



# **ANALYSIS OF THE IMPACT OF DEVELOPING THE BUSINESS AND INVESTMENT ENVIRONMENT ON TOURISM SPENDING IN IRAQ- ANALYTICAL STUDY OF OPPORTUNITIES AND CHALLENGES**

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<b>Received:</b> October 26 <sup>th</sup> 2023 <b>Accepted:</b> November 24 <sup>th</sup> 2023 <b>Published:</b> December 30 <sup>th</sup> 2023	Tourism activity is an important economic activity at the global and national levels, as the tourism industry plays an important role in promoting and strengthening the national economy at the macro level, as it is one of the main pillars of service economics. The development of the business and investment environment is crucial to promote economic growth and achieve sustainable development in any country, and in the context of the State of Iraq the tourism sector has tremendous potential for development and growth, which can contribute significantly to strengthening the economy, providing jobs and promoting social development. In order to exploit this great potential, it is necessary to develop the business environment and create the appropriate conditions to attract tourism investments. The study found that the tourism industry has a number of positive economic effects on tourism development models, which result in significant gains to contribute to the development process, Through the development of the business and investment environment for the private sector, which is the beating heart of the economies of countries and with the support of the public sector through various mechanisms, the most important of which is activating financing policies, stimulating legislation and preparing infrastructure plans for national tourism to make a difference in the tourism industry to contribute to supporting the national economy and one of the tributaries of its revenues through financial returns derived from tourism spending.

**Keywords:** Business and Investment Development, Tourism Industry, Tourism Spending

## **INTRODUCTION:**

The tourism industry is of strategic importance in developing the economy and promoting sustainable development in many countries. In Iraq, it can be an important source of revenue and promote economic development. The business and investment environment is one of the critical factors affecting the growth of the tourism sector and tourism spending in Iraq.

Developing the business environment and improving investment in tourism can have a significant impact on tourism spending in Iraq. For example, improving tourism infrastructure such as hotels, resorts, and transportation could attract more tourists and increase the number of nights they spend in the country. The provision of financial services and investment facilities can also increase investment opportunities in tourism projects and promote the growth of the sector. Improving the business environment and encouraging investment in tourism can also affect other factors associated with tourism spending such as developing tourism products, increasing marketing and promotion, improving quality and tourism education, and creating local job opportunities.

### **First, The problem of study:**

The problem of study revolves around the weak business and investment environment that supports and stimulates the tourism sector has a negative impact on wasting the opportunity for the country from the gains represented in tourism revenues derived from tourism spending.

### **Second , The hypothesis**

The study assumes that the development of the business environment and investment in tourism can have a significant impact on tourism spending in Iraq, whether by increasing the number of tourists and the nights they spend or by



improving other factors affecting the tourism sector that can make a difference in the tourism industry and contribute to supporting the national economy through tourism spending.

### **Third : The importance of study**

The economic importance of research comes from the importance of tourism as a national development strategy and one of the important economic options within the approach pursued by countries, including Iraq, towards a distinct tourism industry, which nominates it to be one of the promising economic sectors that the state seeks to develop and advance, so the presence of tourism components that constitute a real weight of many and distinctive tourism capabilities from natural resources, archaeological and historical sites and religious purposes and the resulting marketing opportunities provided by the demand for all goods and services, which can provide the tourism sector with many opportunities in the tourism industry and motivate it to rebuild itself and develop its economic performance to contribute to achieving high rates of economic growth. This study shows the importance of developing the business and investment environment and linking it to tourism spending in Iraq, in order to promote economic growth, provide job opportunities, promote sustainable development, and attract foreign investments, and access to results of great importance to the authorities concerned with the development of the tourism sector in Iraq to stimulate and localize tourism spending, and contribute to economic and political decision-making that promotes economic development and achieves sustainable development in the country.

### **Fourth: The objectives**

This study aims to:

- 1- Shedding light on the reality of tourism, tourism spending, business and investment environment in Iraq.
- 2- Analysis of the impact of business environment development and investment on tourism spending
- 3- Focusing on the challenges facing the development of the tourism sector in Iraq and exploring the available opportunities.
- 4- Providing recommendations and suggestions to enhance the business environment and enhance tourism spending in Iraq

Fifth: The methodology

The researchers adopted the descriptive analytical approach in studying the research variables and achieving its objectives

### **The first topic is a conceptual introduction to the economics of tourism**

#### **First: Tourism and importance**

Tourism is the cornerstone of the structure of the national economy of many countries, and has the potential to directly and indirectly influence the social and cultural reality of societies. It is one of the most important growing industries in the world and one of the most important sectors in international trade as it is a productive sector that plays an important economic role and a goal to achieve development programs and an economic and civilized pillar<sup>(1)</sup>.

The World Tourism Organization (UNWTO) has defined tourism as ((a group of activities carried out by individuals traveling in places outside their usual environment and residing in them for a period not exceeding a year without interruption to spend leisure time or some business or for other purposes not related to the practice of an activity that generates income inside the place visited)).<sup>(2)</sup>

The tourist has also been defined as ((a person who enters a country other than his country for any purpose other than residing in it and carrying out the process of regular cross-border trade, and spends money in the country of destination, provided that the source of his spending is from places other than the country of his destination)).<sup>(3)</sup>

Second: Tourism Demand and Supply:

Tourism demand is defined as a set of diverse needs and characteristics that the local or foreign tourist needs, in addition to the tourist's desire and purchasing power or the amount of amounts allocated for the tourist process. It is also defined as a set of desires and needs of tourists accompanied by their purchasing power towards a group of tourism products in a particular area during a certain period of time when a certain level of prices is expected, assuming the

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1. Muhammad Omar Moamen: Tourism Planning, Dar Al-Kutub for Arab Studies, 1st edition, 2020, pp. 47-48.

2. World Tourism Organization "collection of Domestic Tourism Statistics"Madrid,1995,-p11-12

Marwan Al-Sukkar: Selections from the Tourism Economy - Jordan, Majdalawi Publishing and Distribution, 1999, p. .13

3-Iyad Abdel Fattah Al-Nsour: Foundations of Marketing Medical Tourism Services (Conceptual Introduction), Dar Al-Safaa for Publishing and Distribution, first edition, Amman, 2008, p. .23



stability of other factors.<sup>(4)</sup> The tourist offer is all that the region can offer to its actual and expected tourists, represented by a continuous and integrated series of temptations, natural and human aspects, facilities, services and facilities that can leave an impact on the hearts of its visitors to visit and stay in it for a period of time without others.<sup>(5)</sup> Both tourism demand and tourism supply affect the economy, as is the case with the supply and demand of the public sectors, this is the case with tourism supply and demand, there must be a parallel relationship between the two parties, the more demand the supply must increase, the institutions responsible for tourism products cannot produce and provide many products without a demand for them. With regard to the impact of supply and demand on the tourism economy, the increasing demand for tourism products is increasing Supply, and thus increase the percentage of profits by increasing the number of tourists and increasing their consumption of local products, the wheel of the local economy is moved in all respects and economic performance is improved.<sup>(6)</sup>

Third: Investment Environment and Tourism Investment:

It is an environment in which companies and investors can work smoothly and without major obstacles, in which all investment requirements are available and on the basis of which the investment decision is made, as investment needs an environment in which the elements of investor success are available in the good choice of investment opportunities.<sup>(7)</sup> available and consists of several components, including<sup>(8)</sup>: Tourism investment is meant as the total amount of money that has been invested in the fields of tourism and includes investment in the main components and capabilities of the tourism industry, represented in investments in tourism services, including accommodation services, restaurants, recreational places, transportation services and communication services.<sup>(9)</sup>

Fourth: Tourism spending concept and importance

First of all, we explain the concept of public spending as representing the state's spending to achieve its general economic and social goals to support and improve infrastructure and public services for society on a wide range of sectors, we will move to the main topic of study, which is tourism spending, and the topic will be addressed from two sides:

The first destination: tourism spending (government spending), which refers to all the expenditures made by the state to support and develop the tourism sector, as public spending and tourism spending are interrelated in several ways, the development of the tourism sector requires a good infrastructure, advanced public services and integrated preparations from the tourist offer to receive tourists and meet their needs, so the tourism sector needs investments in infrastructure and development in public services to enhance the attractiveness of tourism, which requires monitoring investment allocations from the state's general budget to establish Huge tourism projects that the private sector cannot access Thus, spending on the tourism sector is an important part of public spending, and they are integrated to support the development of the economy and enhance the tourism attractiveness of destinations through proper planning and appropriate investments in infrastructure and public services to ensure sustainable growth of the tourism sector and enhance public welfare, Spending on the tourism sector by the state is a key driver to promote economic growth and achieve economic development and is characterized by the ability to generate new job opportunities in the tourism sector, which in turn leads to increasing public income, improving the economic life of society, enhancing local revenues, stimulating investments, developing infrastructure, and promoting cultural and social exchange between different cultures. This is at the level of state spending <sup>10</sup> on the tourism sector

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4-Thamer Al-Bakri: Marketing foundations and contemporary concepts. Thamer Al-Bakri. Al-Yazouri Publishing House, 1st edition, 2016, p. 44

5 -McIntosh & others: Tourism principles, John Wiley & Sons Inc, New Yourk ,1995,p296

6.Muhammad Taqah and others: Fundamentals of Micro and Macroeconomics, Second Edition. Dar Ithraa for Publishing and Distribution, Amman 2009

7-Mansouri Al-Zein, Encouraging Investment and Its Impact on Economic Development, Dar Al-Raya for Publishing and Distribution, 1st edition, Jordan, 2012, p. 42

8-Muhammad Fadel Al-Obaidi: Investment environment. Arab Society Library for Publishing and Distribution, 1st edition, Amman, 2012, p. .57

9-Abdel Nasser Al-Zahrani - Kabashi Hussein Qasima: Tourism Investment in Al-Ula Center Governorate, Tourism Research Center, Saudi Arabia, 2008, p. 17

10-Abdullah Al-Saidi: Taxes and Development: A Study of the Role of Income Taxes in Financing Public Expenditure, 1997, p. 19



The second destination: tourist spending (tourist spending) is defined as all spending within the host country receiving tourists by tourists themselves on various goods and services in exchange for the consumption of tourist services, whether it is spending from the citizens of the country or spending from foreign visitors, i.e. international tourists, and the more tourism consumption as a result of the increase in tourists, the number of nights and the economic level, the greater the tourist spending. It is also defined as the expenditure made by tourists on various tourist and non-tourist goods and services during their stay in the host country, as each expenditure is made within the host country who is considered a tourist

It is a consumer tourist expenditure,

Tourism spending is also defined as the amount paid for the purchase of consumer goods and services, as well as valuables (oil paintings, works of art, jewelry, etc.) for personal use or gifting, or for the purposes of a tourist trip and during it, and this includes spending by tourists themselves as well as expenditures paid by others.<sup>(11)</sup> Tourism expenditure includes, in particular, the following items:

Expenditure on consumer goods and services paid directly by employers to workers while traveling for commercial purposes.

Money paid by the tourist and paid for by a third party, whether by businesses, governments, non-profit organizations, or other families and social security programs that may make payments on behalf of the tourist.

Cash payments made by the tourist for services such as education, health, museums, performing arts and others.

Amounts paid for services provided to employees and their families on tourist trips that are mainly financed by employers, such as transportation subsidies, accommodation, and accommodation in holiday accommodation.

Amounts paid by tourists to attend sports or cultural activities at the invitation of producers, whose value is mainly paid by producers, whether they are commercial enterprises, the government or non-profit institutions. <sup>(12)</sup>

Tourism spending does not include other types of payments that may be incurred by tourists and is not offset by the acquisition of goods and services, such as the payment of taxes, bank interest and purchases of financial and non-financial assets.

The positive development in the tourism movement will be offset by an increase in tourism spending on tourism goods and services, and this in turn will stimulate services related to tourism activity in one way or another, as tourism spending is seen from the point of view of the country concerned with this spending, if it is a receptor for tourists, these are their spending as tourism revenues for this country and are recorded in the balance of payments as credit deals, and vice versa, tourism spending will be as payments borne by the country concerned and recorded in the balance of payments as debtor deals<sup>(13)</sup>.

The greater the flow of tourism traffic, the greater the volume of public spending on tourism goods and services, and thus a rise in savings rates, which activates the industries and services associated with the tourism industry, which generates the expansion of the scope of these industries and services, because every new investment means new spending, which creates new incomes. (The importance and size of tourism revenues depends on the size of what . <sup>(14)</sup> tourists spend in the host country for tourists, depending on several variables, including the purpose of tourism, the quality of accommodation, and the number of tourist nights that tourists spend in various hotel establishments and others.

On the other hand, the tourism spending of the countries exporting tourists constitutes tourism revenues for the countries that attract them, which are the most important variables in tourism development in many regions of the world, and this importance is primarily due to being considered an important source of financial resources for the state treasury, and works to improve the balance of payments, and achieve popularity at the level of all industries and activities related to the tourism industry such as agriculture, industry and transportation.

Tourism revenues represent an important source of foreign exchange for many developed and developing countries that have attached importance to their tourism sector. Tourism revenues are defined as all the revenues achieved by

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11- Douglas C. Frechtling ,The Tourism Satellite Account, A Primer Annals of Tourism Research, Vol.37, No. 1, p: 14

12-Report of the Department of Economic and Social Affairs, International Recommendations Concerning Tourism Statistics 2008, previously mentioned source, pp. .32-31

13-Manal Mina Hanna Salman: Tourism spending and its impact on the most prominent macroeconomic variables - a case study in Jordan, Master's thesis in Business Economics - Jordanian College of Graduate Studies, Amman, Jordan 2015, p. 28

14-Achia Solihi: The developmental effects of tourism - a comparative study between (Algeria, Tunisia and Morocco) Master's thesis, previously mentioned source, p. 36



the state from tourists and what tourism achieves as an economic activity and as a tax base, and what individuals, national companies and public and private institutions achieve in the field of tourism, hotels, aviation and navigation in return for the tourism services they perform.

Tourism revenues are affected by a number of variables, such as the strength of the tourism product for a particular region to attract tourists, the level of various tourism services provided to tourists, the prices of tourism goods and services, the extent of tourism awareness among citizens and workers in the tourism sector, the tourist's ability to spend, the nature of administrative, customs and monetary procedures followed by the relevant institutions and agencies in the countries hosting tourists, political relations between the countries attracting tourists and the countries exporting them, in addition to these variables, tourism revenues are affected. changes in tourist traffic and the number of tourist nights, both of which are adversely affected by the security, political and economic conditions prevailing in tourist countries.

The second topic is extrapolating the reality of the tourism sector and the business sector in Iraq

First: The reality of surveys and statistics of tourism spending and methods of estimation in Iraq

The most important of these methods is the banking method, which is intended to rely on the banking system to reach the estimate of tourism spending, and the second method is the statistical method, where tourism spending is estimated by this means directly through statistics and data issued by the tourism apparatus, and the third method is indirectly, as an approximate estimate of international tourism spending is reached.<sup>(15)</sup> In this context, the second method will be extrapolated direct interrogative from foreign tourists, as the estimation of international tourist expenditures in the direct way is characterized by the fact that the method of estimating international tourist expenditures in the direct way depends on the direct interrogative from foreign tourists about their spending on various items such as accommodation, food, drink, transportation, tourism trips and entertainment. By selecting a representative sample of foreign tourists and asking them precise questions about their spending and where they spent, the answers are analyzed and categorized and specific conclusions are drawn that can be generalized to the total number of foreign tourists in the host country. Estimating international tourist spending by direct method is one of the methods used to obtain accurate information about foreign tourist spending, but it requires attention to the design of inquiries and data analysis to ensure accuracy and confidence in the results drawn.<sup>(16)</sup>

