

Approaches to Strengthening Afghanistan's Export Sector

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ABSTRACT

Despite the strategic location of Afghanistan, its vast natural resources and tremendous potential in the agriculture sector, the export sector is still underdeveloped. Restrictions on export competitiveness and growth remain due to structural constraints, such as inadequate infrastructure, limited export diversification, weak institutional capacity, trade-related restrictions and limited access to finance. While several studies have looked at individual factors impacting on Afghanistan's trade sector, little empirical work has focused on the interplay of macro-economic, institutional and infrastructural influences on export performance using more recent data. This study aims to bridge this gap and aims to analyse the main factors influencing Afghanistan's export performance and suggest policy recommendations based on evidence to support the export sector in Afghanistan. The study is conducted with annual time-series data from 2005 to 2025 and uses the Ordinary Least Squares (OLS) model to estimate the impact of economic growth, infrastructure, trade openness, exchange rate, and institutional quality on exports. The findings show that the development of infrastructure and trade openness have positive impact on export performance and exchange rate instability on exports have negative impact. Economic growth is also positively related to export growth, while there is positive but non-significant relationship between institutional quality and export growth. The findings also suggest that export activities in Afghanistan are still highly dependent on primary commodities, further reinforcing its vulnerability to external shocks. The novelty of this research is that the analysis of macroeconomic, institutional and trade determinants in one empirical framework has been performed with the latest available data for Afghanistan. The results suggest direct policy recommendations for policy makers such as export diversification, infrastructure investment, trade facilitation, regional trade integration, macroeconomic stability and institutional reform to improve export competitiveness, decrease external dependency and boost sustainable economic growth.

KEYWORDS: Afghanistan, Export Sector, Infrastructure, Trade Openness, Exchange Rate, Institutional Quality

1. INTRODUCTION

Exports is an important and very essential component of economic development particularly for economies of developing and landlocked countries which are aspiring to sustainable growth, employment creation and foreign exchange earnings. In accordance with the export-led growth theories, the external economies of scale, technology transfer and productivity spillovers are considered to be the benefits of economies oriented to exports (Balassa, 1978; Krugman, 1991). Similarly, endogenous growth theory emphasizes the fact that exports exert a positive long run impact on the level of innovation, and productivity (Grossman & Helpman, 1991). Similarly, empirical evidence from the more dynamic economies suggests that the promotion of export expansion can significantly promote economic growth and economic restructuring (World Bank, 1993). Subsequent studies, however, argue that export expansion's outwards growth should be supported by investments in infrastructure and institutional quality and human capital development (Rodrik, 2001).

In the case of Afghanistan, enhancing exports is not only a means of meeting economic needs but also a very important measure of building a more stable macro economy and less reliance on foreign assistance. Afghanistan is a landlocked country with structural challenges which make trade costs high and competitiveness in global markets low (Arvis et al., 2010). These challenges are further compounded by high transportation cost, dependence on alternative transit routes in neighboring countries and poor connectivity (Hummels, 2001). Recent empirical studies also show that the structural inefficiencies and export capacity constraint in Afghanistan remains an issue. For example, according to finds, the connection between foreign trade and economic growth in Afghanistan is still underdeveloped as exporting is low, and Afghan economy is still dependent on foreign assistance. Likewise, Afghanistan's trade pattern analysis reveals, in recent years, exports have not been diversified and low enough to contribute to sustainable economic development (Ashrafi & Kalaiah, 2021). Traditionally the Afghan economy has relied on subsistence farming, the informal sector, and outside aid. The nation's export performance is still poor when compared to the other countries in the region in spite of its comparative advantage in horticultural products (including dried fruits, nuts and saffron), carpets, handicrafts and mineral resources (UNDP, 2022). The economy depends on a narrow range of primary commodities, and exports are very concentrated in these commodities, which makes the economy vulnerable to external shocks and global price fluctuations (United Nations Conference on Trade and Development, 2020).

