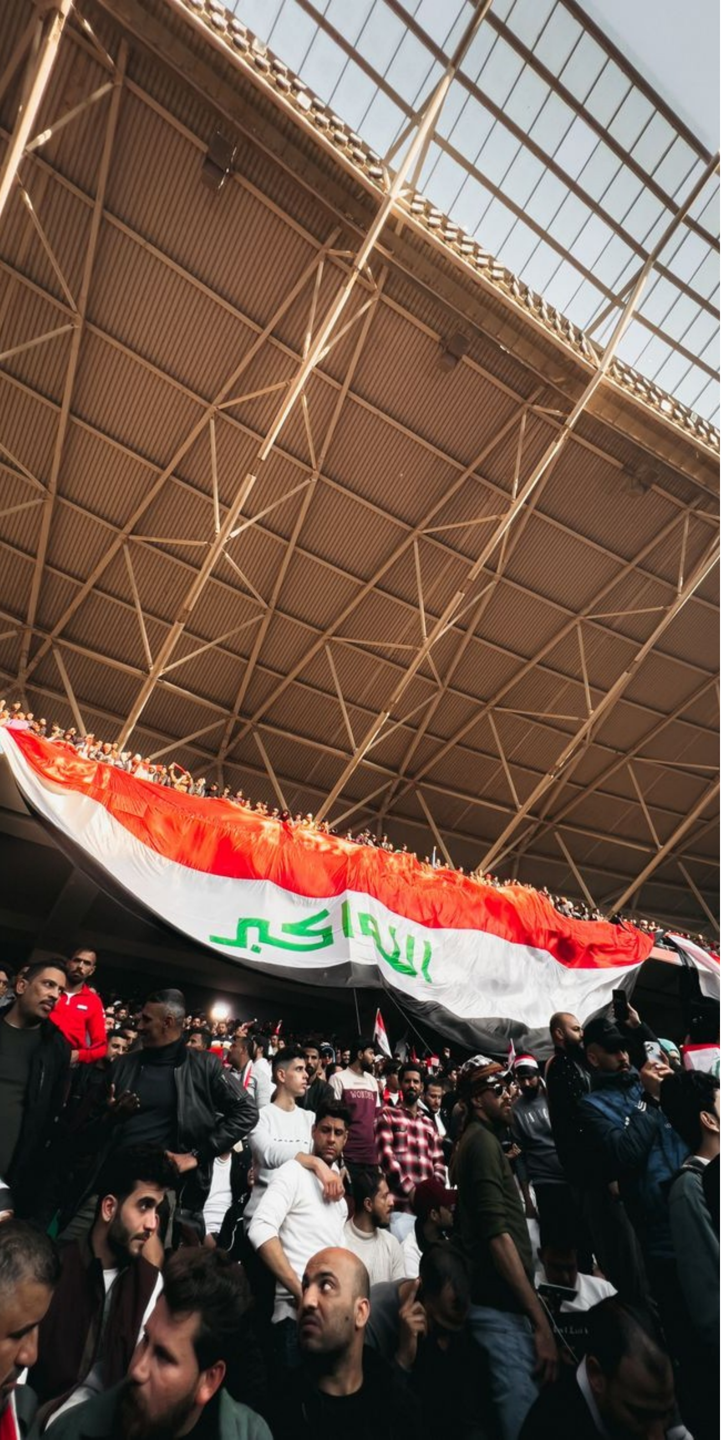


OSOUL
ECONOMIC AND SUSTAINABLE DEVELOPMENT
للتطوير الاقتصادي والتنمية المستدامة

Business Outlook Survey
By Iraqi Economic Observatory

Trends, Expectations & Policy Implications

اتجاهات الأعمال وتوقعاتها وانعكاساتها السياسية

Survey Date

June 2026

Reference Period

6 Months

Key Performance Snapshot

Critical indicators across 110 businesses • المؤشرات الرئيسية

ACTIVE OPERATIONS

70%

يعمل (قيد التشغيل)