With regard to Iraq, the Iraqi Ministry of Planning issued the Directorate of Trade Statistics for the first time at the level of Iraq Tourism Expenditure Survey for 2019 The survey aimed to shed light on the inbound tourism movement and provide data to calculate the GDP of tourism activity and sub-accounts to measure the role of tourism in the economy to serve as a base for studies and analyzes and allow comparisons between different countries by adopting several indicators, as the survey was carried out at all border crossings (land and air) for Arab tourists coming to Iraq, and foreigners and Iraqis who are not residents in Iraq, and it is a good step to measure tourism spending in Iraq for the coming years, as we lack these data, and in this context, tourism spending in Iraq for the year 2019 will be analyzed in the natural period, in which the entry of tourists is normal, meaning there are no religious occasions and there is no great momentum in the number of tourists coming to Iraq and the peak period, which includes the fortieth visit period, as Iraq receives many tourists in this period, which differs from all Time of the year in terms of arrivals to Iraq.<sup>(17)</sup>

First: The natural paragraph: The total value of total expenditure per night in Iraq in the normal period amounted to approximately 5,283,976,316 Iraqi dinars. The average per capita expenditure reached 71459.5 Iraqi dinars, where the number of tourists arriving in Iraq in this period reached 73,944 tourists, and the details of spending in the normal period of 2019 were as follows:

1- The total value of tourists' spending in Iraq amounted to 5.3 billion Iraqi dinars. Most of the tourists' spending was concentrated on external road fares (i.e. the transportation of tourists from their country of residence to Iraq and vice versa). The total value of tourists' spending on the plane or private car on the (external) road was 2 billion. Iraqi dinar, 37.3% of total spending

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15 Measuring Tourist Expenditure Using Credit Card Data: A Literature Review, paper publish in Journal of Travel Research :

<https://journals.sagepub.com>

16 Direct Survey Techniques for Measuring Tourism Expenditure: A Review ,paper publish in Journal of Travel Research :

<https://journals.sagepub.com> . The article provides an overview of live scanning techniques

17-Iraqi Ministry of Planning: Department of National Accounts, Department of the Central Bureau of Statistics, for the period from 2020-2004, columns 1and 2, columns 3and 5(columns 3, 4, 6.5) created by the researcher using the Excel system.



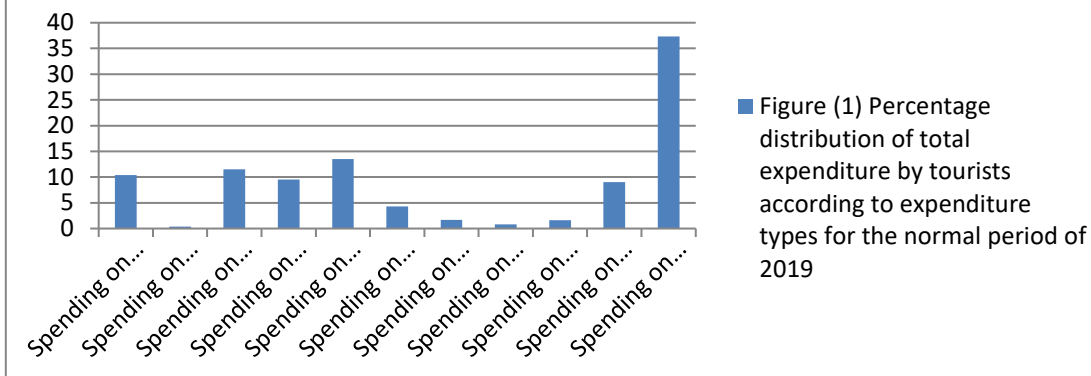


- 2- Followed by the total value of tourists' spending on purchasing tourists' needs of clothes, goods and gifts, amounting to 711.3 million Iraqi dinars, or 13.5%.
- 3- Followed by the value of spending on food, beverages, and beverages (with a value of 608.7 million Iraqi dinars, or 11.5%).
- 4- Then the value of spending on overnight stays in hotels and tourist resorts amounted to 551.7 million Iraqi dinars, or 10.4%.
- 5- Then the value of the tourist's spending on (transportation fees inside Iraq in the same governorate in which he lives, as well as transportation from his place of residence in the governorate to other governorates inside Iraq, whether by plane or car), amounted to 504.1 million Iraqi dinars, at a rate of 9.5%.
- 6- Then the value of spending on other items that were not mentioned and which can be counted, such as smoke (cigarettes and hookah) and alcoholic beverages, the fees of a translator or a tourist guide, purchasing gasoline and maintaining a car if you come or rent it, or paying visa fees or any other fees, amounting to 474.2 million Iraqi dinars, at a rate of 474.2 million Iraqi dinars. 9%
- 7- The lowest percentage of spending by tourists was spending on renting housing at 21.3 million Iraqi dinars, or 0.4%.
- 8- As for the rest of the spending items, such as spending on (purchasing valuable goods, communications, entertainment, and treatment), their percentage was (4.3%, 1.7, 1.6%, and 0.8%, respectively, of the total tourist spending, as in Table (1).

<b>Table (1) Percentage distribution and total value of tourists' spending by tourist gender in the 2019normal period of</b>						
<b>Ratio%</b>			<b>sex</b>			<b>Spending</b>
<b>total</b>	<b>female</b>	<b>male</b>	<b>total</b>	<b>female</b>	<b>male</b>	
<b>10.4</b>	<b>9.2</b>	<b>10.7</b>	<b>551,652,746</b>	<b>82,474,254</b>	<b>469,178,492</b>	Spending on overnight stays (hotel, motel, resort)
<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>21,285,475</b>	<b>2,565,613</b>	<b>18,719,862</b>	Spending on rental housing
<b>11.5</b>	<b>8.6</b>	<b>12.1</b>	<b>608,665,431</b>	<b>76,487,541</b>	<b>532,177,890</b>	Spending on food and drinks
<b>9.5</b>	<b>7.6</b>	<b>9.9</b>	<b>504,128,462</b>	<b>67,918,559</b>	<b>436,209,903</b>	Spending on transportation inside Iraq
<b>13.5</b>	<b>10.5</b>	<b>14.1</b>	<b>711,288,747</b>	<b>93,678,646</b>	<b>617,610,101</b>	Spending on purchasing goods and gifts
<b>4.3</b>	<b>5.3</b>	<b>4.1</b>	<b>225,344,560</b>	<b>47,468,642</b>	<b>177,875,918</b>	Spending on purchasing valuable goods
<b>1.7</b>	<b>0.9</b>	<b>1.9</b>	<b>89,681,089</b>	<b>8,458,608</b>	<b>81,222,480</b>	Spending on communications
<b>0.8</b>	<b>1.1</b>	<b>0.7</b>	<b>42,570,519</b>	<b>10,042,100</b>	<b>32,528,420</b>	Spending on treatment
<b>1.6</b>	<b>1.4</b>	<b>1.6</b>	<b>84,818,404</b>	<b>12,857,415</b>	<b>71,960,989</b>	Spending on entertainment
<b>9.0</b>	<b>5.9</b>	<b>9.6</b>	<b>474,192,705</b>	<b>52,519,710</b>	<b>421,672,995</b>	Spending on others
<b>37.3</b>	<b>49.2</b>	<b>34.9</b>	<b>1,970,348,177</b>	<b>440,240,725</b>	<b>1,530,107,452</b>	Spending on plane and car
<b>100</b>	<b>100</b>	<b>100</b>	<b>5,283,976,316</b>	<b>894,711,812</b>	<b>4,389,264,504</b>	the total

Source: Iraqi Ministry of Planning, Directorate of Trade Statistics - Tourism Expenditure Survey 2019, Baghdad 2020

**Figure (1) Percentage distribution of total expenditure by tourists according to expenditure types for the normal period of 2019**



Second: Peak period: The total value of total spending per night in Iraq amounted to 162,672,177,825 Iraqi dinars, while the average spending per capita reached 54,677.2 Iraqi dinars, as tourists arriving to Iraq in this period reached 2,975,135 tourists, and the details of spending in the peak period for the year 2019 as follows :

