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THE IMPACT OF THE INVESTMENT ENVIRONMENT IN ATTRACTING FOREIGN INVESTMENT TO IRAQ FOR THE PERIOD (2004-2018)

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ABSTRACT:
Investment is an essential element in the process of economic development, increasing production and developing the production base to achieve the desires of current and future generations, and in order for investment to play a prominent and vital role, an appropriate investment environment must be provided. Therefore, this study tried to clarify the challenges facing foreign investment in Iraq, and analyze and measure the impact that It is practiced by the investment environment represented by the (economic, political, and social) system on foreign investments and how to attract them to the local economy for the period (2004-2018) according to the research hypothesis that (the expulsive investment environment led to the reluctance of foreign investors to enter the Iraqi market).

INTRODUCTION

The investment environment plays a major role in determining the volume of foreign investment and thus the size of investment projects that will find their way into reality, as well as the importance of the investment environment as one of the important strategic economic issues and is the incubator in which investment and the local economy grow and develop, Iraq is one of the best countries in the world in opportunities Investment, but he is stuck in a sea of problems. The question is: Can Iraq overcome the obstacles inherent in its investment environment? Because despite his taking several steps towards reform, but they were not sufficient to attract foreign investors at the level that he aspires to, and according to the objectives of the research, the research was divided into three topics. Iraq for the duration of the research, as for the third study, it included measuring the impact of the investment environment on

attracting foreign investment, and economic variables (gross domestic product, government investment spending, exchange rate, unemployment rate, inflation rate) were used as independent variables and foreign direct investment as a dependent variable.

The first topic

(Conceptual framework for the investment environment and foreign investment)

First: the investment environment

1- Understood: - The concept of the investment environment is associated with the investment climate. The term investment climate is widely used in economic studies in general and in studies related to investment in particular, and the investment climate means that it is a set of institutional frameworks and economic, political, legal and social systems that affect investment decisions. And the impact is positive or negative on the investment project. (Al-Obaidi, 2012, p.57)

The investment climate is defined from the foreign investor's point of view as: - All factors that are taken into consideration when undertaking business within the borders of the investment host country and that affect the possibility of profit, transfer of profits abroad, and the process of capital recovery. (Peace, 2004, 183).

Second: Determinants of the investment environment: -

A- Macroeconomic policy: the host country that seeks to attract investments through several macroeconomic indicators, the most important of which are:

• Performance index and potential index for incoming foreign direct investment: - In the year 2001, UNCTAD launched the Direct Investment Index included in assessing the extent of success in countries 'efforts to attract foreign direct investment. On the other hand, an attempt to clarify the state's economic strength and its ability to agree with that With the contribution of its shares of foreign direct investment in the total incoming foreign direct investment worldwide, where in 2002 this indicator was revised by (UNCTAD) to become two indicators, the first one measures performance and the other measures capabilities according to the following formula (Chalghoum, 2012, 110-111) : -

$$\mathbf{IND_i = (FDI_i \div FDI_w) / (GDP_i \div GDP_W).}$$

It represents:

FDIi: Foreign direct investment to the country.

FDIw: Foreign direct investment is a scientist.

GDPi: a country's gross domestic product.

GDPW: global gross domestic product.

• Index of Economic Freedom: The Institute (Heritage) and the Wall Street Journal have issued the Index of Economic Freedom since 1995 for the purpose of measuring the extent of the state's interference in economic activity and the extent of its impact on the economic freedom of community members (Investment Guarantee, 2002, 99-100).

• Ease of Doing Business Index: This index was issued in 2004 as part of the annual environmental performance report by the World Bank Group and the International Finance Corporation. (Chalghoum, 2012, 14-115).

• Local risk assessment indicators: Local indicators are prepared by the Federation of general policies and recommendations related to taking corrective measures for institutions that are very important in development, and country risks are divided into the following (International 2016, p2).

1) Local Risk Composite Index: This indicator is issued every month by the PRS Group, by the International Local Risk Index (IGRG).

2) Institutional Investor Index for Local Evaluation: It is published by the magazine (Buxbaum 1994, p66).

Euro Money Index for Domestic Risks: published by EuroMini magazine, through which the index measures the country's ability to fulfill its external obligations to service foreign debts (Ibrahim, 2019, p. 184).

