economic variables under study, and they are as follows.

-3-5-1 -Results of the joint integration test for the variable (Y1)

Table (5-4) shows the results of the preliminary evaluation of the ARDL model for the relationship between the customs tariff and cement production (Y1)

Table (5-4) Results of the initial assessment of the relationship between the customs tariff and cement production

Variable	Coefficient	Std.Error	t.statistic	Prob
Y1GDP(-1)	0.963	0.034	28.086	0.000
X1	-13836.130	62352.470	-0.222	0.825
C	791651.200	1350636.000	0.586	0.561
R-squared	0.955	Meandependentvar	9091899.000	
Adjusted R- squared	0.953	S.D. dependent var	3852342.000	
S.E. of regression	830808.200	Akaikeinfocriterion	30.155	
Sum squared resid	3310000000000.000	Schwarzcriterion	30.269	
Log likelihood	-765.958	Hannan-Quinncrie	30.199	
F-statistic	513.512	Durbin-Watson stat	2.103	
Prob(F-statistic)	0.000			

Source: Preparing the researcher based on the program's outputs (EViews)

It appears from Table (5-4) that the model chosen according to the ARDL methodology is of the rank (0.1) according to the criteria of the slow period, and the length of the slow period that gives the lowest value for these criteria will be chosen, and the ARDL model will be From the rank (0.1)

The results of the preliminary estimate of Table (5-4) show that the determination factor reached (0.95), which gives an explanatory force for the model, and that the corrected determination factor reached (0.95). Coefficient of determination and corrected vice versa.

-3-5-2 -Results of the joint integration test for the variable (Y2)

Table (5-5) shows the results of the preliminary assessment of the ARDL model for the relationship between the customs tariff and cement import (Y2)

Table (5-5) Results of the initial assessment of the relationship between the customs tariff and the import of cement

Variable	Coefficient	Std.Error	t.statistic	Prob
Y2EX(-1)	0.726	0.145	5.004	0.000
Y2EX(-2)	0.000	0.181	0.000	1.000
Y2EX(-3)	0.000	0.181	0.000	1.000
Y2EX(-4)	-0.320	0.152	-2.109	0.041
X1	-128208.900	229854.200	-0.558	0.580
X1(-1)	376193.300	225606.900	1.667	0.103
C	-2115260.000	1452497.000	-1.456	0.153
R-squared	0.682	Meandependentvar	4274917.000	
Adjusted-Rsquared	0.635	S.D. dependent var	1782340.000	
S.E. of regression	1076933.000	Akaikeinfocriterion	30.751	
Sum squared resid	4760000000000.000	Schwarzcriterion	31.024	
Log likelihood	-731.028	Hannan-Quinnccrite	30.854	
F-statistic	14.623	Durbin-Watson stat	1.762	
Prob(F-statistic)	0.000			

Source: Preparing the researcher based on the program's outputs (EViews.)

It appears from Table (5-5) that the model chosen according to the ARDL methodology is of the rank (1.4) according to the criteria of the slow period, and the length of the slow period that gives the lowest value for these criteria will be chosen, and the ARDL model will be From the rank (1,4.(

The results of the preliminary estimate of Table (5-4) show that the determination factor reached (0.68), which gives an explanatory force for the model, and that the corrected determination factor reached (0.63). This natural result is due to the small number of independent variables, since the less the number of independent variables, the greater the value Coefficient of determination and corrected vice versa.

3-3-5-Results of the joint integration test of the variable (y3)

Table (5-6) shows the results of the preliminary assessment of the ARDL model for the relationship between the customs tariff and the customs revenue (y3)

Table (5-6) Results of the initial assessment of the relationship between customs tariff and customs revenue

Variable	Coefficient	Std.Error	t.statistic	Prob
Y3RT(-1)	0.800	0.075	10.737	0.000
X1	18725.820	18971.820	0.987	0.329
X1(-1)	-15653.920	26458.110	-0.592	0.557
X1(-2)	0.000	26417.910	0.000	1.000
X1(-3)	0.000	26417.910	0.000	1.000
X1(-4)	-37097.570	20780.610	-1.785	0.082
C	779043.200	206368.300	3.775	0.001
R-squared	0.880	Meandependentvar	528437.800	
Adjusted Rsquared	0.863	S.D. dependent var	251948.300	
S.E. of regression	93401.420	Akaikeinfocriterion	25.861	
Sum squared resid	358000000000.000	Schwarzcriterion	26.134	
Log likelihood	-613.670	Hannan-Quinnccrite	25.964	
F-statistic	50.165	Durbin-Watson stat	2.155	
Prob(F-statistic)	0.000			

Source: Preparing the researcher based on the program's outputs (EViews.)