REVENUE DECLINED

73%

انخفاض الإيرادات

FINANCIAL LOSSES

86%

تعرّض لخسائر مالية

USING AI

39%

يستخدم الذكاء الاصطناعي

DEMAND FELL

72%

انخفاض الطلب

INPUT COSTS ROSE

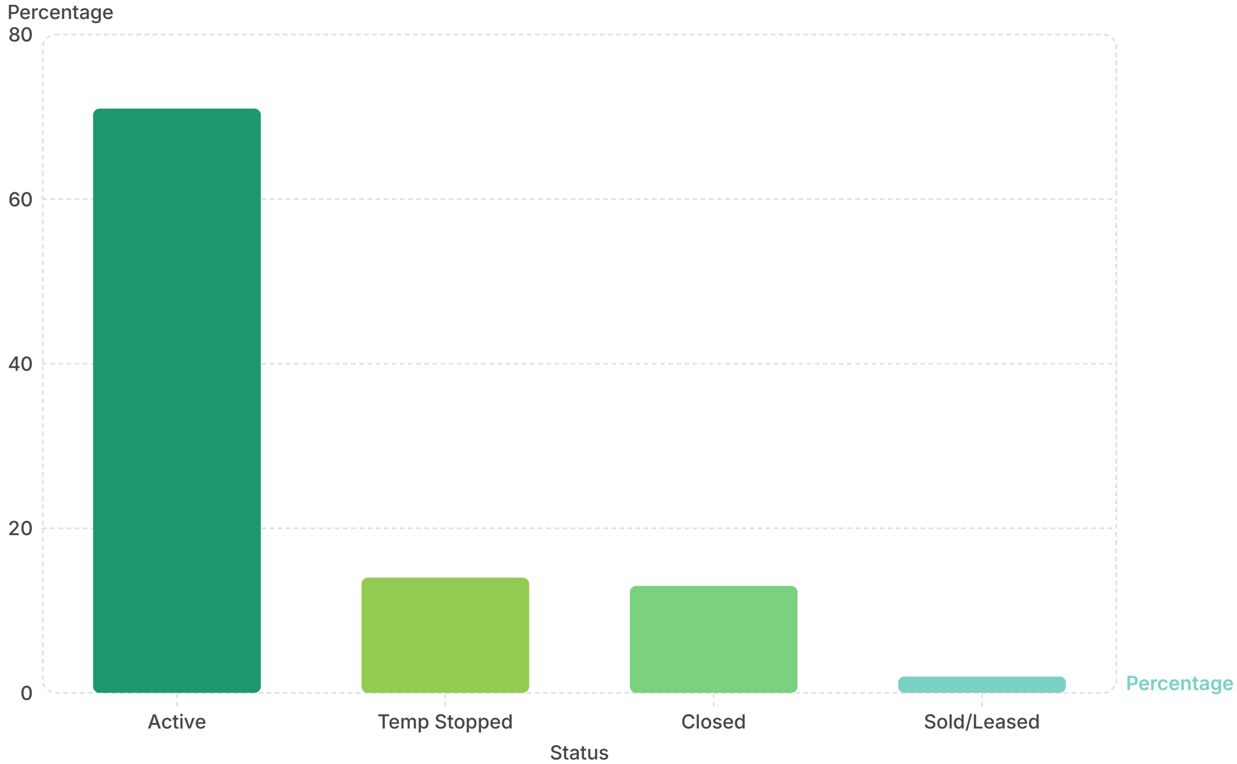
78%

ارتفاع تكاليف المدخلات

⚠ Critical Finding: 86% of surveyed businesses reported financial losses from economic changes — a systemic shock, not a sectoral issue. • نتيجة حرجة / سجلت خسائر مالية — صدمة منظومية شاملة 86%.

