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Development Diplomacy: Partnerships Abroad and Development at Home
A Proposed Vision for the New Iraqi Government to Redefine Foreign Policy Doctrine

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● **Opinion Article**

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About

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Al-Bayan Center pursues its vision by conducting independent analysis, as well as proposing workable solutions for complex issues that concern policymakers and academics.

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With the new Iraqi government gaining a vote of confidence, a fundamental question emerges: What kind of foreign policy does Iraq need in light of accumulated domestic crises and escalating regional tensions?

This question appears political on its surface, but it is in fact a question linked to the future of the Iraqi state itself, because the world is rapidly shifting from the era of traditional geopolitics to the era of geoeconomics, where trade corridors, supply chains, energy, and technology have become instruments of power no less influential than armies and military alliances.

Amidst this global transformation, Iraq stands before a rare strategic moment, as it possesses all the assets that qualify it to transform into a regional economic power: a geographical location connecting the Gulf to Turkey, Europe, and Asia; one of the largest oil reserves in the world; a large market; a significant Arab and regional depth; and a young workforce capable of leading digital and productive transformation. However, Iraq's historical problem has not been a lack of capabilities, but rather the absence of a vision that transforms this potential into an integrated state project. Perhaps the most precise expression of this situation is what Prime Minister Al-Zaidi said in the first session of the Council of Ministers, when he described the Iraqi economic reality by saying: "We have two economies: a traditional economy that refuses to die, and a modern economy that refuses to be born."

In fact, this phrase was not merely an economic description, but rather a characterization of a historical transitional phase that Iraq is experiencing between two models of the state: a rentier state formed around oil, spending, consumption, and public employment, and a new state that has not yet been born, which is supposed to be based on production, investment, knowledge, and smart integration into the global economy. Here specifically, the concept of "development diplomacy" emerges as the most appropriate framework for Iraqi foreign policy in the coming phase; that is, linking foreign policy to supreme national economic interests, and transforming diplomacy from a tool for managing crises and balances into a tool for producing development and building national power. For Iraq does not need today a foreign policy driven by a reactive approach, but rather a foreign policy whose success is measured by the extent of what it achieves in terms of investments, technology, job opportunities, trade corridors, energy networks, markets, and long-term development partnerships. The essence of development diplomacy is based on a simple yet profound equation: every external opening must translate into added value for the Iraqi economy. Hence, the proposed development diplomacy for Iraq is based on an interconnected strategic triad.

The first of these pillars is investing in internal power resources, for countries do not build their influence from the outside before discovering their own elements of strength. Iraq possesses exceptional elements represented by its geographical location, oil and gas, the land route connecting Asia and Europe, agricultural resources, human wealth, and Arab and regional depth. However, the true value of these resources is not realized by their mere existence, but rather by the state's capability to transform them into tools of production and influence. The "Development Road," for instance, should not be viewed merely as a transportation project, but as a project to redefine Iraq's geopolitical role in the new global economy. For the world is witnessing today a redrawing of global supply chains following the war in Ukraine and the escalation of US-China competition, and trade corridors, energy, and infrastructure have become part of the equations of international influence. In this context, Iraq possesses a strategic opportunity to transform into an economic connectivity hub between the Gulf, Turkey, and Europe. Furthermore, the Grand Faw Port does not represent an ordinary service project, but rather a strategic gateway that can transition Iraq from a closed rentier economy to an economy of transit, trade, and regional services. Countries that fail to turn geography into economy gradually see their geography transform into an arena of influence for others. And this precisely was one of Iraq's problems over the past decades, as it possessed an exceptional location, yet it did not possess a strategic project that utilizes this location within a network of economic interests that protects the state and reproduces its power. Countries that fail to turn geography into economy gradually see their geography transform into an arena of influence for others. And this, precisely, was one of Iraq's problems over the past decades; as it possessed an exceptional location, yet it did not possess a strategic project that utilizes this location within a network of economic interests that protects the state and reproduces its power.

As for the second pillar, it consists of building a true partnership with the private sector, for modern states are no longer capable on their own of leading development, especially in complex rentier economies. Therefore, the success of the upcoming Iraqi foreign policy must be measured by its ability to attract investment, transfer technology, and build a productive economy. Iraq today possesses massive investment opportunities estimated at around 450 billion dollars in the energy, infrastructure, industry, and services sectors. However, the real challenge lies not in announcing opportunities, but in building a stable environment of trust capable of turning Iraq into a real investment destination. This requires fighting corruption, reducing bureaucracy, reforming the administrative system, protecting investors, and linking international agreements to the actual productive interests of the Iraqi economy. Likewise, Iraqi embassies must transform from ceremonial missions into specialized economic platforms that work to attract companies, technology, markets, industrial expertise, and high-quality investments.

As for the third pillar, it is building multilateral external partnerships that redefine Iraq's international relations and its standing in international organizations; for Iraq does not need today a policy of blocs, but rather a policy of smart economic balances. And the world is moving gradually toward "geoeconomics," where economic interests have become more influential than traditional political alignments. Hence, Iraqi foreign policy must be based on the rule: diversifying partnerships, not diversifying rivalries.

Iraq is linked today by extensive economic relations with its regional surroundings. The volume of Iraqi trade exchange with 11 major countries reached nearly 65 billion dollars during the first half of 2024, while the volume of trade with Saudi Arabia reached more than 1.3 billion dollars, with a clear escalation in Gulf-Iraqi economic relations. Turkey is also considered one of the most important trading partners for Iraq, as the volume of bilateral trade exceeded 12 billion dollars during the first nine months of 2025, with plans to raise it to 30 billion dollars in the medium term, while Turkish companies executed more than 1,100 projects inside Iraq with a value exceeding 36 billion dollars. As for Iran, it remains one of the largest trading partners for Iraq, with its non-oil exports to Iraq exceeding 10 billion dollars, especially in the fields of electricity, gas, and basic commodities.

These figures reveal an important fact, which is that Iraq is gradually transforming into a regional economic connectivity hub, but this transformation is still taking place without an integrated strategic philosophy of the state. Therefore, one of the most important roles of development diplomacy is to redefine the function of Iraqi international relations, so that it transforms from merely managing political balances to managing major economic interests. In this context, reviewing Iraq's standing in international organizations becomes a strategic, not a ceremonial, issue; for Iraq needs to evaluate its membership and roles in OPEC, the League of Arab States, international financial institutions, and economic organizations, according to a clear criterion: What does this membership add to Iraqi development and economic sovereignty? For Iraq does not need a token presence in international organizations, but rather a functional role that serves water security, energy, investment, trade, regional connectivity, and infrastructure financing.

The essence of "development diplomacy" lies in the transition from a "crisis management" mentality to an "opportunity management" mentality. For Iraq does not lack potential, but rather a strategic project that reorganizes these capabilities within a state vision. Therefore, the most important equation that should govern the new Iraqi foreign policy is: Partnerships Abroad = Development at Home. For the more regional tensions decrease through political and economic partnerships, the more opportunities for investment, trade, energy, transport, and economic stability rise. And the more Iraq succeeds in building a network of mutual economic interests with its surroundings, the more its capacity increases to protect its sovereignty and the independence of its national decision-making. Iraq today does not only need to change its foreign policy tools, but to redefine its philosophy entirely. For the world is entering a stage in which the power of nations is measured by their ability to generate economic output, not to manufacture crises; to build connectivity, not division; and to transform geography into a platform for development, not an arena of conflict. Here precisely lies the great strategic value of development diplomacy, as the vision most capable of redefining Iraq's role and standing in the region and the world.

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