- 1- The total value of tourists' spending in Iraq amounted to 162.7 billion Iraqi dinars. Most of the tourists' spending was concentrated on foreign route fares (i.e. transporting tourists from their country of residence to Iraq and vice versa). The total value of tourists' spending on the plane or private car on the external route was 68.3 billion Iraqi dinar, 42% of total spending
- 2- Followed by the total value of tourists' spending on transportation spending inside Iraq, which means transportation fees inside Iraq in the same governorate in which the tourist lives, as well as transportation from his place of residence in the governorate to other governorates inside Iraq, whether by plane or car, which amounted to 20.3 billion Iraqi dinars, at a rate of 12.5 %
- 3- Followed by the value of spending on (purchasing goods and gifts) at a value of 18.1 billion Iraqi dinars, at a rate of 11.1%.
- 4- Then the value of spending on spending the night in hotels and tourist resorts (which amounted to 17.8 billion Iraqi dinars, at a rate of 10.9%. Then, the value of tourist spending on food and drinks) which amounted to 14.1 billion Iraqi dinars, at a rate of 8.7%.
- 5- Then the value of spending on other items that can be attended to, such as smoke (cigarettes and hookahs) and alcoholic beverages, the fees of a translator or a tourist guide, purchasing gasoline and maintaining a car if you come or rent it, or paying visa fees or any other fees, amounting to 9.9 billion Iraqi dinars, at a rate of 6.1.
- 6- Followed by spending on purchasing valuable goods at 9.2 billion Iraqi dinars, at a rate of 5.7.
- 7- Followed by spending on communications, amounting to 2.2 billion Iraqi dinars, or 1.4%.
- 8- Next comes spending on (entertainment), which amounted to 1.7 billion Iraqi dinars, at a rate of 1%.
- 9- As for spending on (treatment), its value amounted to 748.1 million Iraqi dinars, or 0.4%.
- 10- The lowest value of spending in this period is spending on renting housing, which amounted to 305.6 million Iraqi dinars, representing 0.2% of the total value of spending on tourists, as in Table (2).

**Table (2) Percentage distribution and total value of tourists' spending by tourist gender during the 2019 peak period of**

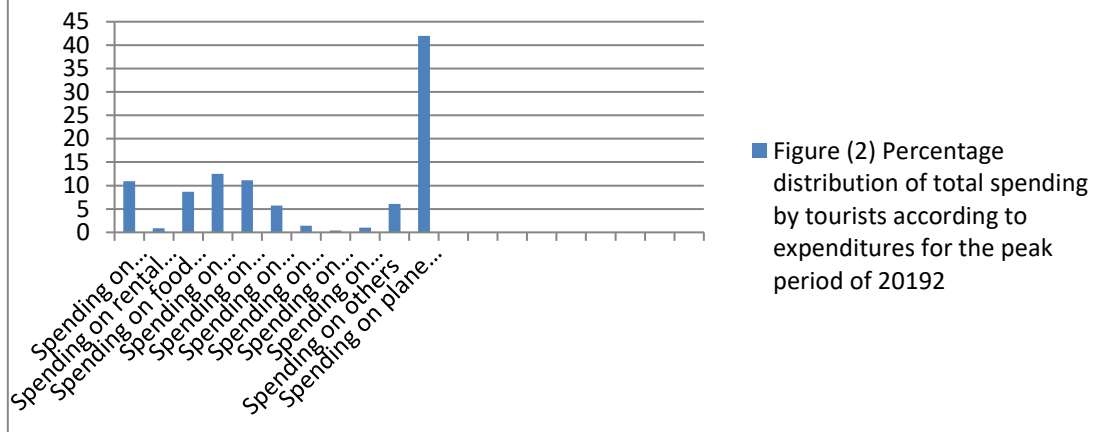
%ratio			Sex			Spending
total	female	male	total	Female	male	
10.9	9.8	11.2	17,781,310,872	2,673,075,250	15,108,235,622	Spending on overnight stays (hotel, motel, resort)
0.2	0.1	0.2	305,564,384	18,048,234	287,516,151	Spending on rental housing



8.7	6.4	9.1	14,101,115,586	1,746,831,579	12,354,284,007	Spending on food and drinks
12.5	8.6	13.2	20,278,440,601	2,333,912,785	17,944,527,817	Spending on transportation inside Iraq
11.1	12.5	10.9	18,101,733,246	3,399,591,717	14,702,141,528	Spending on purchasing goods and gifts
5.7	1.7	6.5	9,232,606,640	472,299,273	8,760,307,366	Spending on purchasing valuable goods
1.4	1.1	1.4	2,235,378,271	295,532,126	1,939,846,145	Spending on communications
0.4	0.9	0.4	748,130,820	244,210,165	503,920,655	Spending on treatment
1.0	1.2	1.0	1,700,827,324	322,220,574	1,378,606,751	Spending on entertainment
6.1	3.8	6.5	9,861,768,838	1,025,749,546	8,836,019,291	Spending on others
42.0	53.9	39.6	68,325,301,243	14,661,348,613	53,663,952,630	Spending on plane and car
100	100	100	162,672,177,825	27,192,819,863	135,479,357,962	<b>total</b>

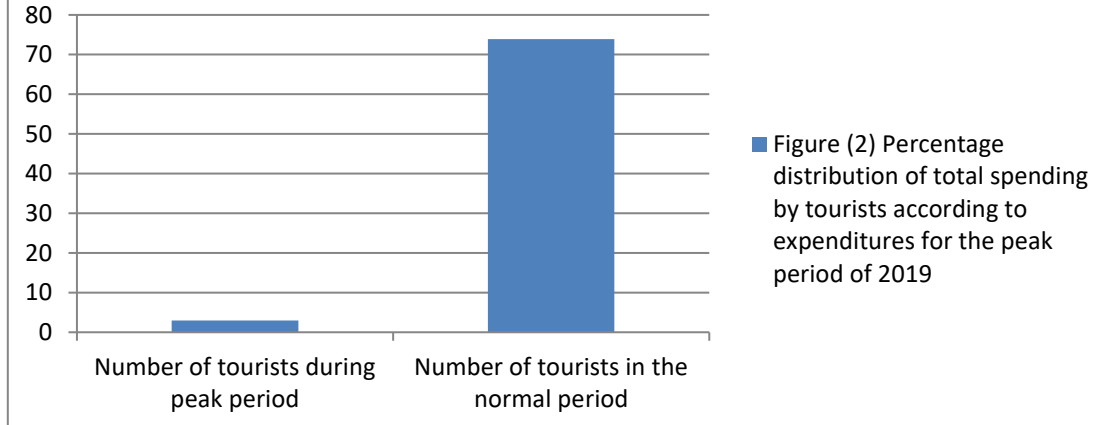
Source: Iraqi Ministry of Planning, Directorate of Trade Statistics - Tourism Expenditure Survey 2019, Baghdad 2020

**Figure (2) Percentage distribution of total spending by tourists according to expenditures for the peak period of 20192**





**Figure (2) Percentage distribution of total spending by tourists according to expenditures for the peak period of 2019**



Based on the above, and since the data available to us dates back to only one year, which is 2019, it is difficult to fully rely on this data to make sustainable and effective decisions. However, the following conclusions can be reached:

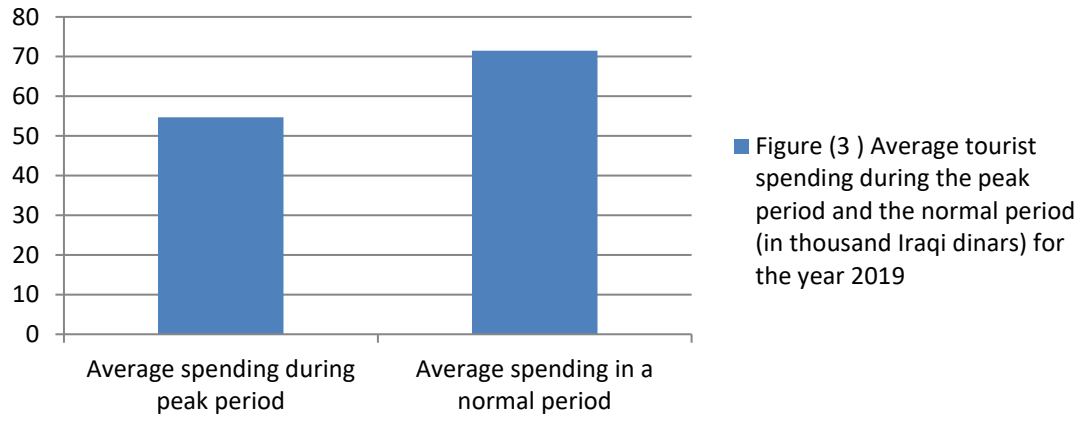
1. The total expenditure per night in Iraq during the normal period indicates that tourism in Iraq was active, as the value of expenditure reached approximately 5,283,976,316 Iraqi dinars. The average expenditure per capita was about 71,459.5 Iraqi dinars.