3) COFACE Index for Domestic Risks: This indicator measures the risks of a country's ability to pay and shows the extent of the impact of financial obligations on companies on the performance of the national economy and in the local political conditions as well as economic relations with the outside world.

• Human Development Index: It is issued by the United Nations Development Program. This indicator is an important tool in measuring human development trends in the world. (Chalghoum, 2012, 107-108).

• Transparency Index: It has been issued annually by Transparency International since 1995, and the index measures the degree of transparency by measuring the extent of corruption and its spread among government sector employees and politicians.

• The Anti-Corruption Index and the Quality of Organizational Frameworks Index: These two indicators are issued by the World Bank Group. The Anti-Corruption Index measures the efficiency of procedures and policies that guarantee the fight against corruption (Abdel-Reda, Rasheij, 2012, 130-131).

B- The political, economic and social environment: It is considered one of the main determinants of the investment environment and has a high impact on the investment climate through several elements represented by the following (Al-Tamimi, 2015, 7): -

1) Political and security stability

2) The economic system

3) The social environment

Second: Foreign Investment:

1- Its concept: ((One of the most important aspects of commercial activities in contemporary reality and that it is linked to an important role in the process of economic and social development of a country, as it is a main channel through which capital, skill, scientific and technical expertise flow)). (Samurai, 2006, 40)

2- The importance of foreign investment: - The importance of foreign investment is represented in several chapters represented by the following (Alwan, 2008, 21): -

A- The effect of foreign investment on the gross domestic product.

B- The effect of foreign investment on exchange rates.

C- The effect of foreign investment on inflation rates.

W - The impact of foreign investment on unemployment.

The second topic

(The impact of the investment environment on attracting foreign investment to Iraq for the period (2004-2018)

First: the challenges facing foreign investment in Iraq

1- Lack of security and political stability: - Political and security stability is one of the most important challenges facing the investor, whether domestic or foreign, as countries that enjoy political and security stability through the prevailing ruling regimes, the stability of governments, the state of democracy, and the nature of relations between the political components, all These factors provide an appropriate environment to attract investments, and political and security instability is a hindrance for investors, As it leads to the flight of local capital and the restriction of foreign investment from flowing into the interior, and that these factors have led to the building of an obstacle for individuals and companies from the flow of their investments into the interior (Abdel-Ridha, Rashayj, 2012, 94).

2- The economic system: - In 2004 AD the Iraqi economy witnessed a general deterioration in the wrong economic policies, the economic blockade and the wars it went through before this period that led to the suspension of most of its economic facilities (service and production) partially or completely, which led to the depletion of its financial resources and the destruction of Infrastructure, in addition to neglect and inappropriate use for more than twenty years, and during that period the real value of investments deteriorated due to the increase in inflation rates, the exacerbation of the unemployment problem, the decline in economic activity in the economic sectors, as well as the decline in the real value of per capita income (Saleh, 2017, 37).

t will deal with macroeconomic indicators that directly affect the investment environment of Iraq:

A- Gross Domestic Product (GDP): - The GDP growth rate is one of the basic economic indicators that indicate the strength and stability of the country. The foreigner.

B- Governmental investment spending: - Government investment spending has a positive relationship with foreign investment, and this indicates the existence of a suitable environment for investment within the country and by looking at Appendix (1) we note that government investment spending has increased from the year (2004-2013), except It began to decline from 2014, due to the events that the country went through, including the entry of ISIS gangs and directing expenditures to military spending to buy military equipment and finance them to confront ISIS, and it continued to decline in 2018 due to the governmental austerity that afflicted the country.

C- Inflation rate: - Inflation is one of the problems that the Iraqi economy suffers from, and it can be said that the high inflation rates that the Iraqi economy suffers from are among the challenges facing investment, which is an obstacle to the entry of companies and foreign investments into the Iraqi economy, and that inflation limits From the ability of the owners of capital and companies to produce and plan for work in addition to the continuing imbalances in prices, and the difficulty in forecasting by companies the costs of production and expected profits, and as a result, inflation works to reduce

the desire of people to enter investments, especially long-term investments (Abdel-Reda, Rasheej, 2012, P. 101).