Operational Status · الحالة التشغيلية

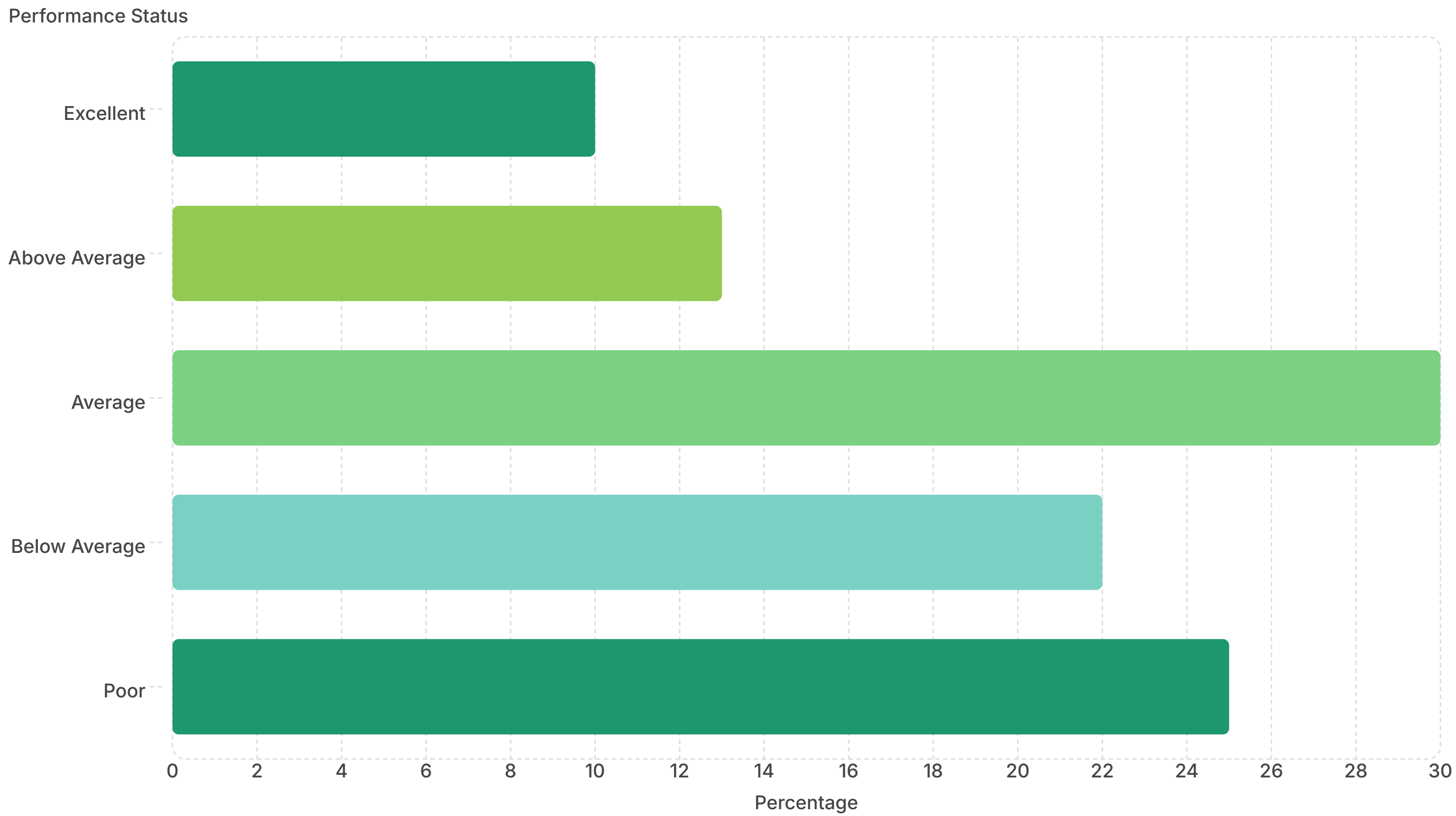
الحالة التشغيلية وتقييم الأداء



■ Active (71%) يعمل ■ Temp Stopped (14%) متوقف مؤقتاً ■ Closed (13%) مغلق ■ Sold/Leased (2%) مباع/مؤجر