2. During the peak period, total spending per night in Iraq increased to 162,672,177,825 Iraqi dinars, and average spending per capita increased to 54,677.2 Iraqi dinars. The number of tourists arriving to Iraq during this period reached about 2,975,135 tourists.

It is clear from this that tourism in Iraq is witnessing growth and prosperity during the normal period and the peak period, as total and average spending increases

Per capita spending this growth could be a result of improving security conditions and general stability in Iraq, which encourages more tourists to visit the country. Which requires that the Iraqi government focus on supporting the tourism industry, developing tourism infrastructure, and enhancing tourism marketing for Iraq to attract more tourists and increase tourism revenues. By diversifying and developing tourism products to attract diverse categories of tourists and achieving the sustainability of the tourism sector.

**Figure (3) Average tourist spending during the peak period and the normal period (in thousand Iraqi dinars) for the year 2019**



Second: Analyzing the percentage contribution of hotel and restaurant activity to the gross domestic product

Tourism has direct and indirect economic impacts and has an important direct impact in increasing national income and the gross domestic product as an indicator that supports economic growth rates in any country. We will clarify from Table (3) the extent to which the tourism sector in Iraq contributes to the gross domestic product, but due to the lack of data on all activities. The tourism sector, which is limited to data for hotel and restaurant activity

Table (3) The relative importance of hotel and restaurant activity in the gross domestic product for the period 2004-2020 at current prices

Unit of measurement (million dinars)

The percentage of contribution of hotel and restaurant activity to the percentage of sectors' contribution to the gross domestic product	Percentage of contribution of hotel and restaurant activity to the gross domestic product of economic activities other than the oil sector	Gross domestic product of economic activities other than the oil sector	Percentage of contribution of hotel and restaurant activity to the gross domestic product	Contribution of hotel and restaurant activity to the gross domestic product	GDP of economic activities with oil	years
1.13%	198238.9	17462996.6	%0.41	198238.9	47958545.6	2004
0.07%	22848.1	31153813.9	%0.03	22848.1	73533598.6	2005
2.98%	1275367.9	42736143.9	%1.33	1275367.9	95587954.8	2006
0.11%	61855.7	52437718.9	%0.05	61855.7	111455813.4	2007
0.11%	83366.8	69859660.4	%0.05	83366.8	157026061.6	2008
0.18%	137319.7	74645152.3	%0.10	137319.7	130643200.4	2009
0.18%	163514.2	89159565.4	%0.10	163514.2	162064565.5	2010
0.17%	183578.0	102070683.7	%0.08	183578.0	217327107.4	2011
1.66%	2130773.3	127789933.2	%0.83	2130773.3	254225490.7	2012
1.52%	2250364.7	148013639.7	%0.82	2250364.7	273587529.2	2013
1.53%	2288550.4	149480319.2	%0.85	2288550.4	266332655.1	2014
1.88%	2439897.8	129486931.1	%1.25	2439897.8	194680971.8	2015



<b>1.94%</b>	<b>2513948.0</b>	<b>129523925.5</b>	<b>%1.27</b>	<b>2513948.0</b>	<b>196924141.7</b>	<b>2016</b>
<b>1.81%</b>	<b>2492066.7</b>	<b>137057562.5</b>	<b>%1.12</b>	<b>2492066.7</b>	<b>221665709.5</b>	<b>2017</b>
<b>1.58%</b>	<b>2359068.5</b>	<b>148744551.9</b>	<b>%0.87</b>	<b>2359068.5</b>	<b>268918874.0</b>	<b>2018</b>
<b>1.48%</b>	<b>2401531.7</b>	<b>161771501.6</b>	<b>%0.86</b>	<b>2401531.7</b>	<b>276157867.6</b>	<b>2019</b>
<b>1.56%</b>	<b>2379120.2</b>	<b>152325796.7</b>	<b>%1.10</b>	<b>2379120.2</b>	<b>215661516.5</b>	<b>2020</b>
<b>%1.26</b>			<b>%0.65</b>			<b>Average</b>

Source: Iraqi Ministry of Planning: Department of National Accounts, Department of the Central Bureau of Statistics, for the period from 2004-2020, columns 1 and 2, columns 3 and 5 (columns 3, 4, 6.5) created by the researcher using the Excel system.

From the data in Table (3) for the years of study (2004-2020), the data will be analyzed from two aspects:

The first aspect of the analysis is to know the contribution percentage of the hotel and restaurant activity to the GDP with oil, as it turns out to us that it is very small and not commensurate with Iraq's large and diverse potential, as the activity recorded the highest contribution percentage in 2006, amounting to (1.33%), and the lowest contribution percentage in 2008. It was 0.05%), and the average contribution percentage for the years of study was (0.65%), which is also weak

The second aspect of the analysis is knowing the contribution percentage of the hotel and restaurant activity to the gross domestic product, excluding oil. It also becomes clear to us that the contribution is higher after excluding oil, as the activity recorded its highest contribution percentage within the non-oil output sectors in 2006, amounting to (2.98%), and the lowest contribution percentage to In 2005, it was 0.07%, and the average contribution rates for the years of study reached a rate of (1.26%). Also from the data, the following can be noted:<sup>18</sup>

- Although the data does not include all tourism sector activities and contributions, hotel and restaurant activity plays an important role in Iraq's gross domestic product, especially in economic sectors not related to oil. Compared to the oil sector, the importance of hotel and restaurant activity is still relatively limited. Tourism activity also has connections with multiple activities and other economic sectors due to the sectoral interconnection mechanism, such as the industry, building and construction sectors, and all infrastructure sectors that are not shown in the data.
- Hotel activity has outperformed as one of the most important tourism investment opportunities in Iraq and is considered the most popular, especially in religious tourism governorates, due to its high revenues and the provision of job opportunities, each according to its hotel classification. Noting that the opportunities for tourism investment in other Iraqi governorates are small and not commensurate with the attractions available in them, and thus these governorates miss the opportunity for the economic and social benefits achieved by tourism development, if they reach them.
- The tourism sector is affected by seasonality and thus affects the total hotel operating rates and their revenues, with the exception of religious tourism cities. This is due to the weak interest in developing other tourism types and their diversity, such as archaeological, natural, therapeutic, and even recreational, despite the availability of their components in all cities of Iraq, and if they are exploited optimally, tourism's contribution will be greater in diversification. economic growth in gross domestic product and support economic growth.
- The main reason for the emergence of hotel activity is that it is considered the most popular and attractive for tourism investments, especially in religious tourism governorates, and thus its contributions increase. However, in other regions of Iraq, it decreases due to the decrease in the hotel occupancy rate outside the seasons due to the seasonality of the tourist market, which affects the total hotel occupancy rate and leads to the decline in its returns and the loss of others, in addition to the long recovery period in hotel investment due to the size of the high investment cost, which prompts investors to go to countries where a positive investment climate prevails to partially or completely finance hotel projects with national capital, which deprives the Iraqi economy of investments, not to mention Investors' reluctance to invest in other tourism activities due to the high degree of risk, more than the lack of capital, as well as the conditions imposed by banks on loans, which makes hotel investments the most popular among other activities.
- From the above data, it is clear that the contribution of tourism activity to the gross domestic product is calculated based on the revenues of the hotel and restaurant sector only, which amounted at best (1.23) in 2016, which means that there are other revenues that are not included in the contribution estimates, such as the contribution of travel and tourism companies' revenues, which are included in The contribution of the transportation sector is not counted for the tourism sector, let alone domestic tourism revenues. Tourism activity also includes multiple other activities resulting from the interaction of other economic activities with it due to the mechanism of sectoral interconnection, such as the industry, building and construction sector, and all infrastructure sectors. Therefore, it is not possible to estimate the