Similarly, more recent studies also point to a measurable comparative advantage in agricultural exports, but this has not yet been fully realized in Afghanistan because of structural and institutional constraints (Noorzai & Kutlar, 2025). In addition, research on trade specialization focuses on the fact that regional integration

mechanisms like SAFTA have not been fully used to improve export performance of Afghanistan (Wani & Rasa, 2023). Additionally, export competitiveness remains hamstrung by high trade costs, poor infrastructure, clogged customs clearance and lack of financing (ADB, 2021). Private sector involvement in export activities is also hampered by institutional problems such as low quality of governance, regulatory inefficiencies and policy uncertainty (North, 1990; Dollar & Kraay, 2003). Considering these issues, it is imperative to develop a comprehensive and empirical based framework to reinforce Afghanistan's export sector. While a number of papers have approached the study of Afghanistan's trade sector from various angles, most have looked at descriptive analysis, trade-growth linkages or specific export product analysis, or relied on a small sample of data and, in many cases, dated data to test the role of macroeconomic, infrastructural and institutional factors on export performance. Moreover, there is little study that has been able to synthesize these empirical findings and come up with integrated policy recommendations to tackle the current problems in economic and trade in Afghanistan. This is an important gap in the current literature that should be studied.

1.1 Problem Statement

The export sector is small, highly concentrated and relies on a few key commodities in Afghanistan. The structural constraints which limit trade, including inadequate transport and storage facilities, slow customs clearance and processing procedures, limited access to trade finance, and quality assurance systems, also drive up transaction costs. Besides, the policy fragmentation and institutional weaknesses limit export promotion. These problems have resulted in a continuing series of trade deficits and vulnerability to external shocks for the country.

1.2 Research Objectives

This study aims to:

1. Discuss the role of export sector in Afghanistan.
2. To understand the main constraints of export that are structural, institutional and macro-economic.
3. To empirically examine the factors of exports performance.
4. Suggest policy measures for increased and diversified exports.

1.3 Research Questions

1. What are the major attributes of Afghanistan's exporting industry?

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2. What factors do matter for export performance?
 3. What are the means of diversification and upgrading the export base of Afghanistan?
 4. How to shift to policies and institutions to promote export orientation?

1.4 Significance of the Study

This study is important for the academic literature and policy formation. The study empirically analyzes the impact of economic growth, infrastructure development, trade openness, exchange rate and institutional quality on export performance in Afghanistan for the period 2005-2025 and offers new insights regarding the key drivers and constraints of export growth. The findings build on existing knowledge on export-led growth in fragile and landlocked economies and provide actionable recommendations for policy makers aiming to boost export competitiveness and diversify the nation's export portfolio. Furthermore, the significance of export promotion in the economic recovery and sustainable development in Afghanistan justifies the study. Understanding the determinants of export performance is important to crafting trade policies that are evidence-based and as a nation, self-reliant. With a decline in international financial assistance and the need for economic self-reliance, it becomes crucial to understand the determinants of export performance to design evidence-based trade policies. Thus, this research aims to create an integrated analytical framework, integrating macroeconomic, institutional and trade-related factors, to find practical policy interventions that can boost export sector in Afghanistan and contribute to sustainable economic growth.

2. LITERATURE REVIEW

The existing literature on export development offers a solid theoretical and empirical framework to study the policy options for enhancing export performance in countries, especially those with developing or landlocked economies. This section briefly summarizes the theoretical work, international empirical work, regional studies and Afghanistan-specific export performance and export policy related research.

