

Export Performance of Afghanistan-India Merchandise Trade: An Economic Evaluation

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Abstract

The main objective of this study is to analyze the export performance and intensity of Afghanistan-India merchandise trade. In order to evaluate export performance, revealed symmetric comparative advantage index (RSCA), export intensity index (EII) and import intensity index (III) are employed. The RSCA results are categorized into four categories according to the rank results, highest revealed symmetric comparative advantage (HRSCA), highest revealed symmetric comparative disadvantage (HRSCD), marginal revealed symmetric comparative advantage (MRSCA) and marginal revealed symmetric comparative disadvantage (MRSCD). Out of 25 commodities exported by Afghanistan to India, Afghanistan enjoys HRSCA in 12 commodities, MRSCA in 7 commodities, HRSCD in 3 commodities and MRSCD in 3 commodities. In terms of intensity of exports and imports, the findings reveal that export intensity between Afghanistan and India for the time period 2008-2018 was favorable except for 2010 and 2014. In terms of Import intensity, the pattern of intensity during the period 2008-2018 was favorable except for 2011, 2013 and 2014. Afghanistan has to adopt special strategies to improve the competitiveness of those commodities that fall in marginal comparative advantage and disadvantage.

Keywords: Afghanistan, Export Performance, Merchandise Trade, India

JEL Codes: F10, F13, F21, F24

Introduction

Afghanistan trade has started from the distant past and continues, but it has grown remarkably over the last three decades. Since 1940 trade flows have significantly changed due to trade liberalization and partial elimination of barriers and tariffs. Since globalization, countries have engaged in bilateral and multilateral processes to increase trade performance and thus endorsing the importance of export diversification and competitiveness (Salvatore, 2014). Defining export competitiveness as the capacity to produce, distribute and sell products and services more effectively and efficiently than is done by the relevant competitors. Export performance has a vital role in the economic development process, rapid growth and poverty diminution of many developing countries. There are many developing countries which have developed their economic landscape by export competitiveness such as Korea, Chinese Thailand, Malaysia and

Singapore (International Trade Centre, 2011). As India is one of the largest bilateral trade partners of Afghanistan, the extent of trade relations is not harmonized up to full extent. Since Afghanistan joined South Asia Association Regional Co-operation (SAARC) in 2008, the flow of trading pattern has greatly changed (Burhani and Wani 2019, Wani and Sadiqi, 2018).

Afghanistan's destination of markets varied, since from past few years. Afghanistan's trade with India has increased from 17 per cent in 2016 to 23 per cent in 2018. Afghanistan is exporting a large number of diversified commodities to several countries. From the last three years Afghanistan's exports to India are continuously increasing. During 2016-2018, exports of Afghanistan to India were approximately \$1.13 billion. In this regard the current study endeavours to analyse the export performance of Afghanistan with India, at three-digit level of Standard International Trade Code (SITC Rev. 3) for the year 2018. The study analyses the highest and marginal comparative advantage as well as disadvantage of Afghanistan's exports with India by using revealed symmetric comparative advantage (RSCA) proposed by Dalum et al. (1998). Earlier studies measure the comparative advantage of Afghanistan by using Balassa (1965) index for commodities traded at one-digit level of Standard International Trade Code (SITC Rev. 1).

This study significantly differ from earlier studies on three grounds: firstly, export performance of Afghanistan is analysed for all the commodities exported to India and vice-versa and categorized into highest and marginal comparative advantage and disadvantage, secondly, Dalum et al. (1998) method of RSCA is used in order to avoid the problem of asymmetry in Balassa (1965) index (RCA), and thirdly export and import intensity between Afghanistan and India and vice-versa is presented as well. This research is delimited by geography, as export performance of Afghanistan is limited to India and vice-versa. Hence further research would be needed to assess export performance of Afghanistan with different geographic contexts.

