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AFGHANISTAN'S REGIONAL EXPORT COMPETITIVENESS: EVIDENCE ON CONCENTRATION, BARRIERS AND STRATEGIC UPGRADING

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Abstract

This article summarizes and reframes a master's thesis on Afghanistan's regional export competitiveness. The study adopts a documentary qualitative approach supported by descriptive quantitative analysis of secondary trade data. It examines Afghanistan's export structure, market and product concentration, indicative revealed comparative advantage, and regional benchmarking against Pakistan and Uzbekistan. The article also uses recent Afghanistan-focused empirical studies on agricultural exporters to interpret operational barriers faced by traders. The findings show that Afghanistan possesses strong revealed specialization in selected agricultural and fiber-related products, but this specialization is not matched by sufficient diversification, value addition, standards capacity, trade finance, storage, cold-chain infrastructure or route resilience. The top two destinations account for approximately four-fifths of exports, while the top five products account for about half of export value. Evidence from exporter studies further indicates that financial constraints, logistics and transportation, market access, energy shortages, inadequate warehouses, cold storage and weak packaging continue to restrict export growth. The article argues that Afghanistan's export challenge is best understood as a capability and systems problem rather than as a simple absence of exportable goods. It recommends a strategy of managed upgrading based on adjacent value addition, trade facilitation, standards of infrastructure, export finance, route diversification, and disciplined public–private coordination.

Keywords: *Afghanistan; export competitiveness; revealed comparative advantage; trade facilitation; agricultural exports; regional trade; diversification*

1. Introduction

Afghanistan's export sector plays an important role in the country's search for economic resilience, foreign- exchange generation and private-sector development. Yet

Afghanistan's merchandise exports remain small relative to imports and are concentrated in a narrow range of products and destinations. This condition makes export competitiveness a central policy concern rather than a merely sectoral question. A country can export in a statistical sense while still lacking a resilient export system if foreign sales depend on a small number of products, a few destinations and unstable routes.

The concept of export competitiveness used in this article goes beyond short-term export growth. It refers to the capacity of firms and sectors to sell reliably in foreign markets while meeting price, quality, logistics, standards, and payment requirements. This distinction is important for Afghanistan because the country has visible strengths in horticulture, dried fruits, nuts, grapes, saffron, cotton, carpets and selected traditional products. However, those strengths have not yet produced a broad, high-value, and resilient export base. The central question is therefore not whether Afghanistan has exportable products, but whether the country possesses the institutional and logistical systems needed to convert product potential into sustained competitiveness.

This article summarizes the core findings of a thesis on Afghanistan's regional export competitiveness. It reviews theoretical foundations, presents descriptive quantitative evidence, interprets exporter-level barriers using recent empirical studies and proposes a policy framework for upgrading. The paper is deliberately concise and journal-oriented, focusing on the thesis's contribution rather than reproducing the full manuscript.

2. Literature and Conceptual Background

Classical comparative advantage helps explain why Afghanistan's export profile is concentrated in agricultural, natural-resource-linked and traditional products. However, a comparative advantage alone cannot explain why those strengths remain weakly transformed or why export destinations remain highly concentrated. Product-space theory provides a more dynamic interpretation by arguing that countries diversify into products that are close to existing capabilities. For Afghanistan, this implies that realistic diversification should move through adjacent activities such as grading, processing, packaging, cold-chain management, certification and selected textile-related upgrading rather than immediate movement into unrelated high-complexity industries (Hausmann and Klinger, 2007; Hidalgo et al., 2007).

New trade theory also matters because many Afghan products compete not only on price but on differentiation, quality and reputation. Carpets, saffron, nuts, raisins and

selected horticultural goods require branding, buyer trust and consistent delivery. Yet such advantages are difficult to maintain if trade routes are frequently disrupted or if standards and logistics are weak. Industrial-policy literature, particularly Rodrik's work, adds another important element: in uncertain environments, public–private coordination may be needed to identify constraints, test solutions and support discovery around promising sectors (Rodrik, 2004, 2008).

Trade-facilitation literature is especially relevant for a landlocked country. Delays, documentary duplication and border uncertainty can operate like hidden trade taxes. For perishable products, time is not merely a cost variable; it affects product quality and buyer confidence. Studies of Afghan agricultural exporters also show that storage, cold chain, standards, finance and market access are not secondary issues but central determinants of competitiveness (Rahimi and Artukoğlu, 2021; Jauhar, Banuree and Naseri, 2024).