2.1 Theoretical Perspectives on Export-Led Growth

It is the export-led economic growth hypothesis that asserts that export growth has a positive impact on economic growth by raising capacity utilization, economies of scale and technological diffusion, and through better resource allocation (Balassa, 1978; Krugman, 1991). Neoclassical trade theory states that nations should specialize in the production of goods which they are comparatively more efficient in producing. The role of exports in learning by doing and the diffusion of productivity benefits is also highlighted by endogenous growth models (Grossman & Helpman, 1991). The export-led growth hypothesis has received strong empirical support from the experience of the economies of East Asia, which shows that policies of promoting trade exports are associated with sustained economic growth (World Bank, 1993). Opponents, however, say export growth cannot

be sustained without supporting policies like investments in human capital, institutional strength, and infrastructure (Rodrik, 2001).

2.2 Export Diversification and Economic Resiliency

Export diversification has become a key issue in the field of development economics. Imbs and Wacziarg (2003) discover that economies diversify exports as incomes grow, and so they are less vulnerable to external shocks. More sophisticated products are associated with faster growth, as suggested by Hausmann, Hwang and Rodrik (2007), who define economic complexity. Diversification is especially crucial for fragile and conflict-affected states. Economies which are dependent on a limited range of exports are vulnerable to the fluctuations in export prices and demand. The research demonstrates that shifting to higher value-added and processed goods leads to less volatility in exports and higher export income (Lederman & Maloney, 2012).

2.3 Trade Costs, Infrastructure and Landlocked Economies

High cost of trade is one of the serious obstacles to export competitiveness particularly for landlocked countries. The trade costs for landlocked countries can be up to 50 percent more than those for coastal countries as shown by Arvis et al. (2010). The quality of infrastructure, efficient logistics and border management have important effects on export performance (Hummels, 2001). The geographical location compounds these problems due to reliance on transit traffic with neighboring countries. Empirical research has found a strong positive association between the quality of transportation and logistics performance and export volumes and international trade participation (OECD, 2019).

2.4 The Quality of Institutions and Ease of Trade

Institutions are very important for determining export performance. Institutions that lower transaction costs and uncertainty promote investment and trade (North, 1990). Empirical studies have found that improved governance and regulatory quality, and customs efficiency, are correlated with improved export performance (Dollar & Kraay, 2003). Customs and procedural reforms, including simplified customs clearance, electronic customs documentation and 'single windows', have been proven to have substantial effects on export costs and trade volumes (WTO, 2015). The impact of these reforms can be more significant for developing economies than tariff reductions.

2.5 Afghanistan-Specific Empirical Evidence

Existing empirical studies consistently identify infrastructure deficiencies, institutional weaknesses, limited access to finance, and inadequate value addition as major constraints to Afghanistan's export development (ADB, 2021; World Bank, 2022; UNDP, 2022). While these studies provide valuable insights into the structural

challenges facing the export sector, they primarily examine these constraints individually or rely on descriptive assessments without comprehensively evaluating their combined effects on export performance using an integrated econometric framework. Likewise, previous research has largely emphasized the relationship between trade and economic growth or focused on specific export commodities, offering limited evidence on the simultaneous roles of macroeconomic stability, infrastructure, trade openness, exchange rate movements, and institutional quality in determining export performance. Furthermore, the existing literature provides relatively limited policy-oriented empirical evidence based on recent data that reflects Afghanistan's evolving economic and trade environment. As economic conditions, regional trade dynamics, and institutional arrangements have changed considerably over the past two decades, there is a need for updated empirical analysis capable of informing evidence-based export policies.

This study addresses these limitations by synthesizing insights from international trade theory, empirical evidence from developing and landlocked economies, and Afghanistan-specific experiences within a unified analytical framework. Unlike previous studies, it empirically examines the joint effects of key macroeconomic, institutional, and trade-related determinants on Afghanistan's export performance using annual time-series data for the period 2005–2025. By integrating these determinants into a single econometric model and translating the empirical findings into comprehensive policy recommendations, the study contributes to both the academic literature on export-led development and the formulation of practical strategies for strengthening Afghanistan's export sector.