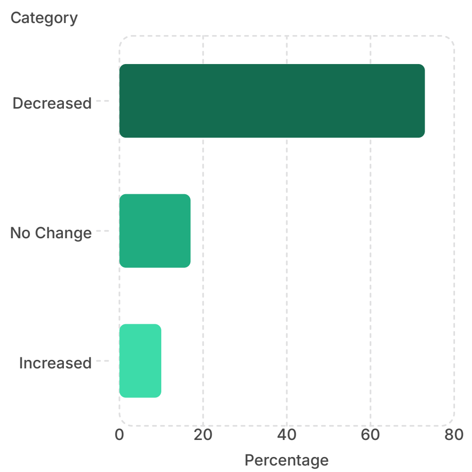
Performance Rating · تقييم الأداء

توزيع تقييم أداء الأعمال

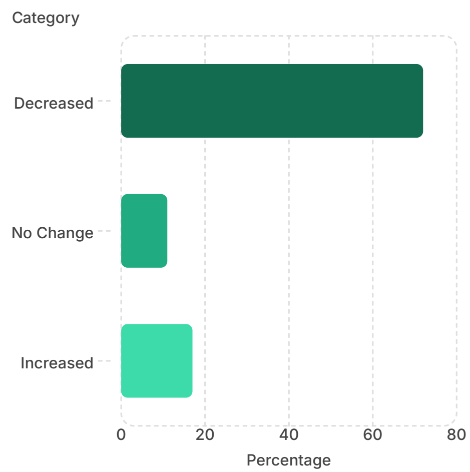


Revenue & Demand Changes · تغيُّر الإيرادات والطلب

Revenue Change · تغيُّر الإيرادات

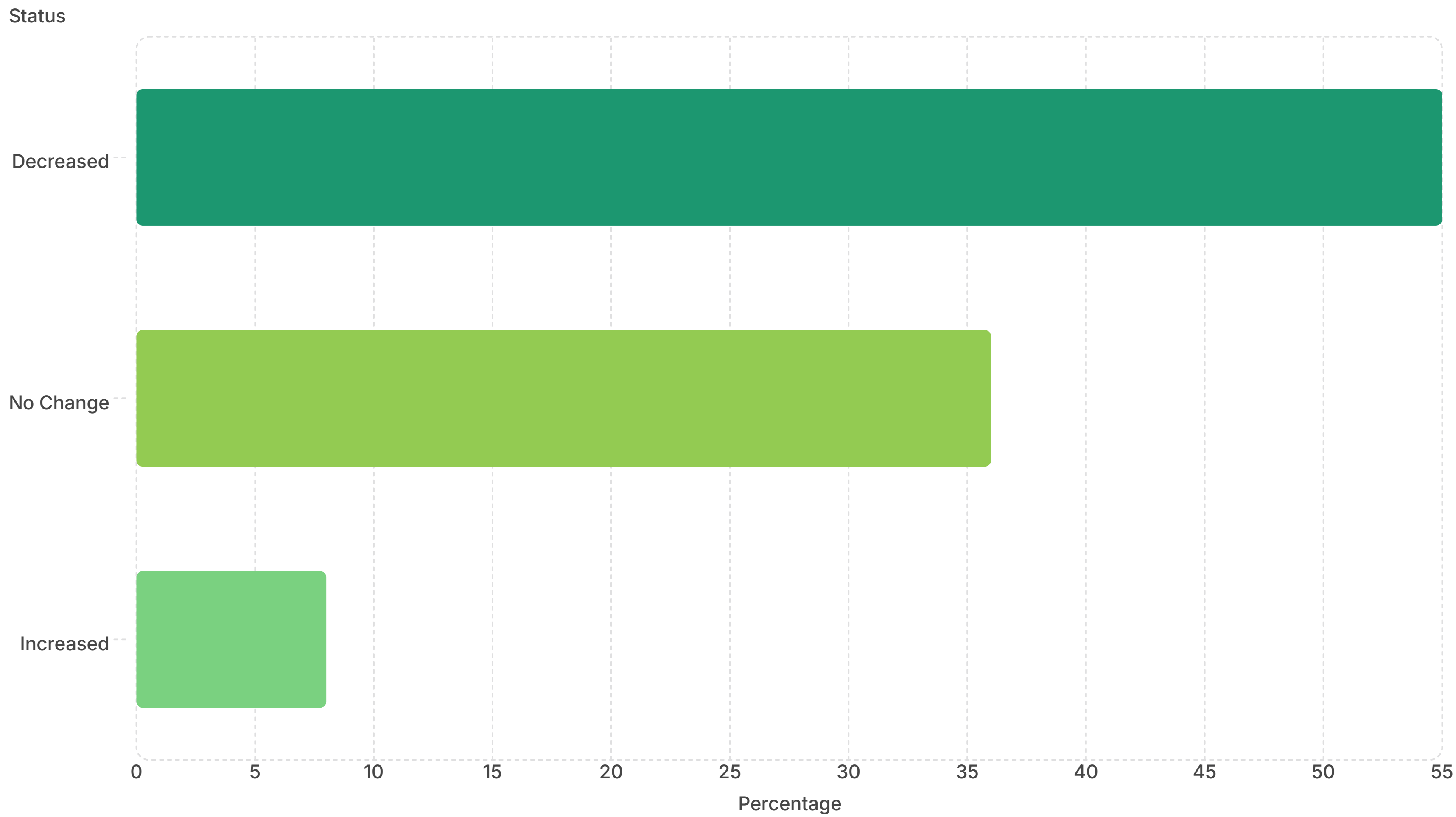


Demand Change · تغيُّر الطلب



Employment Changes · تغيُّر التوظيف

تأثير الأزمة على سوق العمل



Price Diffusion Index (PDI) · مؤشر انتشار الأسعار

Gauge: 0 = Deflation | 50 = Neutral | 75+ = Severe Inflationary Pressure

84.1

PDI Input Prices

أسعار المدخلات

79% raised • 11% lowered • DI = +68.2 — **SEVERE**

73.2

PDI Output Prices

أسعار المخرجات

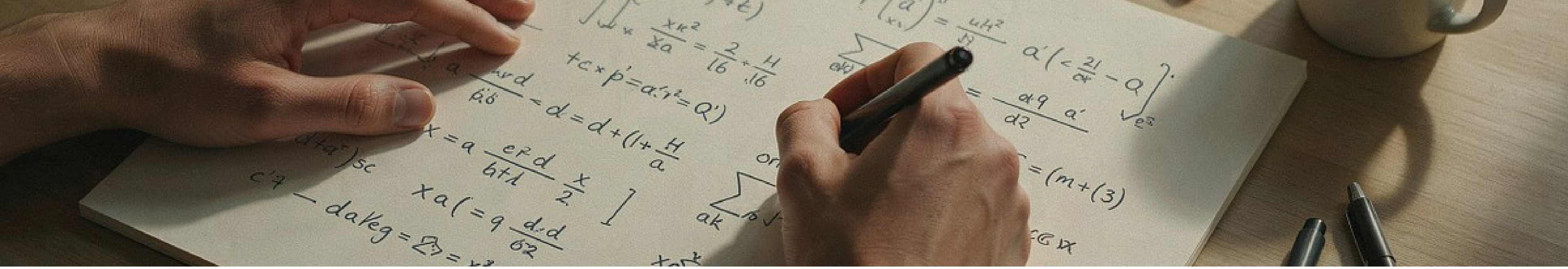
63% raised • 17% lowered • DI = +46.3 — **HIGH**

21.9

Margin Squeeze Gap

فجوة ضغط الهامش

Points absorbed by businesses — not passed on



PDI Formula & Calculation · صيغة المؤشر والحساب

كيف يُحسب مؤشر انتشار الأسعار

$$PDI = \%\ \text{Raised} - \%\ \text{Lowered}$$
$$\text{Score} = (\text{PDI} + 100) \div 2$$

Input Prices

79% raised – 11% lowered = DI +68.2 → Score 84.1 **(SEVERE)**

Output Prices

63% raised – 17% lowered = DI +46.3 → Score 73.2 **(HIGH)**

Note: Neutral zone: DI = 0 → Score = 50

Business Conditions Index (BCI)