W- Unemployment rate: The concept of unemployment according to the International Labor Organization ((The unemployed person is every person who is able to work and has the desire for it and is looking for it and for any wage but without success)) (Al-Majid, 2003, p. 37), one of the goals it seeks Countries are in the process of opening the field in attracting foreign investment and providing job opportunities that enable them to reduce pressure on local public and private institutions, and to contribute to raising employment levels and reducing unemployment rates. (Hakima, 2016, p.20), while the total participation rates in Iraq reached (15-24 years old), which is the most active and vital category for work for the period between (2004-2018), In 2004, the participation rate was the highest during the study period for this category and it reached (33.71) of the total employees, while the percentage decreased in close proportions during the research period, and the percentage ranged between (33.71 -27.21), as the lowest participation rate in 2017 was (27.21). As for the year 2018, the participation rate increased for (15-24) years old and reached (27.32). (World Bank, 2004-2018).

C- The exchange rate: - Looking at Appendix (1), we see that the market exchange rate in Iraq for the period (2004-2018) ranges between the lowest level (1182) as an exchange rate against the US dollar, and the highest level (1475), and that the stability of the exchange rate stimulates attraction Foreign investment into the country, and that the relationship of foreign investment to the exchange rate is an inverse relationship whenever the exchange rate was high or low, which led to a decrease in attracting foreign investment, meaning the absence of stability in the country's currency, up and down.

d- Foreign direct investment (Finv): - In September 2003, the Iraqi government (led by the Coalition Provisional Authority) directed its intention to privatize nearly 200 state-owned enterprises and projects, without the privatization process affecting the country's natural wealth. see MEES September 29, 2003, 1-4).

3- Social factors:

The most prominent characteristics of social factors are:

A- Women and the labor market: We note that the participation of Iraqi women in the labor market does not exceed 18.6%, in 2004, compared to 81.83% for males, but in 2008 the percentage increased to 20.95%, compared to 83.59%, here this means that the rate of female employment in The labor market in all economic activities is a declaration of high unemployment for women of working age, and the low percentage of their contribution to economic activity, indicating that the labor market in Iraq is a male market, and that opportunities for work tend to be more favorable to men than women. (Muhammad, 2012, p. 51-) 52).

B - The inadmissibility of the foreign investor: The principle of distinction between the foreign and local investor is a principle contained in most developing countries, especially Iraq, and this makes it difficult to practice the economic and social activity of the foreign investor, and there is an important reason for the inadmissibility of the foreign investor, which is the interference

of the tribes in preventing companies Foreigners from investing in areas close to the housing of these clans, as well as blackmailing these companies to hire their children or pay sums of money, not to mention social reasons such as bad customs and traditions and priority in working for the local investor, and that this view is one of the most **important challenges facing the foreign investor in starting his investments Within the country**.

The third topic

Measuring and analyzing the impact of the investment environment in attracting foreign investment to Iraq for the period (2004-2018)

First: Form variables: -

Table (1)

Type	code	Variable name
independent	GDP	Gross domestic product
Follow	FInv	Foreign Investment
independent	Unemp	Unemployment
independent	Exch	Exchange Rate
independent	INF	Inflation
independent	EXP I_G	Government Investment Spending

Second: Formulating the Standard Model: -

The use of economic measurement models in analyzing economic data is for the purpose of reaching a statement of the impact of the different economic variables and the extent of their relevance to each other and the relationship that binds them, and adjusting their trends in order to reach a result. The appropriate economic decision can be taken.

Y= F (GDP , INF,GIEx,Unemp,Exch)

Y: - represents the dependent variable (foreign investment)

FInv= bo + b1GDP+ b2 INF +b3GIEx+b4Unemp+b5Exch

Third: The Stability Test Stationary Time Series: The time series describing macroeconomic variables are often characterized by instability, because most of them change and grow with time, which makes their mean and variance unstable and related to time, Therefore, it is necessary to test the stability of time series before estimating them, treat them in case of instability, and know the degree of their integration. The stability test aims to examine the time series of the model variables for the duration of the search to ensure the extent of their static, in addition to determining the rank of each variable separately, by using a root test. We used the Augmented Dickey-Fuller test for this purpose, and the general mathematical formula for the Extended Dickey-Fuller test is as follows:

The normal form (without fixed term and general direction), as in the following form:

$$\Delta y_t = \alpha + (\rho - 1) y_{t-1} + \sum_{j=1}^{k} \rho_j \, \Delta y_{t-1} + V_t$$

The second formula (without a time direction), and as in the following model:

$$\Delta y_t = \alpha + (\rho - 1) y_{t-1} + \sum_{j=1}^{k} \rho_j \, \Delta y_{t-1} + V_t$$

The third formula (with a fixed limit and a time trend), and as in the following model:

$$\Delta y_t = \alpha + \beta T + (\rho - 1) y_{t-1} + \sum_{j=1}^{k} \rho_j \, \Delta y_{t-1} + V_t$$

Fourth: Analyzing and measuring the standard model used

First: Results of the static parameters test (Stationary)

The study variables were tested using Eviews9.5 program, and after performing the test, we reached the following results:

Appendix No. (2) shows the stability of the variables (the exchange rate, the inflation rate) at the original level I = (0), while the variables (gross domestic product, government investment spending, foreign direct investment, unemployment rate) are unstable, For the purpose of achieving stability of these variables, the first difference I = (1) was taken and found to be stabilized at (5%, 10%) with a breaker and without a breaker and direction.We will estimate the model that contains gross domestic product (GDP), inflation (INF), unemployment (EMP), exchange rate (EX)) and government spending (EG) as independent variables.And foreign direct investment as a dependent variable (FINF), and given the static of the model variables, some at the original level and others with the first difference, so we will use the ARDL method to estimate the model and extract the short and long term parameters.

Second: the results of the test of the co-integration relationship of the model.

The cointegration test in Appendix (3) indicates the existence of a common integration relationship between the independent variables and the dependent variable (the presence of 5 common groupings at 0.05 significance level), which makes us reject the null hypothesis which states that there is no co-integration relationship in the model, and accept the alternative hypothesis that It states the existence of a co-integration relationship of the model at 0.05 significance level).

Third: Results of the test of estimating the short and long-term relationship and the error correction parameter (ECM)

The results indicate that the results of some short and long-term parameters in the above model are consistent with what is assumed by economic theory and statistical standards, and the signals of some of them do not coincide with the starting points of the economic theory of the privacy enjoyed by the Iraqi economy in general, The sign of government investment spending (GE) was positive in the short term and of very high morale, but in the long term despite

the significance of the statistical relationship, however, the government investment spending signal appeared negative, which is an inevitable consequence of not going this type of spending towards the formation of the necessary infrastructure to attract Foreign investment as well as the spread of administrative, financial and bureaucratic corruption The complexity and smuggling of most government funds, all of which are among the most severe obstacles to the openness of Iraq to foreign investors, and the results indicate that the exchange rate variable (EX) coincides with what economic theory and statistical standards assume, as its sign appeared negative in the short and long term, meaning that there is an inverse relationship The lower the exchange rate of the local currency of Iraq against the dollar, the higher the desire of foreign investors to invest in the Iraqi economy and obtain opportunities for competition and profits, a result consistent with the logic of economic theory.

n addition, the variable of unemployment (UEM) appeared with a positive sign in the short and long terms, that is, it has a positive relationship with foreign direct investment (FIN). Economic as well as statistical criteria because they appeared in the model with very high levels of long and short terms. As for the variable gross domestic product (QGDP), it appears with a positive sign in the short term and has a high morale, but in the long term, its negative sign appeared because the gross domestic product in Iraq was not a real product coming from various sources of income from the economic sectors, but oil revenue constitutes the largest share From it, which makes it vulnerable to economic shocks and crises, and thus the GDP was not of a positive relationship in the studied period and did not contribute to attracting foreign investment due to the decline of economic sectors in Iraq other than the oil sector. As for the inflation variable (INF), its sign was positive in the short and long terms and had a high statistical significance, and the explanation for this was that the inflation rate was stable and was not influential in the eyes of investors to enter into real investments in the Iraqi economy, but it was political and security instability and the prevalence of administrative and financial corruption A major reason for the reluctance of investors to initiate investment opportunities within the Iraqi economy.