It appears from Table (5-6) that the model chosen according to the ARDL methodology is of the rank (4,1) according to the criteria of the slow period, and the length of the slow period that gives the lowest value for these criteria will be chosen, and the ARDL model will be From the rank (4,1)

The results of the initial assessment of Table (5-6) show that the determination factor reached (0.88), which gives an explanatory force for the model, and that the corrected determination factor reached (0.86). Coefficient of determination and corrected vice versa.

-5-4 -Limiting the relationship between the customs tariff and cement production and import. Customs revenues

To test the existence of a long-term balance relationship between the customs tariff (the independent variable) and the production and import of cement and customs revenue (dependent variables), this is done according to two statistics: F statistic test for null hypothesis (H0) which states that the parameters of the slow levels of the slowing variables are all equal to zero , Which:

$$H_0: B_k = 0$$

This means that there is no long-term balance relationship between the variables, and this is against the alternative hypothesis (H1):

$$H_1: B_k \neq 0$$

There is a common complementarity between the variables.

As for the second test, it is a statistical calculation (t) to test the null hypothesis that the parameter of the sluggish dependent variable is equal to zero (H0: $B_k = 0$). If the calculated statistical value (F) is greater than the upper limit of the critical values, then we reject the null hypothesis which shows that there is no balance relationship Long-term, but if the statistical value (F) is less than the minimum critical values, we accept the null hypothesis.

4-5-1 -Test the limits of the relationship between the customs tariff and cement production (y1)

In order to test the existence of a long-term balance relationship between the customs tariff and cement production (y1), this is indicated by Table (5-7).

Table (5-7) Results of testing the limits of the relationship between the customs tariff and cement production

Test Statistic	Value	K
F-statistic	0.719	1
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	4.040	4.780
5%	4.940	5.730
2.5%	5.770	6.680
1%	6.840	7.840

Source: Preparing the researcher based on the program's outputs (EViews.)

The results show that the calculated value of the statistic (F) is equal to (0.719) and is smaller than the critical value of (F) at the level of (10%), which means rejecting the alternative hypothesis and accepting the null hypothesis, that is, there is no long-term balance between the tariff and the production of cement, and therefore not There is a common complementarity between them.

-5-2-2-Test the limits of the relationship between the customs tariff and the import of cement

In order to test the existence of a long-term balance relationship between the customs tariff and the import of cement (y2), this is indicated by Table (5-8)

Table (5-8) Results of testing the relationship limits between the customs tariff and the import of cement

Test Statistic	Value	K
F-statistic	8.022	1
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	4.040	4.780
5%	4.940	5.730
2.5%	5.770	6.680
1%	6.840	7.840

Source: Preparing the researcher based on the program's outputs (EViews.)

The results show that the calculated value of the statistic (F) equals (8.022) and is greater than the critical value of (F) at the level of (10%), which means rejecting the enemy's hypothesis and accepting the alternative hypothesis, that is, there is a long-term balance between the customs tariff and the import of cement, thus there is a relationship A common integration between them.

5-4-3 -Test the boundaries of the relationship between the customs tariff and customs revenue

In order to test the existence of a long-term balance relationship between the customs tariff and the customs revenue (Y3), this is indicated by Table (5-9)

Table (5-9) Results of testing the limits of the relationship between the customs tariff and the import of cement

Test Statistic	Value	K
F-statistic	6.662487	1
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	4.04	4.78
5%	4.94	5.73
2.5%	5.77	6.68
1%	6.84	7.84

Source: Preparing the researcher based on the program's outputs (EViews)

The results show that the calculated value of a statistic (F) equals (6.662487) which is greater than the critical value of (F) at the level of (10%), which means rejecting the enemy's hypothesis and accepting the alternative hypothesis, that is, there is a long-term balance between the customs tariff and the customs revenue, and therefore there is an integration relationship Shared between them.