percentage of the tourism sector's contribution in an integrated manner. The main reason for the emergence of hotel activity is that it is considered the most popular and attractive for tourism investments, especially in religious areas, and thus its revenues increase. However, in other regions of Iraq, it decreases due to the decrease in the hotel occupancy rate outside the seasons due to the seasonality of the tourist market, which affects the total hotel occupancy rate and leads to a decrease. Its returns and the loss of others, as well as the long payback period in hotel investment due to the size of the high investment cost, which prompts investors to go to countries where a positive investment climate prevails to partially or completely finance hotel projects with national capital, which deprives the Iraqi economy of investments, not to mention the reluctance of investors. investment in other tourism activities due to the higher degree of risk than the lack of capital, as well as the conditions imposed by banks on loans, which makes hotel investments the most popular among other activities.

Third: The reality of the business and investment sector in Iraq

The private sector in Iraq has a path and history that cannot be ignored, which has left clear imprints on its economy, but the political, economic and security conditions that Iraq went through during successive eras of time led to a decline in the role of this sector, in addition to the control of the public sector, the obsolescence of means of production, and the flooding of the Iraqi market with imports and other things, which weakened its contribution. In supporting the national economy., as the reality indicates that Iraq is classified among the countries that occupy the lowest ranks of the ten indicators used in the Doing Business report issued by the World Bank for the year 2017, and the most important of these indicators mentioned in the report is that Iraq is ranked 165 out of one hundred and ninety countries to return and record a decline in the ranking of the 2018 Doing Business Report issued by the World Bank for the year 2018, to rank one hundred and sixty-eighth out of one hundred and ninety countries, and to rank one hundred and fifteenth out of one hundred and ninety countries in the property registration index, and is ranked In the ranking, it ranked eighty-one percent out of one hundred and ninety countries in the access to credit index, and obtained a score of (1/12) in the strength of legal rights and a score of (2/10) in the corporate transparency index. It also recorded low levels in investor protection, cross-border trade, and enforcement. Contracts and insolvency settlement and lacks any clear contexts for dealing with losing companies<sup>19</sup>.

Analysis of the positive effects of tourism and tourism spending as examples of the experiences of European countries  
Tourism as a source of income:

Tourism is an important source of cash income for governments, business people and communities around the world. According to the World Tourism Organization (UNWTO), tourism receipts globally amounted to approximately US\$1.22 million in 2016, mainly distributed between North America, Europe, and Southeast Asia. Consequently, tourism ranks third as an export category worldwide, after fuels and chemicals, although it outperforms food products. Income from tourism is calculated by considering inbound and domestic tourism, where visitor spending is converted into an increase in income for the host economy. There are some important indicators that can be obtained from the added value generated by tourism activities, such as tourism GDP, which includes the added value that arises as a result of the consumption of local tourists in all economic activities related to tourism. It also includes total tourism demand, which is the sum of domestic tourism consumption, investment, and collective consumption (public spending). In theory, tourism flows lead to a spatial redistribution of wealth, as tourists come from economically developed areas and spend in less developed areas. Likewise, social redistribution occurs when visitors come from middle- and high-income sectors, with tourism spending enhancing different social sectors<sup>20</sup>

2. Foreign exchange generation: refers to the impact achieved by international tourism in terms of the entry of foreign exchange into the host country through spending by foreign tourists. Foreign exchange generation is particularly important for developing countries, as it can help finance trade deficits and repay external debt. The impact of foreign exchange generation can be analyzed through three main indicators: contribution to covering imports, contribution to covering external debt, and the importance of tourism in the export sector. The balance of payments is an accounting tool that records economic transactions between residents and non-residents of a country. The impact of tourism on the balance of payments is important because it affects revenues and expenditures. However, you may have difficulties in estimating this effect. By analyzing the main elements in the tourism balance, it is possible to determine the context of the expected positive impact of international tourism within the framework of tourism development models. It is clear that encouraging inbound and domestic tourism generates economic benefits for the country. This can be achieved by improving the quality of services, innovating new products and enhancing tourism promotion. Other measures such as long weekends and low season discount policies can affect international tourism as well. However, the real exchange

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19-Doing Business report issued by the World Bank for the years 2017- 2018 .

20-UNWTO website, 2017.



rate is the primary determinant of international tourism movement and tourism policy cannot significantly influence it. Other economic policies aimed at preventing citizens from traveling abroad, such as economic restrictions, are a subject of debate between the right of individuals to freedom of movement and the interest the public<sup>21</sup>

3. Employment in the tourism sector: The tourism sector is an important source of jobs around the world, with the World Tourism Organization indicating that one in 10 jobs belong to this sector. These statistics confirm the importance of the impact of tourism in creating job opportunities. However, the data shows that revenues generated from tourism and jobs are not necessarily equal in magnitude. On the whole, tourism is a highly labor-intensive sector, which means that it generates more jobs per unit of investment than other activities.

Tracking the economic impacts of tourism poses a methodological challenge due to the diversity of tourism activities. Consequently, estimates vary over time, and there are notable differences between sectors such as hotels and restaurants. However, it is inaccurate to assume that a 1% contribution of tourism to GDP means generating 1% of jobs in the economy. For example, according to statistics, tourism contributes 10.9% to the GDP in Spain.<sup>22</sup>

4- Tourism income for the public sector: It plays an important role in national economies. The income resulting from inbound tourism and domestic tourism affects national economies through the profits achieved by the private sector and the wages paid to workers in this sector, in addition to the resources that are transferred to the public sector. In this context, tax collection is one of the traditional mechanisms that governments rely on to finance their public expenditures. One of the main sources available to the public sector is tourism revenues. Tourism revenues include a variety of sources, including taxes on the tourism sector. Taxes are financial contributions levied by the government on individuals and businesses as part of its obligation to finance the public expenditures of society as a whole. Tourism activity is an important source of income for many governments around the world.<sup>23</sup>

The third section: Analysis of the challenges facing the tourism industry in Iraq and future measures to address them  
The tourism industry is one of the vital industries that contribute significantly to strengthening the national economy and contributes significantly to the process of growth and economic development of countries, and its importance has become increasing in the global economy, as countries are witnessing a remarkable development in the tourism sector and an increase in the economic benefits resulting from it, and in the case of Iraq It enjoys a great diversity of tourist destinations, as represented by geographical and environmental components, civilizational and cultural heritage, in addition to the sacred religious places, as it is considered a unique tourist destination characterized by its diversity and natural beauty, and its rich history and cultural heritage that receives global attention, but the problem lies in The tourism sector, as one of the sectors of the Iraqi economy, faces a number of real challenges that have led to a decline in its role, which must be confronted and appropriate solutions found with the aim of advancing the tourism reality due to its ability to provide great investment opportunities capable of creating competitive tourism with other countries that contribute to attracting investors as it provides a good return on investments. The tourism industry is one of the important means of attracting financial resources by maximizing tourism imports or revenues. However, achieving such a result of the tourism sector's contribution to supporting the national economy in Iraq requires the state to carefully consider the fundamental challenges that affect the development of tourism and find measures to address them, which could stand in the way of its advancement and restoration of its tourist attractiveness, the most important of which are the following:

First: challenges

1- Challenges related to political and security stability<sup>24</sup> Represented by military conflicts, security unrest, internal political tensions, regional conflicts, and geopolitical repercussions, which are among the main challenges that negatively affected the tourism industry in Iraq, which began to gradually fade with the succession of rational Iraqi governments. Thus, Iraq faces an important challenge that lies in changing the negative image associated with it for years that has been reflected in its reputation. The country as a tourist destination has confidence in attracting tourism investments.