-ARDL-ECM evaluation 2

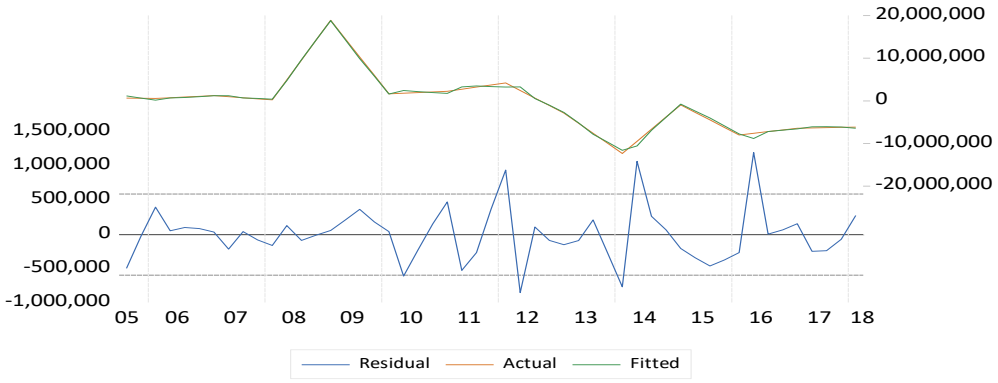
It is noted from the results of Appendix (4) that the value of the ECM (-0.81%) is negative and significant at a significant level less than 1%, and this indicates that (0.815398-) of short-term errors are automatically corrected in the economic system to reach a state Long-term equilibrium, meaning that foreign direct investment requires about (1.2 = 0.815398 ÷ 1), which is approximately (one quarter), which is a quick response to reach its equilibrium value in the long term.

Fourth: (Q-Statistic) test of the serial correlation of the final model

The Statistic (Q-) test indicates that there is no self-correlation problem between the random errors of the estimated model, as the probability value of Q-Stat values exceeding the 5% barrier means the non-significance of the Q-Stat values, which means acceptance of the null hypothesis which states that there is no correlation Subjectively in the estimated form The results in Appendix (6) indicate the existence of a long-term integration relationship

between the independent variables and the dependent variable. It indicates that we can reject the null hypothesis and accept the alternative hypothesis, which confirms the existence of a long-term complementary relationship between the dependent variable (foreign direct investment) and the independent model variables.

Figure (1) Results of the predictive capability test of the model with its ability to predict historical data used in measuring the model for the years (2004-2018)



The graph in Figure 1 clearly shows the high potential of the model to predict the values of foreign direct investment for the research period (2004-2018), as the model was able to follow the real values during the period of time in the periods of decline and rise very accurately.

CONCLUSIONS

1) Some of the model variables stabilized at the original level (exchange rate and inflation) and others settled at the first difference, namely (government investment spending, gross domestic product, foreign direct investment, unemployment rate), which means estimating the model using the (ARDL) model and then Unrestricted error correction model (ECM).

2) ECM results indicate that some parameters of the short and long terms in the standard model are consistent according to economic theory and statistical standards, and some do not agree according to the economic theory of the characteristic that the Iraqi economy enjoys on the general level, according to the application of the common integration test package (ARDL) test Ideally slow down gestures include:

3) The cointegration test indicates the existence of a co-integration relationship between the independent variables and the dependent variable, and the acceptance of the alternative hypothesis that states that there is a co-integration relationship of the model at a significant level (0.05).

4) The Statistic (Q-) test in the above table indicates that there is no self-correlation problem between the random errors of the estimated model.

5) The results of the evaluation of the unrestricted error correction model (ARDL-ECM) indicate that the value of the error correction factor (ECM) which is (-0.815398) is negative and significant at a significant level less than 1%, and this indicates that (-1.81%) of the term errors The short term is automatically corrected in the economic system to reach a state of equilibrium in the long term.

Recommendations

1) Work to create an appropriate environment in general that encourages foreign investments (direct and indirect) such as the legislative environment that includes the incentives and guarantees desired by the foreign investor, and that the main factor that the government relies on to provide an appropriate environment is the provision of real investment opportunities, and it is guaranteed by the local investment authority in turn. It provides these opportunities according to the requirements of economic development and the country's need for them, such as reconstruction and infrastructure projects, and to create a macroeconomic policy that guarantees the highest possible benefit from foreign investment in general.

2) Activating the role of the private sector and paying attention to local small and medium enterprises in order to maintain a balanced relationship between the state and the private sector, with the need to provide financial support and technical assistance for these projects in order to help them enter into mergers and alliances between them in order to strengthen their competitiveness with foreign companies.