3. Methodology

The article is based on a documentary qualitative design supported by descriptive quantitative analysis of secondary data. It uses country and product trade profiles from the Observatory of Economic Complexity, macro-trade evidence from the World Bank, and exporter-barrier evidence from recent Afghanistan-focused empirical articles. The study does not claim to be a primary-data mixed-methods study, because no original survey or interview data were collected for this article. Instead, the article synthesizes secondary quantitative trade indicators and published primary-data studies as part of a desk-based analytical design.

The quantitative component includes export trend markers, product and destination shares, Herfindahl– Hirschman Index (HHI) concentration measures, concentration ratios, indicative Balassa-style revealed comparative advantage (RCA) values and regional benchmarking against Pakistan and Uzbekistan. The qualitative component interprets these indicators through the lens of trade theory, policy documents, and exporter studies. The use of multiple sources strengthens triangulation while acknowledging that Afghanistan's trade data environment involves reporting and methodological differences across databases.

4. Findings

4.1 Export trends, concentration and specialization

Afghanistan's export trajectory has been volatile rather than steadily cumulative. Benchmark evidence indicates that exports were lower in the mid-2010s, rose strongly by 2019, remained significant in 2023 and then appeared weaker in the 2024 partner-based profile. This pattern suggests that Afghanistan has experienced export activity without achieving deep structural transformation. Figure 1 illustrates this trend-marker pattern.

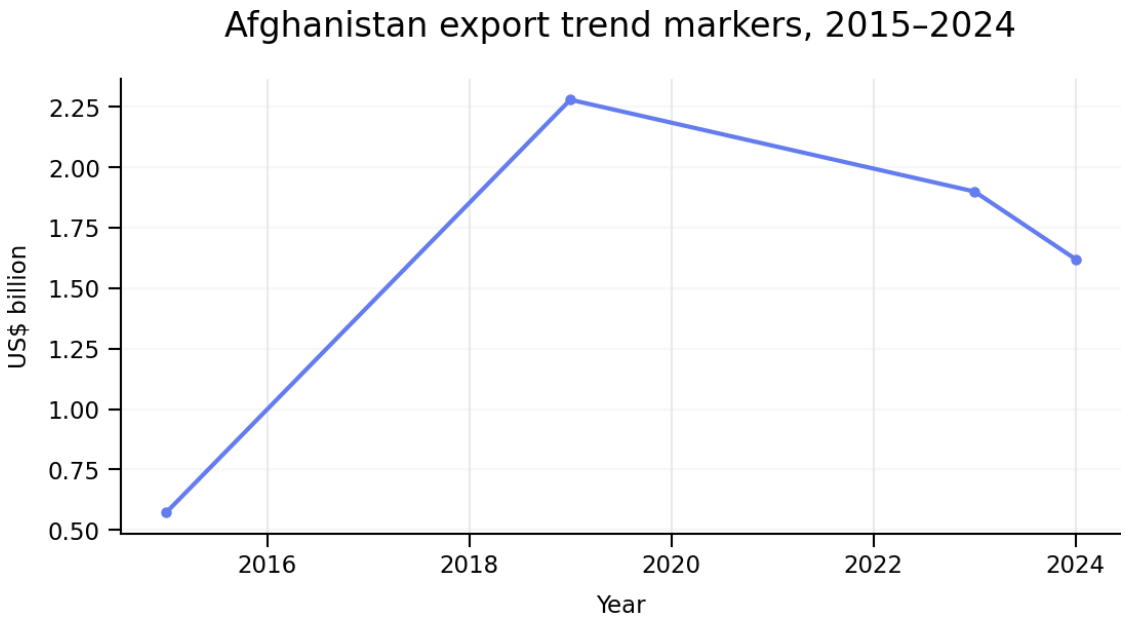


Figure 1. Afghanistan export trend markers, 2015–2024.

The 2024 trade profile also shows strong destination and product concentration. India and Pakistan dominate Afghanistan's export destinations, while raw cotton, grapes, tropical fruits, other nuts and insect resins form the leading product categories. The top two destinations account for approximately 81.7 percent of total exports. The partial destination HHI is 0.347, implying an effective number of only about 2.88 export markets. On the product side, the top five products account for about 50.4 percent of total exports, and the partial product HHI is 0.300. This means Afghanistan's export basket behaves like a narrow portfolio, even though the country exports more products in a literal sense.