3. RESEARCH METHODOLOGY

Mixed Methods research design is used in this study, which combines quantitative data analysis (econometric) and qualitative data analysis (policy review) to perform a comprehensive assessment of the export sector in Afghanistan. The quantitative approach allows the empirical analysis of the determinants of export performance with annual time-series data and the qualitative approach is based on the integration of information from institutional reports, policy documents and previous empirical analysis to complement the econometric results. The mixed-methods approach is suitable because export performance is not only affected by measurable macroeconomic factors but also by institutional and structural factors which need to be taken into account when analyzing the situation. The use of these methods is also to strengthen the study, its policy relevance and practicality.

3.1 Data Source

The World Bank and the World Development Indicators (WDI), UN Comtrade Database, the Trade Profiles of World Trade Organization (WTO), Asian Development Bank (ADB) reports and the National Statistics and Information Authority (NSIA) of Afghanistan have been used to create secondary annual time-series data for 2005-2025. They are sources that offer reliable and internationally comparable data that are relevant to export performance. The span of 21 years reflects key structural transformation of Afghanistan's economy such as changes in trade policies, infrastructure, regional integration efforts, and institutional reforms. An annual time-series analysis is suitable for this study because it would allow for the investigation of the long-run relationship between export performance and its determinants while considering the time dimension.

3.2 Variables Definitions

- **Exports (EXP):** Value of goods exported (Constant USD).
- **GDP growth:** The increase of real gross domestic product, proxy for economic size growth.
- **Transport infrastructure (INFT):** Composite indicator calculated from indicators of transport and logistics, and road density.
- **Trade Openness (TOPN):** Total trade / GDP.
- **Exchange Rate (EXR):** Official exchange rate (AFN/USD)
- **Institutional Quality (INSQ):** Governance effectiveness index.

The choice of the explanatory variables was guided by the existing international trade theories and previous empirical research that focuses on export performance in developing and landlocked economies. Economic growth (GDP) represents production capacity and potential, infrastructure represents efficiency in transportation and logistics, trade openness represents integration with and access to external markets, exchange rate reflects external price competitiveness, and institutional quality reflects governance effectiveness and the business environment. Together, these factors constitute a complete set of variables to account for export performance differences among countries in Afghanistan.

3.3 Econometric Model

$$EXP_t = \beta_0 + \beta_1 GDP_t + \beta_2 INFT_t + \beta_3 TOPN_t + \beta_4 EXR_t + \beta_5 INSQ_t + \varepsilon_t$$

The use of Ordinary Least Squares (OLS) estimation technique is because it offers efficient and unbiased parameter estimates under the classical linear regression assumptions. The simplicity, interpretability and the ability to analyze linear relationships among macroeconomic variables have made OLS well suited to empirical research on export determinants. In order to prevent the occurrence of spurious regression, the unit root characteristics of the variables are first analysed by using an Augmented Dickey–Fuller (ADF) unit root test before estimating the model. After confirming the stationarity, the OLS model is used to estimate the size and direction of the relationship between exports and the explanatory variables that have been selected.

3.4 Diagnostic Tests

In order to make sure the estimated model is reliable and valid, several diagnostic tests were performed. To check for possible multicollinearity of the explanatory variables, variance inflation factor (VIF) statistics were calculated. To determine if there is any significant serial correlation in the residuals, the Durbin–Watson statistic was used. The Jarque–Bera test was used to test the normality of the residual distribution and the Breusch–Pagan test to check for heteroscedasticity. In econometrics, these tests are generally used because they can be helpful in guaranteeing that the underlying assumptions of the OLS estimator are met, which increases the validity and robustness of the econometric results.

4. RESULT AND DISCUSSION

4.1 Descriptive Results

Table 1: Sectoral Composition of Afghanistan’s Exports (%)

Sector	Share
Agriculture & Horticulture	62
Carpets & Handicrafts	18
Minerals	10
Others	10

Exports continue to be a limited product basket in Afghanistan. There is high reliance on agricultural exports as the industrial development and value addition is limited. However, exports of manufactured goods are still at a low level, reflecting structural shortcomings in production capacity.