-5-5 Results of estimating the long-term parameters and the error correction parameter

-5-5-1 -Long-term parameters and the error correction parameter (y2)

After confirming the existence of a long-term equilibrium relationship, long-term capabilities should be obtained for the estimated model parameters and the error correction parameter, and Table (5-10) shows that

Table (5-10) Results of estimating long-term parameters and error correction parameter (y2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(Y2EX(-1))	0.320	0.152	2.109	0.041
D(Y2EX(-2))	0.320	0.152	2.109	0.041
D(Y2EX(-3))	0.320	0.152	2.109	0.041
D(X1)	-128208.856	229854.247	-0.558	0.580
CointEq(-1)	-0.594	0.149	-3.986	0.000

Long Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	417349.206	125532.222	3.325	0.002
C	-3559908.63	2382946.007	-1.494	0.143

Source: Preparing the researcher based on the program's outputs (EViews.)

The results of Table (5-10) indicate that there is a common long-term integration between the customs tariff and the import of cement (y_2), because the error correction parameter (-0.594) is statistically negative and statistically significant at a level less than (0.05), and long-term parameters indicate an effect A reversal between the customs tariff and the import of cement at a probability of (0.05), as increasing the customs tariff by (100%) reduces imports by (-3559908.63), which applies with the logic of economic theory.

-5-5-2 -Long-term parameters and the error correction parameter (y_3)

After confirming the existence of a long-term equilibrium relationship, long-term capabilities should be obtained for the estimated model parameters and the error correction parameter, and Table (5-11) shows that.

Table (5-11) Results of estimating long-term parameters and error correction parameter (y_3)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(X1)	18725.824	18971.821	0.987	0.329
D(X1(-1))	0.000	26417.912	0.000	1.000
D(X1(-2))	0.000	26417.912	0.000	1.000
D(X1(-3))	37097.571	20780.613	1.785	0.082
CointEq(-1)	-0.200	0.075	-2.676	0.011

Long Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	-170540.145	49916.438	-3.417	0.001
C	3904644.289	991200.662	3.939	0.000

Source: Preparing the researcher based on the program's outputs (EViews.)

The results of Table (5-11) indicate the existence of a long-term joint integration between the customs tariff and the customs revenue (y_3), because the error correction parameter (-0.200) is statistically negative and statistically significant at a level less than (0.10), and long-term parameters indicate an effect Direct between the customs tariff and the customs revenue at the probability (0.10), as increasing the customs tariff by (100%) leads to increasing the customs revenue by (3904644.289), which applies with the logic of economic theory.

Sixth / Conclusions and recommendations

6-1 Conclusions

- 1- It was found through the application of the customs tariff on the import of cement for the period 2005-2017 that the local production increased from 3010751 tons to 13383353 tons annually with a rate of 344.5% for the period under study, which is a very large increase.
- 1- - 2 Failure to activate the customs tax law issued by the House of Representatives to protect Iraqi products, approved by the Presidency Council for the year 2010, except in very narrow limits, which aims to build a national industry to avoid damage to it from harmful practices of dumping policy.
- 2- The customs taxes achieved high revenues during the years (2005, 2006, 2007, 2008 and 2009) and then decreased in (2010 and 2011) and those who achieved high revenues in (2016 and 2017) due to the reduction of the customs tariff, which increases their contribution to the revenues Customs.
- 3- Reducing the customs tariff negatively on the production of cement in Iraq that suffers from dumping, and the entry of imported goods in an enormous amount that does not conform to specifications and standards to Iraq.
- 4- The results of the standard analysis showed that there is no long-term balance between the customs tariff and cement production, while there is a long-term balance relationship between the customs tariff and the import of cement and customs revenue.

-6-2 -Recommendations

- 1- The government should address the dumping phenomenon because of its negative effects on the Iraqi commodity sectors in general, and the cement industry in particular by activating the tools of economic policy in general and the customs tax in particular.
- 2- Activating the previously applicable customs tax law No. (23) for the year 1984 to protect the national product from competition with foreign commodities, and the law issued by the House of Representatives to protect Iraqi products and approved by the Presidency Council for the year 2010 aimed at building a national industry to avoid the damages incurred by practices Harmful to dumping policy.

- 3- Increasing the role of customs taxes as it is one of the most important financial policy tools that the state uses to manage its economy, as it is an important source of government income.
- 4- Take introductory measures to increase customs duties at the boundaries of the specific obligations that are fixed in the schedule of obligations.
- 5- Regulating the import process and preventing the entry of goods that do not conform to the specifications of the standardization and quality control system, and activating the state's oversight role for its contribution to protecting the local product.

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