2. Literature Review

Balassa (1977) analysed the trade pattern of industrialized economies by using revealed comparative advantage (RCA). Researchers used Balassa index to compute the comparative advantage among different countries and found change in trade pattern over time (Jebuni, 1988; Yeats, 1998; Richardson and Zhang, 1999; Ferto and Hubbard, 2003; Serin and Civan, 2008; Sheng and Song, 2008; Wani and Dhimi, 2014 and Wani, 2018). Chaudhry et al. (1994) examined the pattern of specialization in agricultural sector of Pakistan and domestic resource cost (DRC) was employed for

computing comparative advantage in agricultural sector and found that Pakistan has comparative advantage in cotton but it is more suitable for Pakistan to diversify its products. Shahabuddin (2000) analysed the comparative advantage of different crops of Bangladesh. Study found that Bangladesh has comparative advantage in the crops of vegetables, potato, onion and cotton. Mahmood (2004) analysed the comparative advantage of 978 manufacturing products of Pakistan from 1990 to 2004 by using Balassa index. The study found that among top twenty-five manufacturing industries twenty industries are labor intensive and Pakistan failed to move to high value-added technology intensive industries.

Wani *et al.* (2020) estimated the potential of trade for India with China, Russia, Brazil and South Africa by employing gravity model. The obtained result showed that India has trade potential with South Africa, Russian Federation and Brazil. Furthermore, Wani *et al.* (2020) evaluated the trade symmetry and sustainability between India and Russia by employing entropy model, export similarity index, trade complementary index and trade intensity index to find out the economic performance and trade relations in terms of symmetry, complementarity, intensity and similarity over 24-years period from 1995 to 2018. The findings depicted trade as increasingly asymmetric between Indo-Russia and India enjoys competitive edge in the basic agricultural Commodities in terms of export similarity. In the same vein, Naseri and Wani (2020) analyzed export competitiveness of Afghanistan with Pakistan by employing revealed comparative advantage (RCA). The study found that out of 71 commodities traded between two countries, Afghanistan had highest revealed symmetric comparative advantage and disadvantage in 5 and 42 commodities respectively.

Grover and Agarwal, (2019) analyzed the relationship and bilateral trade between India and South Asia. The study focused on trade balance, exports, imports, and those commodities which are being traded much more between mentioned countries as will analyzed India's trade problems with South Asian countries. The study has emphasized that AFTA, ASEAN and SAFTA (which are regional trade agreements) should be used to facilitate the trade relationship between countries. Burhani and Wani, (2019) evaluated the trade relations of Afghanistan and India for the years 2015 to 2017. The study employed revealed comparative advantage (RCA), revealed import dependence (RID), export intensity index (EII), trade intensity index (TII), and import Intensity Index (III). The findings describe the enhanced trade intensity and the basket pool of commodities tilted in India's favor due to comparative advantage in 34 products categories. In assessing the trade visibility, Wani (2018) evaluated the trade compatibility

and potential between Afghanistan and India. Based on SITC Revision III classification for 8 years data from 2008-2015 and applied revealed comparative advantage (RCA) and trade intensity index (TII). The result showed that India gained more benefit from trade and enjoys RCA in four product categories, and Afghanistan gained less benefit and had comparative advantage in just one product category and the level of trade intensity of India is better than Afghanistan

Beside of this attempted to promote the trade with countries that are liberalizing their markets for economic growth. Upgrading technology, increasing efficiency in the economy. Rosita (2017) analyzed the Indonesia's provinces export performance. The research was based on secondary data which collected from the Central Bureau of Statistics (Badan Pusat Statistik) which included from 33 provinces of Indonesia for the years 2000 to 2016 and have applied the Regional Export Performance Index (REPI) and RCA. The study findings showed that some provinces have export competitiveness with a positive RCA in exporting of commodities and some provinces don't have export competitiveness with negative RCA, so the export competitiveness by provinces not always follow the growth of national export shares. Kashif & Maryam (2016) analyzed Pakistan's export performance with border sharing countries viz; China, Iran, India and Afghanistan for the year 2014. The commodity pool data was based on SITC (Rev.3) classification and revealed symmetric comparative advantage (RSCA) index was used. The pool of exported commodities varied among countries with 160, 155, 133 and 60 commodities to Afghanistan, China, India and Iran respectively. Suwannarat (2017) examined the export competitiveness of five Thai products to China from 2010 to 2013. Study found that cassava has the highest comparative advantage, while computer equipment has comparative disadvantage in China.