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21-Bryden, J. M. (1973). *Tourism and Development* Cambridge, UK: Cambridge University Press.

22-Garcia, B. and Fernández, A. (2016). Employment in the Spanish tourism sector and its role in recovering from the economic crisis. *Tourism Studies*, No. 209, pp. 29-41. Institute of Tourism Studies. Madrid.

23-Hernandez Hernandez, A. (2005). *Formulating and evaluating investment projects*. Mexico City, Mexico: Thomson. InverTUR (2018). Project Bank. Retrieved from <http://invertur.com.ar/club/12-> Ministry of Tourism of the Argentine Republic (2018). Investments. Retrieved from <http://www.turismo.gov.ar/inversiones>

24-Adel Abdel-Zahra Shabib, Some obstacles to investment in Iraq and ways to promote it, available on the website [www.iraqicp.com/index](http://www.iraqicp.com/index).





2- Economic challenges and the effects of general economic stability: Iraq faces many economic challenges, including the consequences of previous wars and economic sanctions and the effects that resulted from them such as poverty, unemployment and corruption. Which was reflected in the purchasing power of local residents and investments in the tourism industry. The tourism industry in Iraq is also affected by fluctuations in the country's general economy, linked to changes in oil prices (the main source of revenue), inflation, and the state's financial policy, which has led to a reduction in the capacity for tourism and travel, in addition to its impact on tourism infrastructure development investments.

3 - Slowdown in the completion of infrastructure and lack of tourism services: The tourism infrastructure suffers from deterioration and lack of development, which lies in the lack of modern, high-quality tourist facilities, in addition to a lack of good means of transportation and effective communications, as the tourism sector has suffered over many decades, Of two big obstacles. It represented a complete disruption of production and absorptive capacity, which led to a complete inability to meet the growing local demand for domestic tourism. Failure to keep pace with modernity and civilization in urban and urban planning related to the tourism sector, as the tourism industry needs large investments to develop infrastructure and improve the services provided.

4- Deficiencies in legislation supporting the tourism industry: In the post-2003 period, the state addressed a number of problems that had ravaged the joints of the Iraqi economy for many years, which would contribute to supporting and encouraging the investment environment in all economic sectors, crowning this direction with the issuance of Investment Law No. (13). For the year 2006, some of its paragraphs were amended in 2010, and this is a positive and good indicator, but there are still obstacles represented by some legislative restrictions in the provisions of the law that limit the investor's desire for the investment process, and are related to the process of regulation and control and providing a suitable business environment for the tourism industry. The complexity of administrative procedures and laws related to tourism, encouraging investments, and facilitating the establishment of tourism projects. We find the investor between the desire for investment work through tourism projects and the wall of complex procedures and legislative restrictions, and the tourism legislation that was issued in Iraq is insufficient to play an effective and supportive role in developing the tourism sector as a vital sector important for the advancement of an integrated tourism industry. The weakness of legislation stimulating tourism investments in Iraq requires the state to provide a safe legislative environment that includes legislative and executive procedures at the economic and security levels for the tourism sector to be attractive to tourism investments. The goal is to attract the local investor to reduce the volume of national cash leakage abroad and attract the foreign investor with all his capabilities that were mentioned. Previously to participate in the tourism industry in Iraq

Challenges in weak marketing and promotion in the tourism field: The tourism sector in Iraq faces challenges regarding the tourist destinations and available tourism products and the lack of effective strategies to reach the target audience and highlight the tourism opportunities available in Iraq. Especially the low image of the tourism product due to the low quality of tourism services provided. What is required is a distinguished tourism offer matched by a real demand for tourism.

6- Challenges facing tourism spending for incoming tourists: These challenges are represented by deficiencies in the tourism infrastructure, which affects the ability to receive tourists and provide them with a comfortable and enjoyable experience. The turbulent security situation and political tensions also affect tourists' decision-making to visit Iraq. Iraq also suffers from a negative image in the international media due to previous conflicts and security events.

A - Challenges facing the business sector in Iraq In Iraq: There are several challenges that stand in the way of improving its reality, the most important of which is the structural imbalance of the Iraqi economy and the challenges it imposes that require activating the role of the private sector and enhancing its competitive capabilities to ensure its effective participation in generating national wealth by contributing to the industry. tourism .

B - The economic situation has deteriorated as a result of the circumstances that the whole world is going through due to the Corona pandemic and its negative effects on the economies of countries, including Iraq, which has led to a decline in oil prices in a rentier country whose commodity is linked to political factors, which has resulted in the continued failure to secure investment allocations for its economic sectors. And service

T - The modest role in the private sector's contribution to the gross domestic product and fixed capital formation, which are among the defining elements of the private sector's role in the development process, the lack of a serious role for the private sector in helping the state to advance its situation, and the weak awareness of its role in social responsibility.

D - The inefficiency of the banking system in its used technological techniques and its inability to respond to the challenges imposed by internal and external economic variables on all sectors.

C - Delay in the economic reform process in Iraq, especially since the process of developing the private sector is dependent on the economic reform process.

H - Challenges faced by the state in providing stability and security in Iraq and implementing the law for everyone to allow the private sector to do business and invest in order to be able to compete.



Second: Future measures to address the challenges facing the tourism industry in Iraq.

1- The proposed solutions to the political and security challenges are achieved through:

Promoting political and security stability by enhancing national reconciliation processes, enhancing dialogue between the various parties, focusing on enhancing tourism security and the state's cooperation with the private sector to provide a safe and stable environment for tourists and investors in tourism, and working to enhance the country's image as a safe tourist destination through positive promotional and media campaigns.

2- Proposed treatments for economic challenges and the effects of general economic stability are achieved through:

Diversify Iraq's economy away from heavy dependence on oil by strengthening other sectors and working to enhance transparency and combat corruption by implementing comprehensive economic reforms and improving the business environment, as well as enhancing cooperation with international financial institutions to obtain financing and support for tourism infrastructure development projects.

3- Proposed treatments regarding the slowdown in completing infrastructure and the lack of tourism services are carried out through:

Increasing investment in developing tourism infrastructure through public and private partnerships and encouraging local and foreign investments. Improving tourism services through developing facilities and training human cadres specialized in the tourism sector. Encouraging sustainable urban development and smart urban planning to ensure the availability of modern and sustainable tourism facilities. When there is an increase in economic development Through the increase in oil production and export, as it is the main source of national income, Iraq's disposable income will increase. This leads to increased wealth and revenues available to the government. Thus, the wealth available from the oil sector will increase the government's potential to invest in developing tourism infrastructure, such as constructing and improving roads, airports, hotels, and tourist resorts.

4- Proposed solutions to the challenges of deficiencies in legislation supporting the tourism industry through:

Giving priority to enacting a law and legislation related to tourism investment, free of multiple legislative restrictions and obstacles to the investment process, to attract tourism investments, both local and foreign. Which, from the investor's point of view, is important, which causes him to abandon the investment idea and limits the capabilities of the investor. The availability of an integrated investment environment, including legislation, is one of the main elements of his investment decision. Therefore, we will ensure the availability of a successful investment environment that includes expanding the facilities granted to foreign investors and granting additional privileges to the Iraqi investor to return his capital. Immigrant national money, activating tax exemptions, resolving land ownership problems, and creating a suitable legislative environment for the tourism industry, including facilitating and simplifying administrative procedures and applying clear and fair standards and regulations. The laws and legislation related to investment and tourism must be clear and transparent, and enhance the rights of investors and protect them. Procedures should also be simplified and bureaucracy reduced to facilitate investment processes.

5- Solutions to current challenges in marketing and promotion through:

- Developing effective promotion and marketing strategies for the Iraqi tourist destination through the use of social media and modern technology, and enhancing international cooperation in tourism marketing through participation in international exhibitions and events, establishing partnerships with travel agencies, airlines, and international tourism organizations, facilitating the process of obtaining tourist visas, and providing flexible services to visitors. In terms of accommodation, transportation, entertainment, and enhancing marketing and promotion efforts for tourism in Iraq at the local and international levels. Implementing effective promotional campaigns and using social media, the Internet and tourism exhibitions to attract more tourists. When the government strengthens tourism marketing campaigns and organizes various tourism events that attract tourists. By introducing the offer of these services, tourists can have more options and diverse experiences, and thus tourism spending in Iraq will increase.