مؤشر أحوال الأعمال التجارية

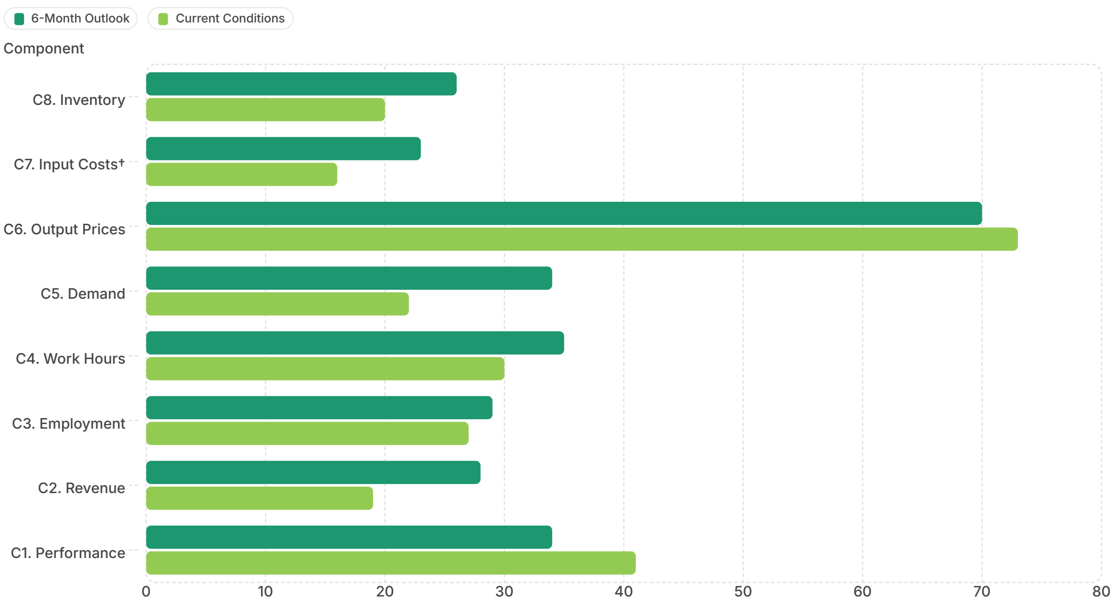
30.9	37.9	34.4
BCI Current	BCI Outlook	BCI Composite
الأوضاع الراهنة	التوقعات 6 أشهر	المؤشر المركب

BCI Interpretation Scale • مقياس التفسير

0–25 Severe Crisis | أزمة حادة	25–40 Contraction | انكماش	40–60 Neutral | محايد
60–75 Moderate Growth | نمو معتدل	75–100 Strong Expansion | توسع قوي	

⚠ ▲ BCI = 34.4 — Contraction Zone. Outlook (37.9) slightly better than current (30.9) • Gap: +7.0 pts • Both remain firmly in Contraction territory

Legend: 6-Month Outlook (Blue), Current Conditions (Red)

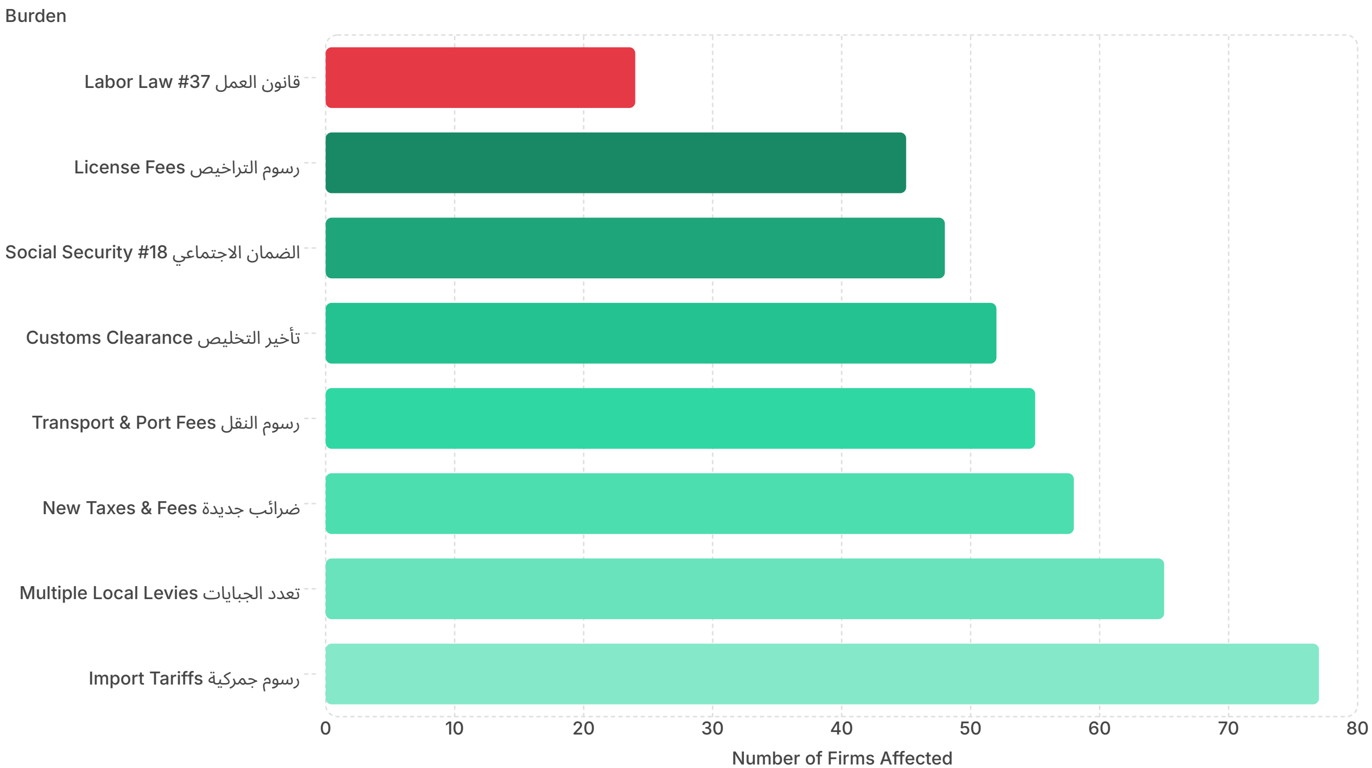


† Input Costs component is inverted: lower cost = higher score · Scale: 0 = Severe Contraction · 50 = Neutral · 100 = Full Expansion