3) Work to eliminate administrative and financial corruption and the rule of transparency in order to attract foreign investment, especially direct investment, for the sake of developing and developing local investment.

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2 Finv -(6)	Exch (5)	UNEMP (4)	INF (3)	EXP IG (2)	GDP (1)	year
4,359	1,453	9.55	27	5,114.00	53,235.00	2004
25,808	1,472	8.97	37	7,550.00	73,534.00	2005
564,925	1,475	8.79	53	9,272.00	95,587.00	2006
1,231,524	1,267	8.64	30.83	12,665.00	111,455.00	2007
223,278	1,203	8.39	13	15,671.00	157,026.00	2008
18,888,306	1,182	8.5	7.1	15,017.00	130,643.00	2009
1,654,260	1,185	8.36	3.1	23,676.00	162,064.00	2010
2,250,872	1,196	8.15	6.5	30,066.00	217,327.00	2011
4,192,200	1,233	7.96	6.1	37,178.00	254,225.00	2012
2,876,720	1,232	9.3	2.4	55,109.00	273,587.00	2013

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Appendix (1) Macroeconomic indicators (gross domestic product, government investment spending, inflation rate, unemployment rate, exchange rate, foreign investment) (billion dinars)

-12,353,664	1,214	10.6	1.6	62,903.00	266,420.00	2014
-944,778	1,247	10.7	1.7	41,214.00	194,680.00	2015
-8,007,680	1,280	10.8	1.2	25,746.00	196,924.00	2016
-6,415,800	1,275	13.02	0.6	28,532.00	255,722.00	2017
-6,145,330	1,258	12.86	0.2	24,650.00	251,064.00	2018

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Appendix No. (2) shows the results of the unit root test

variable	ADF	Critical values	The stillness of the parameters	Moral	Statistical values
QEXCH	Stationary	-3.557472	I(0)	1%	-2.937848
QEXP	Stationary	-2.608490	I(1)	1%	-2.094024
QUNEMP	Stationary	-3.581152	I(1)	5%	-3.169390
QGDP	Stationary	-1.946996	I(1)	%5	-2.416324
QFIN	Stationary	-1.948140	I(1)	%5	-1.899282
QINF	Stationary	-2.608490	I(0)	1%	-2.274175

Source: prepared by the student based on the outputs of Eviews 11 program

Appendix (3) Test results for the existence of a mutual complement relationship

Co-integration)) between the independent and dependent variables

	Adjustment coefficients (standard error in parentheses)			
-0.000192	-3.26E-07	0.000380	0.046757	D(QEXCH)
(6.6E-05)	(4.3E-07)	(0.00030)	(0.04413)	
0.036979	6.88E-05	-0.136070	17.33298	D(QEXP)

(0.00911)	(5.9E-05)	(0.04147)	(6.09416)	
3.203984	-0.435299	-144.8089	-17678.71	D(QFIN)
(11.4436)	(0.07415)	(52.0859)	(7654.18)	
0.060465	0.000204	-0.276141	59.84896	D(QGDP)
(0.04401)	(0.00029)	(0.20033)	(29.4385)	
-2.81E-05	-8.09E-08	3.89E-05	0.020092	D(QINF)
(9.8E-06)	(6.4E-08)	(4.5E-05)	(0.00659)	
2.81E-06	-1.06E-08	-1.57E-05	0.001407	D(QUNEMP)
(9.2E-07)	(6.0E-09)	(4.2E-06)	(0.00062)	
	-1941.883	Log likelihood	5 Cointegrating Equation(s):	

Accessory (4)

Results of the test for estimating the short and long-term relationship and the error correction parameter (ECM)