6- Proposed solutions to the challenges facing tourism spending through:

Focus on developing tourism infrastructure, including hotels, facilities and transportation. This can be achieved by attracting national and foreign investments and implementing relevant development projects, and making security and stability a top priority for the Iraqi government. Security measures and coordination between relevant authorities should be strengthened to provide a safe environment for tourists. We should work to market Iraq as a beautiful and diverse tourist destination. Social media and tourism promotion can be used to increase awareness of Iraqi tourist attractions and culture.

And strengthening cooperation with international organizations and international partners to support the tourism industry in Iraq, whether through exchanging experiences or providing financial and technical support, as well as providing professional training for workers in the tourism industry, including training in customer service and hotel management. This can be achieved through educational and training programs. It aims to develop the skills of workers in the tourism sector



Enhancing tourism spending in Iraq requires integrated efforts between the government sector, the private sector, and the local community. There must be a strong commitment to sustainable development and enhancing the quality and diversity of tourism offers.

7- Proposed solutions to the challenges facing the business and investment sector through:

From the perspective of the National Development Plan 2018-2022 to develop a supportive and stimulating business environment for the private sector in Iraq, it came with several endeavors and set ways to achieve them, especially since the Iraqi state has initiated a set of government policies and procedures aimed at activating the role of the private sector and announcing a package of economic reforms and combating administrative and financial corruption. With the aim of providing a suitable business and investment environment for the tourism industry in Iraq because of its positive impacts and returns, the plan's objectives can be summarized as follows (National Development Plan 2018-2020):<sup>25</sup>

1- Increasing the percentage of the private sector's contribution to the gross domestic product and gross fixed capital formation, reducing the unemployment rate, and increasing the percentage of investments in the basic economic and development sectors.

2- Working to improve the business and investment environment so that the private sector operates in a supportive environment supported by legal and regulatory policies.

3- Developing small and medium enterprises, expanding the scope of their work, and giving the private sector opportunities in all relevant sub-sectors, such as human resources, service quality, certification, promotion, advertising, and strategic partnerships.

4- Establishing real participation of the private sector in the reconstruction and development process and sharing the burdens and benefits resulting from it by building real and effective partnerships for the private sector with the relevant government agencies and developing applicable business plans on the ground.

5- Restructuring public companies and the positive effects resulting from this process in terms of gains for the private sector, whether direct or indirect.

6- Governance of the private sector by completing the process of institutional building for the private sector on modern and sustainable foundations.

#### Conclusion

After reviewing all the positive effects of the tourism sector and the importance of the business sector and investment in the tourism industry, which has become an important part of the local and global economy, Iraq must invest in this sector and provide a valid and appropriate business environment for the private sector with all its components to prove itself and develop its capabilities, given the promising tourism capabilities it possesses. It is distinguished and diverse in its geographical, natural and religious components, and unique in its historical and archaeological components, which today constitutes a window of opportunity that must be seized to contribute to supporting the national economy and diversifying its resources through tourism spending and attracting it to the interior of the country, settling it and preventing it from leaking out of the cycle of income and output.

The process of developing the business environment for the private sector in the tourism industry is the responsibility of the state, like other sectors, to provide a successful business environment in which all the elements are available, including political and security stability, the presence of legal, financial and tax legislation, national savings, financial markets, banking systems that operate with high efficiency, and advanced communication networks, which further develop performance. The business sector plays a prominent role in its success, especially since the business and investment sector in Iraq in the tourism sector had the largest percentage of the total tourist facilities, as the number of hotels belonging to the private sector in 2020 reached (2291), with a percentage of (98.8%) of tourism projects according to surveys of hotels and accommodation complexes. Tourism for the year 2020, in light of an almost modest business and investment environment, which confirms to us that the business and investment sector in Iraq will have a major contribution to the tourism industry and support the national economy through the returns generated from tourism spending and generate many positive effects if it has a supportive and developed business and investment environment. ,

Based on the above, we present the following set of recommendations:

1- Taking a clear strategic decision that aspires to develop and create a base for a broad business and investment environment that will serve as a road map based on facts that confirm that the private sector can be a generator of positive effects in the tourism industry and establish advanced tourism services by establishing luxury tourism projects of hotels, resorts and units. Residential apartments and villas to meet the needs of tourists and visitors and make a difference in the tourism industry.



2- The private sector must be responsible for establishing investment projects, with support from the government sector in terms of legal and organizational security, that contribute and support the tourism industry and encourage them to establish tourism projects and motivate them. The state has an active role in supporting the economic process through the decisions and facilities it issues that reduce the severity of Laws make it easier for the business and investment sector to participate in various economic projects.

3- Working to revitalize tourism in Iraq and using it as an engine that achieves balanced regional development and improving the standard of living of the less developed regions that possess tourism sources and resources, and activating tourism planning to achieve integration in development between all sectors, matching and compatibility between tourism demand and the tourism product provided, and also achieving the greatest possible amount of Direct and indirect economic gains and ensuring modernization and development of tourist areas.

4- Creating an appropriate, politically and economically stable investment environment to ensure the participation of Iraqi and foreign investors to invest effectively without fear or hesitation in the tourism sector by paving the way for them to practice economic work and increasing their contribution to the development process because of their leadership role in the tourism industry.

5- Developing the business and investment environment by developing a system to encourage tourism investment in various areas that have not reached development, such as the city of Ur in Nasiriyah, the historical city in Babylon, and the historical cities in the rest of the governorates, as well as the marsh areas in the south, which leads to diversifying the tourism product and diversifying incentives to encourage the sector. Special in tourism and hotel investment, such as exemptions from taxes, especially at the beginning of the opening of projects, facilitating customs procedures for the devices and equipment you need, and providing long-term loans for local tourism and hotel investment companies.

6- Establishing a special law for tourism and hotel investment that will be clear to support the private sector by investing in natural, religious, historical and archaeological resources and making them an influential force in its economy and contributing to the realization of the tourism industry, which will raise the percentage of tourism activity's contribution to the gross domestic product through tourism spending and enhance its role, especially after Continue the transition to the market economy system announced by the state, which is considered an encouraging factor for the private sector and a catalyst for competition in tourism investment projects in light of an attractive investment environment for its growth and development to work within its legal and regulatory frameworks.

7- Focusing on the importance of the role of the tourism sector, considering tourism as a potential source for diversifying sources of national income and promoting economic development in the country, through which an increase in tourism spending can be achieved and economic growth in Iraq can be enhanced in the long term.

8- Strengthening cooperation between the government sector, the private sector, academic institutions and the local community. Strategic partnerships can be formed to develop tourism projects and exchange knowledge and experiences. Enhancing cooperation with relevant international organizations to benefit from international expertise and resources.

9- Developing and diversifying tourism products in Iraq to meet the needs of the target market, and developing various tourist tours that include culture, history, nature and adventure. Promoting religious, medical, commercial, sports and other forms of private tourism. Implementing strong and targeted marketing campaigns to promote tourist destinations in Iraq by using various media such as television, the Internet, and social media to promote tourist destinations and Tourism products. Enhancing digital marketing and creating innovative tourism websites and applications to attract tourists.

10- Improving the tourism infrastructure in Iraq, including developing hotels, restaurants, tourist attractions, historical sites, and public transportation. These facilities must be of high quality and equipped with modern technology to meet the needs of tourists. By improving the tourism infrastructure, comfortable and enjoyable tourist experiences can be provided for tourists coming from abroad. These positive experiences will contribute to enhancing Iraq's reputation as an attractive tourist destination and increasing the number of arriving tourists. A strong tourism infrastructure will also enhance confidence in international tourists and encourage them to stay for longer periods and spend more. of funds in Iraq, which contributes to economic development.

11- Stimulate the direction of tourism spending more within Iraq and attract tourists from outside Iraq to achieve local economic and social benefits from the tourism industry to achieve positive results in the long term.