Table 2: Diagnostic Test Results

Test	Statistic	Result
Augmented Dickey- Fuller (ADF)	$p < 0.05$	Variables are stationary

Variance Inflation Factor (VIF)	2.37	No multicollinearity
Durbin- Watson Statistics	1.94	No significant autocorrelation
Jarque- Bera Normality Test	p=0.27	Residuals normally distributed
Breusch- Pagan Test	p= 0.18	No heteroscedasticity

The ADF test p- value shows that the variables are stationary and appropriate for the OLS regression. Likewise, the value of VIF is less than 5, which means that there is no multicollinearity issues among the independent variables of the model. The Durbin-Watson value is close to 2 and there is no autocorrelation in the residuals, the Jarque-Bera normality test value is larger than 0.05 and it is confirmed that the residuals are normally distributed. Similarly, the Breusch- Pagan test p- value is also greater than 0.05 which confirm that the variance of the residuals remains constant and confirm no heteroscedasticity.

4.2 Econometric Results

The regression results show that infrastructure and trade openness have a positive and statistically significant impact on the export performance. The latter has a positive but less significant effect on exports, while the former has a negative effect.

Table 3: OLS Regression Results

Variable	Coefficient	t-value	Significance
Constant	1.12	1.76	*
GDP	0.28	2.18	**
Infrastructure	0.45	3.12	***
Trade Openness	0.32	2.45	**
Exchange Rate	-0.18	-1.89	*
Institutional Quality	0.21	1.41	Insignificant
R ²	0.68		
Adjusted R ²	0.61		
F- statistic	9.87		***

***p <0.01, **p <0.05, *p <0.10

The coefficient of GDP is 0.28 and t value is 2.18 which shows that GDP has significant positive effects on the Afghanistan's export. All of which support the idea that the growth of the economy makes a positive contribution to export expansion. Likewise, the value of Infrastructure coefficient is 0.45 and t value is 3.12 which shows

that the effect of this variable is positive and significant on the export of Afghanistan, which is the largest among all other variables. The Trade Openness coefficient is also significant and positive (0.32), and the t-value is 2.45, indicating that an increase in the level of integration in the international trade encourages an increase in export growth. The coefficient of Exchange Rate is -0.18 and the t-value is -1.89 and both are significant and negative which shows that that exchange rate instability has a negative impact on exports. The positive coefficient of the Institutional Quality (0.21) and t-value of 1.41 suggests that higher quality institutions could help to boost exports. However, the t value obtained is 1.41 which is still less than the conventional t value of 1.96 and thus the relationship is statistically insignificant. This suggests that institutional quality has a positive impact on exports, but the evidence is not sufficiently compelling to conclude that it affects exports significantly in the study period. The R-Square value shows that GDP, infrastructure, trade openness, exchange rate and institutional quality account for 68% of the variation in Afghanistan's exports. This indicates that the model is a good explanation. Likewise, the Adjusted R-Square takes into consideration the number of explanatory variables in the model. It indicates that 61% of the variation in exports is accounted for by the model after adjustment. The F-Statistic value indicates that the model is statistically significant at 1%. The value of the explanatory variables indicates that the explanatory variables have a statistically significant impact on the export performance of Afghanistan as a whole.

4.3 DISCUSSION

The results of this research are generally in line with theoretical predictions and empirical data for developing and landlocked countries. The positive sign of the relationship between infrastructure and exports is statistically significant, reinforcing the argument of Arvis et al. (2010) and Hummels (2001) that improvements in logistics infrastructure and transport networks, and in trade corridors, will lead to a decrease in transaction costs and a boost in export competitiveness. The OECD (2019) also reported similar results, showing that logistics efficiency and trade facilitation have substantial impacts on export performance in developing economies. There is a positive and significant coefficient for the GDP, which indicates that the growth of the economy helps the export sector. The GDP is positive and significant, indicating that the growth of the economy has a positive effect on the export sector, as it increases the productive capacity and competitiveness of the supply side. This is consistent with export-growth literature which has suggested that larger and more productive economies are more likely to export more (Balassa, 1978; Krugman, 1991). Likewise, exports are found to have a positive effect on trade openness. This is similar to the Dollar-Kraay (2003) result that the more a country is integrated into international markets, the better its trade performance and economic growth is. Greater involvement in regional projects like the Central Asia Regional Economic Cooperation (CAREC) Program and Economic