	ARDL Cointegrating And Long Run Form			
		Dependent Variable: D(QFI)		
	Selected Model: ARDL(5, 5, 5, 4, 5, 1)			
		Date: 11/05/20 Time: 13:32		
		Sample: 2004Q1 2018Q4		
		Included observations: 50		
Cointegrating Form				
Prob.	t-Statistic	Std. Error	Coefficient	Variable
0.0132	2.731899	0.099106	0.270746	D(QFI(-1), 2)
0.0178	2.594825	0.091073	0.236320	D(QFI(-2), 2)
0.0313	2.325794	0.085726	0.199382	D(QFI(-3), 2)
0.0097	-2.873605	0.096671	-0.277796	D(QFI(-4), 2)
0.0000	0.000000	2721407.056596	3430176.226799	DLOG(QE, 2)
0.0000	0.000000	2873597.263101	460195.152200	DLOG(QE(-1), 2)
0.0000	0.000000	2743524.792069	-521056.904366	DLOG(QE(-2), 2)
0.0000	0.000000	3095942.696062	32648190.524738	DLOG(QE(-3), 2)
0.00	0.000000	5503102.58741	-	DLOG(QE(-4),

00		0	17614290.354166	2)
0.0000	0.000000	8750609.647007	22735717.666824	DLOG(QEX, 2)
0.0000	0.000000	8251145.354710	1807127.345351	DLOG(QEX(-1), 2)
0.0000	0.000000	8137250.578691	-108714.418682	DLOG(QEX(-2), 2)
0.0000	0.000000	12228345.610226	84939135.155068	DLOG(QEX(-3), 2)
0.0000	0.000000	15469778.852071	-49468115.770253	DLOG(QEX(-4), 2)
0.0000	0.000000	6756319.316095	-26748696.615376	DLOG(QUN, 2)
0.0000	0.000000	6164625.238573	-32561.927740	DLOG(QUN(-1), 2)
0.0000	0.000000	5951543.592891	2178597.320619	DLOG(QUN(-2), 2)
0.0000	0.000000	7213465.471196	16737965.817355	DLOG(QUN(-3), 2)
0.0000	0.000000	3028937.409859	-34315756.664891	DLOG(QGD, 2)
0.0000	0.000000	2628040.823804	1459456.741177	DLOG(QGD(-1), 2)
0.0000	0.000000	2660051.812656	2330325.371967	DLOG(QGD(-2), 2)
0.0000	0.000000	3317976.679961	-42121260.741305	DLOG(QGD(-3), 2)
0.0000	0.000000	7040823.224788	19660579.573749	DLOG(QGD(-4), 2)
0.0056	3.123430	988566.678899	3087718.800567	DLOG(QIN, 2)
0.0024	-3.496176	0.233226	-0.815398	CointEq(-1)
Cointeq = D(QFI) - (-15241188.8718*D(LOG(QE)) -38593692.1474				
*D(LOG(QEX)) -46569745.2812*D(LOG(QUN)) -2888729.8958				
*D(LOG(QGD)) + 1522070.8059*D(LOG(QIN)) + 639407.8892)				
Long Run Coefficients				
Prob.	t-Statistic	Std. Error	Coefficient	Variable

0.0000	-7.247495	2102959.514546	-15241188.871824	D(LOG(QE))
0.0120	-2.776556	13899840.941983	-38593692.147413	D(LOG(QEX))
0.0000	-5.745544	8105366.825547	-46569745.281203	D(LOG(QUN))
0.3685	-0.921164	3135955.662501	-2888729.895779	D(LOG(QGD))
0.3209	1.019302	1493248.633733	1522070.805899	D(LOG(QIN))
0.0000	5.821754	109830.802124	639407.889199	C

Appendix 5: Results of the (Q-Statistic) test of the final model serial correlation

			Date: 11/05/20 Time: 13:33			
					Sample: 2004Q1 2018Q4	
					Included observations: 50	
Q-statistic probabilities adjusted for 30 dynamic regressors						
Prob*	Q-Stat	PAC	AC		Partial Correlation	Autocorrelation
0.492	0.4724	-0.094	-0.094	1	.*| . |	.*| . |
0.218	3.0507	-0.229	-0.218	2	**| . |	**| . |
0.240	4.2107	-0.204	-0.145	3	.*| . |	.*| . |
0.260	5.2781	0.044	0.137	4	. | . |	. |*. |
0.304	6.0271	-0.185	-0.114	5	.*| . |	.*| . |
0.248	7.8719	-0.235	-0.177	6	**| . |	.*| . |

*Probabilities may not be valid for this equation specification.

Appendix (6) shows the results of the boundary test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	9.909783	10%	2.2	3.09
K	4	5%	2.56	3.49
		2.5%	2.88	3.87
		1%	3.29	4.37