Regulatory Burden Index (RBI)

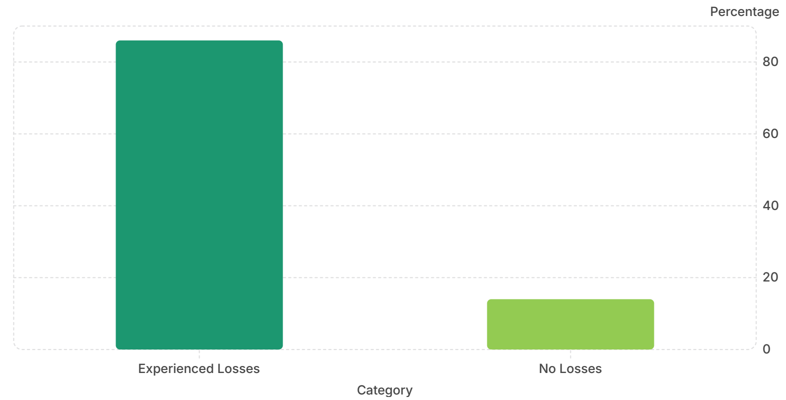
مؤشر العبء التنظيمي — التأثير على الاقتصاد

96.4%	5.06	61.0
Firms Affected	Avg Burdens/Firm	RBI Composite
من الشركات متأثرة	أعباء/شركة بالمتوسط	المؤشر المركب /100



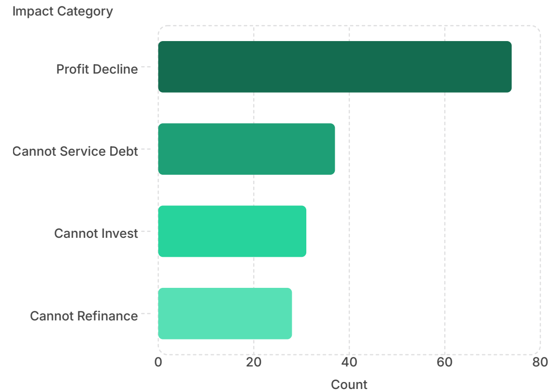
⚠ New Taxes & Fees causes the biggest damage gap: firms affected show 97% loss rate vs 72% for non-affected — a +25pp differential. / فرض ضرائب جديدة يتسبب في أكبر فجوة خسارة: 97% للمتأثرين مقابل 72% لغيرهم.

Financial Losses · الخسائر المالية

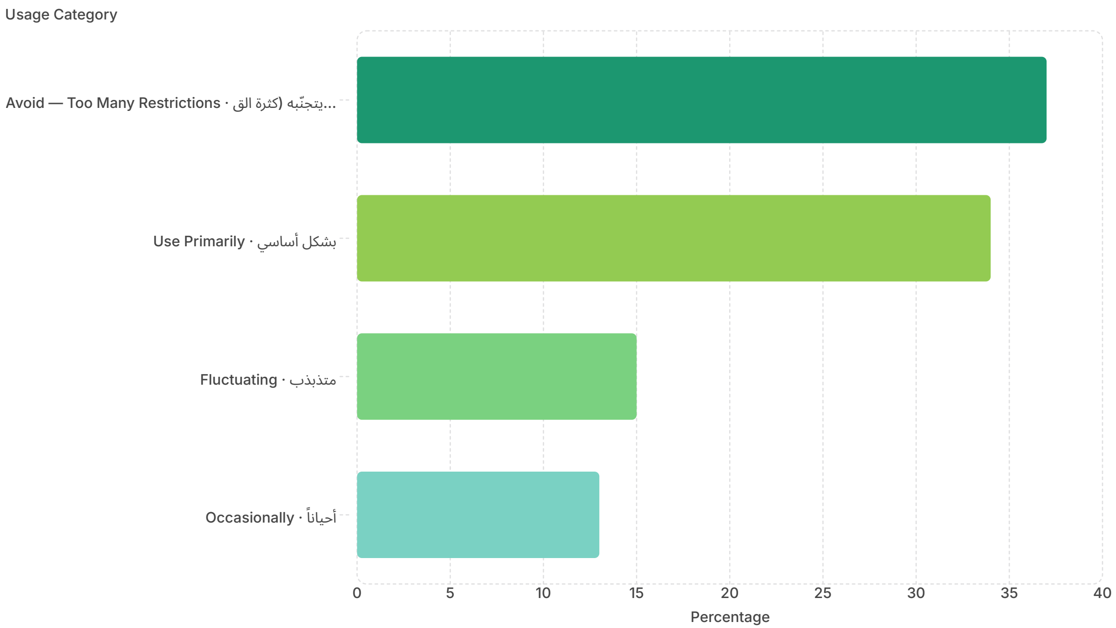


■ Experienced Losses (86%) ■ No Losses (14%)

Interest Rate Impact · تأثير أسعار الفائدة



Banking System Usage · استخدام النظام المصرفي



Formalization Index ($FI = 46.0/100$)

مؤشر الرسمية الاقتصادية — نقطة التحوّل

34%	41%	25%
Fully Formal	**Grey Zone**	**Informal**
رسمي كامل	المنطقة الرمادية	غير رسمي