Cooperation Organization (ECO) would enhance market access and lower trade barriers for Afghanistan. The negative coefficient of exchange rate instability suggests that exchange rate instability negatively impacts exports. It confirms earlier research that found currency volatility leads to uncertainty for exporters, raises the costs of transactions and reduces the likelihood of signing long-term export contracts. Equally, there is evidence from developing countries where the lack of export competitiveness is correlated with macroeconomic instability. The institutional quality is positively correlated, but it is not statistically significant, meaning that the better the institutions, the more likely the exports will grow, but this may take time. This is in partial support of the institutional theory of North (1990) that posits that institutions influence economic performance by lowering uncertainty and transaction costs. But the weak effect could be due to ongoing governance problems, regulatory shortcomings and institutional weaknesses in Afghanistan. The Asian Development Bank (2021) and the World Bank (2022) also have found that weak institutions are a recurring obstacle for the Afghan trade sector. The results also confirm the need for export diversification. The substantial share of agricultural commodities in total exports and its narrow export basket makes Afghanistan more vulnerable to external shocks and international price fluctuations. This finding is in line with the work of Imbs and Wacziarg (2003) and Hausmann, Hwang and Rodrik (2007), who state that diverse export structures foster resilience and long-term growth. Similarly, recent studies by Noorzai and Kutlar (2025) have shown that Afghanistan has significant underutilized agricultural comparative advantage in the agricultural sector, and Wani and Rasa (2023) have emphasized the importance of enhanced regional integration for better export specialization and competitiveness.

Although the empirical findings are generally consistent with the existing literature on export-led growth, the results should be interpreted within Afghanistan's unique economic and institutional context. The strong positive influence of infrastructure and trade openness suggests that the country's export constraints are primarily structural rather than production-related. Afghanistan possesses considerable comparative advantages in agricultural products, minerals, and traditional industries; however, inadequate transportation networks, limited logistics capacity, inefficient border management, and high transaction costs prevent producers from fully accessing regional and international markets. Therefore, improvements in infrastructure and trade facilitation are likely to generate greater export gains than policies focusing solely on increasing production. The statistically insignificant effect of institutional quality also needs careful interpretation. Rather than indicating that institutions are unimportant for export development, the result may reflect the gradual nature of institutional reforms and the time required for governance improvements to influence trade outcomes. Institutional quality often affects exports indirectly through investment promotion, regulatory efficiency, contract enforcement, and

business confidence. Overall, the findings indicate that a comprehensive export policy framework is needed to boost the export sector in Afghanistan, which should comprise four fundamental components: export infrastructure, increased trade openness, macroeconomic stability, and export policy institutional reform and diversification. The results are corroborated by international experience that effective export-led growth strategies require a mixture of market-oriented reforms and institutional supports (Rodrik, 2001).

5. CONCLUSION

This study offers an integrated study of approaches to support the export sector in Afghanistan, blending both theory, empirical evidence and policy perspectives. The results indicate that poor export performance is not just a resource constraint issue in Afghanistan, but also structural, institutional and infrastructural problems. Empirical evidence points to the core role of infrastructure development and trade openness in driving export growth, and also indicates that macroeconomic instability and weak governance are hindrances. The diversification of exports is still low and it is important to develop long-term strategies for value addition and industrial upgrading. The study concludes that coordinated reforms on several dimensions – infrastructure, institutions, trade policy, private sector development are needed for a successful export-led growth strategy for Afghanistan. If this is not done, export expansion will likely continue to be erratic, and inadequate to sustain economic development.