3. Methodology and Data

There are various statistical approaches to measure economic performance. Economic performance is the ability and capacity of an industry to maintain its market share and compete with foreign counterparts in both foreign and domestic markets under free trade. Heckscher-Ohlin theory explains comparative advantage, while Porter diamond model explains competitive advantage (Lall, 2001). Balassa (1965) developed an index called "Revealed Comparative Advantage (RCA)" to measure the trade specialization as well as comparative advantage. This index shows relative comparative advantage of a country's export. Balassa index is computed as:

$$RCA_{ir} = (X_{ir}/X_i)/(X_{rv}/X_v)$$

RCA_{ir} shows the revealed comparative advantage of country i for a commodity r , X_{ir} is exports of a country i for a commodity r , X_i is total exports of country i to world, X_{rv} is total exports of world for a commodity r , X_v is total export to world. If the value of RCA_{ir} (RCA) is greater than one, it means that country i has comparative advantage in the export of commodity r in the particular country and if the value of RCA_{ir} (RCA) is less than one, it means that country i doesn't have comparative advantage in the export of commodity r in that country. The value of RCA index is pleased between 0 and ∞ . So Dalum et al. (1998) has offered a formula for RCA to makes it symmetric and known as revealed symmetric comparative advantage (RSCA).

RSCA is explained as follow:

$$RSCA = (RCA - 1) / (RCA + 1)$$

The value of RSCA is placed between -1 to $+1$. If the value of RSCA is positive, then the corresponding commodity has revealed comparative advantage and vice versa. In order to know about the export and import intensity between Afghanistan and India, export intensity index (EII) and import intensity index are used (Sheng and Song, 2008; and Wani and Dhami, 2014) has been used.

The EII is defined as follows:

$$EII_{ir} = (X_{ir} / X_{iv}) / (X_{vr} / X_{vw})$$

Where X_{ir} is the dollar value of exports of country i to country r , X_{iv} is the dollar value of the exports of country i to the world, X_{vr} is the dollar value of world exports to country r , and X_{vw} is the dollar value of world exports. If the EII is more than one indicates the higher export intensity between the countries.

The III is defined as follow:

$$III_{ir} = (M_{ir} / M_{iv}) / (M_{vr} / M_{vw})$$

Where M_{ir} is the dollar value of imports of country i to country r , M_{iv} is the dollar value of the imports of country i to the world, M_{vr} is the dollar value of world Imports to country r , and M_{vw} is the dollar value of world imports. If the III is more than one indicates the higher import intensity between the countries.

4. Analysis, Findings and Discussions

This section presents the analysis, findings and discussion of the study. The commodities are ranked according to RSCA into four categories. Commodities with RSCA between 1 to 0.5 and -1 to -0.5 are classified as highest comparative advantage and disadvantage respectively. However,

commodities with RSCA between 0 to 0.49 and 0 to -0.49 are classified as marginal comparative advantage and disadvantage respectively Balassa (1965).

4.1 Export Performance between Afghanistan and India and Vice-Versa

Table 1 presents the ranks of commodities based on RSCA and shows highest revealed symmetric comparative advantage (HRSCA) of Afghanistan with India.