Indicative RCA calculations reinforce the existence of strong specialization. The estimated RCA values for raw cotton, fresh grapes and tropical fruits are far above 1, indicating that Afghanistan exports these products much more intensively than the world average structure would predict. However, high RCA values should not be confused with high value addition or resilience. They confirm specialization, but not necessarily transformation.

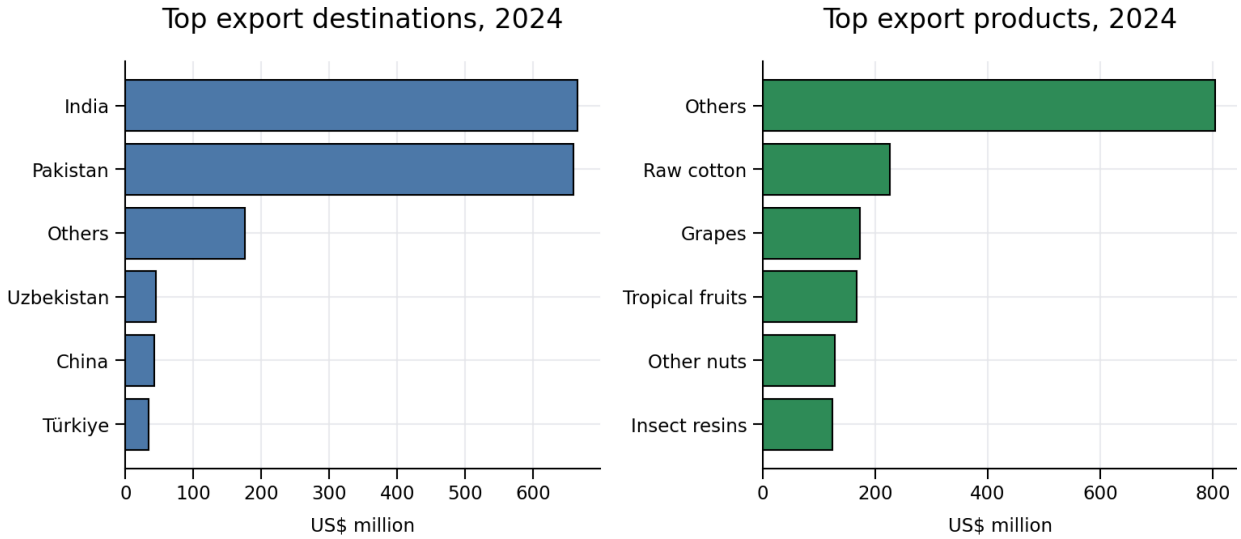


Figure 2. Afghanistan export structure by destination and product, 2024.

4.2 Regional benchmarking

Regional benchmarking shows the scale of Afghanistan's challenge. In 2024, Afghanistan exported about US$1.62 billion, compared with US$36.7 billion for Pakistan and US$23.0 billion for Uzbekistan. Pakistan and Uzbekistan also display broader export structures and higher economic-complexity rankings. This comparison does not imply that Afghanistan should copy either economy. Rather, it demonstrates that lower concentration, broader capability, and deeper value chains are regionally possible. Figure 3 presents the export and import comparison.



Figure 3. Merchandise trade comparison between Afghanistan, Pakistan and Uzbekistan, 2024.

4.3 Exporter-level barriers

Recent exporter studies clarify why Afghanistan's product strengths do not translate automatically into robust competitiveness. Jauhar, Banuree and Naseri (2024) find that financial barriers are the most severe barrier category faced by Afghan traders exporting agricultural products, followed by logistics and transportation, market access and competition, individual barriers and organizational barriers. This finding is significant because it shows that export constraints are not limited to production capacity. Banking, tariffs, currency instability, payment restrictions and export finance are also core export-competitiveness variables.