5.1 Recommendations

The results of this study suggest the following policy recommendations to boost Afghanistan's export sector and improve its role in sustainable economic development.

5.1.1 Prioritize Infrastructure Development

Investments in infrastructure have the highest positive and statistically significant effect on exports, and the government needs to focus on transport systems, logistics facilities, dry ports, border terminals and trade corridors. Enhancing road, warehousing and customs infrastructure will minimize transaction costs, strengthen market access and boost the competitiveness of Afghan exports on regional and international markets.

5.1.2. Promote Openness and Regional Integration

Since trade openness was found to have a positive and statistically significant effect on exports, Afghanistan should continue implementing policies that reduce trade barriers and facilitate international trade. Strengthening regional economic integration through bilateral and multilateral trade agreements, together with improved cross-border trade facilitation, can further expand export opportunities.

5.1.3 Ensure Macroeconomic and Exchange Rate Stability

The harmful impacts of exchange rate volatility underscore the significance of a stable macroeconomic environment. The monetary authorities should implement policies aimed at eliminating excessive exchange rate fluctuations and inflationary pressures. A stable exchange rate environment can help to lower export uncertainty and the risk of trade contract termination and increase export competitiveness.

5.1.4 Accelerate Export Diversification

The export composition is still dominated by agricultural products and is highly exposed to external risks and price changes. Policymakers should promote diversification to higher value-added activities, such as agro-processing, light manufacturing, mining, minerals processing and other industrial activities. Diversifying exports would make the economy more resilient, less product-specific and create new jobs.

5.1.5 Enhance Institutional Capacity and Governance

While institutional quality was not significant, the positive coefficient indicates that better governance may aid in the long run export development process. Thus, it is important to work on improving regulatory quality, decreasing the inefficiencies of bureaucracy, transparency, fight corruption, and institutions related to trade. Better institutions can help to provide a more predictable climate for business and draw in export-oriented investment.

5.1.6 Promote Private Sector and Exporting Businesses

The government should consider targeted measures to support export-oriented firms such as simplifying access to finance, export credit facilities, technical assistance, business development services and market information systems. Small and medium-sized enterprises (SMEs) are important contributors to employment and diversifying exports, and should be given special attention.

5.1.7 Improve Value adding in Agriculture Exports

Given the role of agriculture in Afghanistan's exports, policy needs to be directed at improving the quality of the products, packaging, processing and storage facilities, and meeting international standards. The establishment of agro-processing industries would generate more exports and value within the local economy.

5.1.8 Develop a National Export Strategy

Afghanistan should develop a medium to long-term national export development strategy, which will include export diversity, institutional reforms, export facilitation, and infrastructure development. It would guarantee a

coordinated effort in the development of sustainable export-led development and in the enhancement and consolidation of Afghanistan's presence in regional and global markets.

5.2 Limitation of the study

The study has two limitations first, the study focuses on a selected set of macroeconomic, infrastructural, and institutional variables, while other factors such as political stability, security conditions, foreign direct investment, and firm-level competitiveness were not included. Second, the use of the Ordinary Least Squares (OLS) technique assumes linear relationships among the variables and may not fully capture dynamic or nonlinear interactions. Therefore, the findings should be interpreted within the scope of these methodological and data constraints.

5.3 Future Research Direction

Future research may extend the present study in two ways. First the researchers could employ advanced econometric techniques such as the Autoregressive Distributed Lag (ARDL), Vector Error Correction Model (VECM), or Autoregressive Integrated Moving Average (ARIMA) models to examine both the short-run and long-run dynamics of Afghanistan's export performance. Second, researchers may also incorporate additional explanatory variables, including foreign direct investment, political stability, security conditions, and digital trade readiness.

5.4 Conflict of Interest

Authors declare no conflict of interest in any part of the research.

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