FI Components (Weighted) • مكونات المؤشر

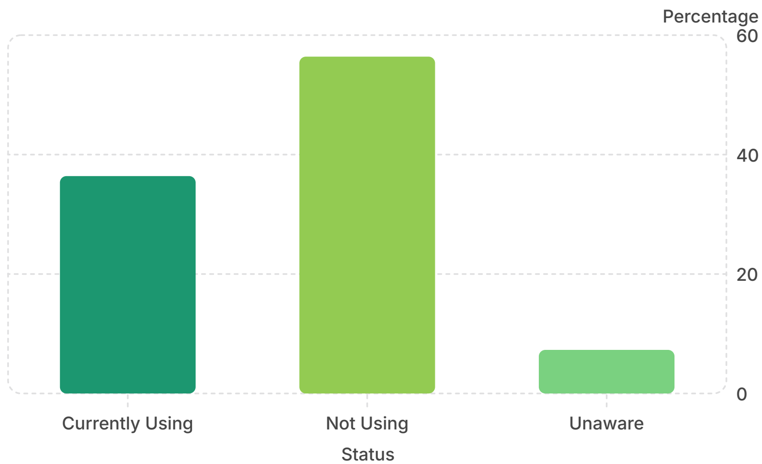
50.5%	Certified Lease Contract (40%)	عقد إيجار مصدق
34%	Banking System Primary (30%)	يستخدم البنك أساساً
8.2%	E-Payment Full Adoption (30%)	دفع إلكتروني كامل

⚠ 66% of businesses lack ≥1 formal indicator — outside the full formal system. The 41% Grey Zone is the critical pivot determining the economy's direction. / 66% تفتقد مؤشراً رسمياً — خارج النظام الرسمي الكامل. المنطقة الرمادية 41% هي نقطة التحول الحاسمة على الأقل — والـ 41% الرمادية هي نقطة التحول الحاسمة.

AI Adoption Readiness Index (AARI = 32.4/100)

مؤشر جاهزية الذكاء الاصطناعي

AI Adoption Status · حالة التبنّي



■ Currently Using (36.4%) ■ Not Using (56.4%) ■ Unaware (7.3%)

AI Use Cases · وظائف الاستخدام (n=40)

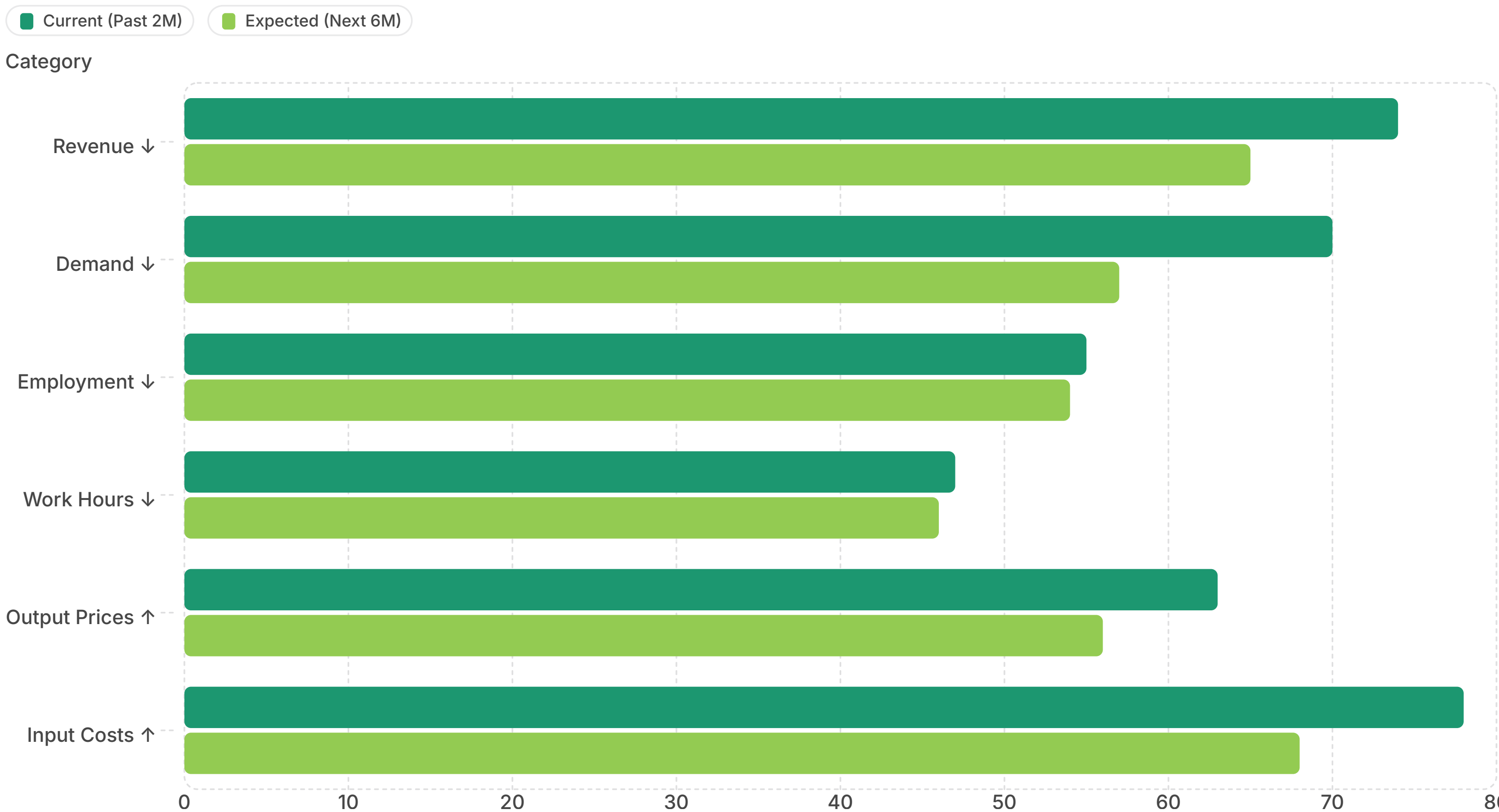
82% of AI users deploy Generative AI for work tasks. Top uses: Document analysis • Research • Writing • Coding • Project development