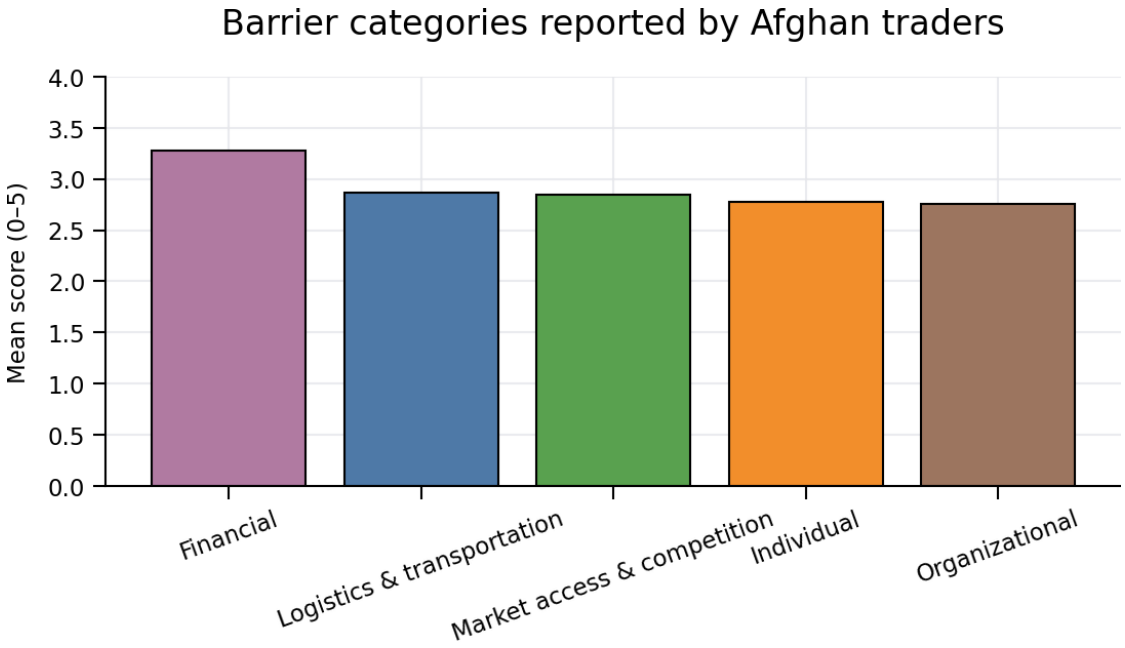


Figure 4. Barrier categories reported by Afghan traders.

Table 1. Main problems preventing exporters from exporting more

Problem	Likert mean	Interpretation
Energy problem	4.15	Most severe constraint; limits processing, cold storage and value addition.
Market finding	3.94	Shows weak buyer linkage, market intelligence and export promotion.

Cash shortage	3.74	Restricts procurement, storage, packaging and ability to wait for better prices.
Insufficient warehouse	3.63	Limits safe storage, seasonality management and loss reduction.
Cold storage/packaging/labeling	3.59	Reduces quality, market acceptance and value capture.
Requested quality not found	1.71	Lower-ranked; product availability is less severe than system constraints.
Lack of technical staff	1.52	Least severe in this table; infrastructure and finance are more urgent.

Table 1 shows that the most severe constraints preventing exporters from expanding are energy, market finding, cash shortage, warehousing and cold storage, packaging and labeling. The high score for energy problems is particularly important because export upgrading depends on electricity-intensive systems such as cold storage, processing and packaging. The relatively low scores for requested quality and technical staff suggest that Afghanistan's main barrier is not the complete absence of products or people, but the weakness of the export ecosystem surrounding those products.