AI Employment Impact (among users): 60% unchanged • 15% increased • 25% declined. 33% of non-users plan adoption within 6 months.

AARI Components: Current use 36.4% (×0.35) + Future plans 30.0% (×0.25) + GenAI 30.0% (×0.20) + Infrastructure 10.2% (×0.20) = 32.4/100

Forward Outlook — Next 6 Months

التوقعات المستقبلية للأشهر الستة القادمة



CONFIDENCE GAP INDEX (CGI)

Current Performance Score: 41.8 → Expected: 33.4 | CGI Gap = -8.4 pts

Expectations are WORSE than present reality — deepening pessimism that is likely to freeze investment and hiring.

Critical Analytical Findings (1–3) · الاستنتاجات التحليلية

الاستنتاجات التحليلية الرئيسية

1

Severe Economic Distress | ضائقة اقتصادية شديدة

73% revenue decline • 72% demand collapse • 86% financial losses. A systemic shock affecting all businesses simultaneously — not isolated or sectoral.

2

Margin Compression Trap | فخ ضغط الهوامش الربحية

Input costs rose for 78% while only 63% raised output prices. With demand down 72%, businesses are squeezed from both cost and revenue sides with no exit.

3

Regulatory Overload | إرهاق تنظيمي متراكم

Average 5 simultaneous burdens per firm: import tariffs 77% • multiple levies 65% • new taxes 58% • customs delays 52%. All government-origin.

Critical Analytical Findings (4–6) · الاستنتاجات التحليلية

الاستنتاجات التحليلية الرئيسية

1	**AI as Resilience Signal | الذكاء الاصطناعي — مؤشر صمود** 36% deploy AI despite crisis — mostly to augment not replace. 82% use Generative AI. 33% of non-users plan adoption within 6 months.
2	**Labour Shedding Accelerates | تسارع تسريح العمالة** 55% reduced paid employment. 54% expect further cuts in 6 months. Work hours also declining (47% current, 46% expected) — double contraction in labour.
3	**Banking Distrust & Informality | أزمة ثقة مصرفية ولارسمية** 37% avoid banking entirely. 66% lack ≥1 formal indicator. 41% stuck in grey zone — the critical tipping point that determines the economy's direction.

Policy Recommendations (1–4) · التوصيات السياساتية

التوصيات السياساتية الثمانية

URGENT

01 Regulatory Reform | إصلاح تنظيمي

Consolidate overlapping fees. Fast-track customs. Annual license review.

URGENT

02 Banking Access | إصلاح الوصول المصرفي

Simplify transfer rules. Remove account-opening barriers. Incentivize formal finance.

HIGH

03 Import Cost Relief | تخفيف تكاليف الاستيراد

Review tariffs on production inputs. Reduce PDI from 84.1. Restore margins for 77%.

HIGH

04 SME Credit & Liquidity | دعم السيولة والائتمان

Low-interest credit. Deferred taxes. Guaranteed loans for 86% loss-hit businesses.

Policy Recommendations (5–8) · التوصيات السياساتية

التوصيات السياساتية الثمانية

MED

05 Labour Market Stability | استقرار سوق العمل

Wage subsidies. Simplify Labor Law #37. Review Social Security Law #18 burden.

MED

06 Digital Economy | تمكين الاقتصاد الرقمي

Remove e-payment barriers (14% blocked). AI literacy programs. Digital infrastructure.

STR

07 Supply Chain Resilience | مرونة سلاسل الإمداد

Import facilitation. Reduce customs delays. Strategic trade corridors.

STR

08 Policy Certainty | اليقين السياساتي

Pre-announced stable frameworks. Reduce regulatory uncertainty to unlock investment.

Acute, broad-based stress — with clear paths to recovery.

34.4

BCI Composite

84.1

PDI Input

46.0

FI Score

32.4

AARI

This survey of 110 businesses confirms acute, broad-based economic stress. The convergence of collapsing demand (72%), rising input costs (PDI=84.1), punishing regulatory burdens (avg 5 per firm), and constrained banking access (37% avoiding banks) creates a perfect storm — visible in the 86% financial loss rate and deepening pessimism (CGI=-8.4). The BCI Composite at 34.4 confirms severe contraction. Despite this, 36% AI adoption signals a proactive resilient minority. Policy must urgently address regulatory simplification, import cost relief, liquidity programs, and banking access before temporary closures (14%) and permanent closures (13%) become the dominant trend.