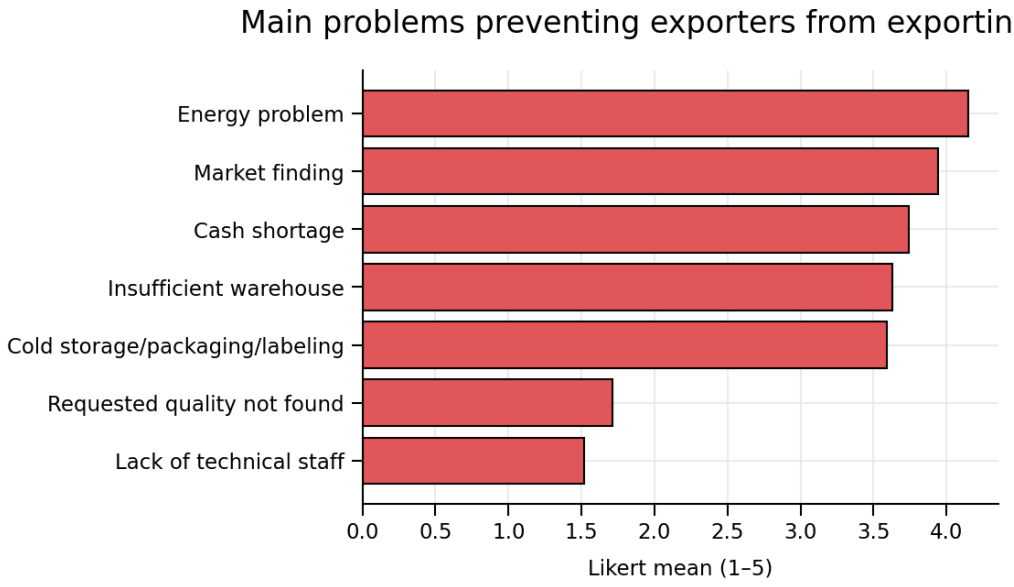


Figure 5. Main problems preventing exporters from exporting more.

5. Discussion

The evidence supports a systems interpretation of Afghanistan's export underperformance. The country has exportable goods and strong revealed specialization in several product lines, but the surrounding systems remain weak. Destination concentration creates vulnerability to bilateral and route shocks. Product concentration exposes the economy to sector-specific volatility. Weak logistics, storage, cold chain and standards prevent agricultural products from reaching higher-value markets in reliable condition. Financial constraints further restrict exporters' capacity to purchase, store, package, and market products strategically.

The exporter studies are particularly useful because they translate macro-level observations into operational constraints. Financial barriers explain why traders may be unable to scale even when demand exists. Storage and cold-chain weaknesses explain why fresh products lose value. Market-finding difficulties explain why products remain concentrated in familiar destinations or are sold through intermediaries who capture greater margins. Standards and certification gaps explain why Afghan products struggle to enter or remain in more demanding markets. These findings collectively strengthen the thesis argument that Afghanistan's export challenge is not a lack of products, but a lack of a sufficiently reliable export ecosystem.

The policy implication is that broad export-promotion slogans are insufficient. Afghanistan needs managed upgrading: a sequenced process that deepens capabilities around existing strengths while reducing concentration and improving institutional support. This approach is compatible with product-space logic because it prioritizes adjacent moves rather than unrealistic industrial leaps. It is also compatible with industrial-policy reasoning because it requires coordination, monitoring, and learning among public and private actors.

6. Policy Recommendations

First, Afghanistan should prioritize trade facilitation for perishable and semi-perishable products. This includes simplified documentation, predictable inspection, risk-based customs, special handling for perishables, and stronger border coordination. Second, storage, cold chain, laboratory services, traceability, packaging, and labeling should be treated as productive export infrastructure, not as minor technical support. Third, export

finance and payment systems should receive greater policy attention because financial barriers are among the most serious constraints reported by Afghan traders.

Fourth, market development should be product-specific. Pakistan and India remain essential, but overdependence on them creates vulnerability. Afghanistan should deepen selective diversification toward Central Asia, Gulf markets and Türkiye-linked channels where product economics support such movement. Fifth, the country needs stronger export-support institutions capable of delivering practical services: market intelligence, certification support, buyer linkages, trade-fair facilitation, and feedback-based problem solving. Finally, the strategy should be monitored through indicators such as number of active destinations, spoilage reduction, export value by priority product, firms using certification services and average border-release time.

7. Conclusion

This article has summarized the main argument of a thesis on Afghanistan's regional export competitiveness. The evidence shows that Afghanistan has genuine product strengths and strong specialization in selected sectors, but its export structure remains narrow, concentrated and weakly supported by the institutions required for sustained competitiveness. Export success will depend less on discovering entirely new products and more on building the systems around existing strengths: storage, standards, finance, logistics, market intelligence, route diversification and coordinated policy learning.

The most realistic path is therefore managed upgrading. Afghanistan should not attempt to leap immediately into unrelated complex sectors, nor should it remain limited to raw or weakly packaged exports. Instead, it should deepen capabilities around agricultural and traditional export strengths, reduce dependence on a few markets, and strengthen the support services that allow exporters to compete reliably. Such a strategy would not eliminate Afghanistan's constraints quickly, but it would provide a more credible and evidence-based route toward regional export competitiveness.

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