Table 1: Highest Revealed Symmetric Comparative Advantage (HRSCA) of Afghanistan with India

| Commodity Code | Afghanistan with India HRSCA | RSCA | Rank |
|----------------|------------------------------|--------|------|
| 292 | Crude veg.materials, nes | 0.9997 | 1 |
| 045 | Other cereals, unmilled | 0.9994 | 2 |
| 057 | Fruit, nuts excl.oil nuts | 0.9988 | 3 |
| 075 | Spices | 0.9987 | 4 |
| 042 | Rice | 0.9973 | 5 |
| 073 | Chocolate, oth.cocoa prep | 0.9970 | 6 |
| 054 | Vegetables | 0.9815 | 7 |
| 659 | Floor coverings, etc. | 0.9584 | 8 |
| 074 | Tea and mate | 0.9464 | 9 |
| 081 | Animal feed stuff | 0.9460 | 10 |
| 058 | Fruit, preserved, prepared | 0.9163 | 11 |
| 268 | Wool, other animal hair | 0.6511 | 12 |

Source: Result compilation from UNCOMTRADE data

Afghanistan is exporting around 25 commodities to India in the year 2018. Only 12 out of 25 commodities fall in the HRSCA segment. The highest relative rank of first five commodities indicates that Afghanistan has highest RSCA in crude veg. materials, nes, cereals, fruit, nuts excl. oil nuts, spices and rice.

Table 2: Highest Revealed Symmetric Comparative Disadvantage (HRSCD) of Afghanistan with India

| Commodity Code | Afghanistan with India HRSCD | RSCA | Rank |
|----------------|------------------------------|---------|------|
| 642 | Paper, paperboard, cut etc. | -0.9995 | 1 |
| 625 | Rubber tyres,tubes,etc. | -0.9947 | 2 |
| 899 | Misc. manufactured goods nes | -0.9811 | 3 |
| 831 | Trunk,suit-cases,bag,etc | -0.9508 | 4 |
| 667 | Pearls,precious stones | -0.9486 | 5 |
| 872 | Medical instruments nes | -0.7834 | 6 |
| 592 | Starches,inulin,etc. | -0.6388 | 7 |

Source: Result compilation from UNCOMTRADE data

Table 2 presents the ranks of commodities based on RSCA and shows highest revealed symmetric comparative disadvantage (HRSCD) of Afghanistan with India. Around 7 out of 25 commodities fall in the HRSCD

segment. Result shows the relative ranking of commodities according to their highest disadvantage. Afghanistan has highest comparative disadvantage in Paper, Paperboard, Cut etc. as its rank is one followed by , Rubber (excluding, Tyres, tubes), Misc Manufactured goods, Trunk, Suit case, Bag, Pearls, Precious Stone, Medical Instruments, Starches, Inulin among the export commodities.

Table 3: Marginal Revealed Symmetric Comparative Advantage (MRSCA) of Afghanistan with India

| Commodity Code | Afghanistan with India MRSCA | RSCA | Rank |
|----------------|------------------------------|--------|------|
| 059 | Fruit, Vegetable Juices | 0.3931 | 1 |
| 651 | Textile Yarn | 0.2368 | 2 |
| 931 | Spec.Transact.Not Classed | 0.1902 | 3 |

Source: Result compilation from UNCOMTRADE data

Table 3 presents the ranks of commodities based on RSCA and shows marginal revealed symmetric comparative advantage (MRSCA) of Afghanistan with India. Around 3 out of 25 commodities fall in the MRSCA segment. These commodities have comparative advantage in Afghanistan, but their comparative advantage is lesser as compared to those commodities presented in table 1. Majority of the products related to Fruit, Vegetable Juices, textile yarn and spec. transact. not Classed are in MRSCA.

Table 4: Marginal Revealed Symmetric Comparative Disadvantage (MRSCD) of Afghanistan with India

| Commodity Code | Afghanistan with India MRSCD | RSCA | Rank |
|----------------|------------------------------|---------|------|
| 656 | Tulle, Lace, Embroidery. etc | -0.0263 | 1 |
| 699 | Manufacts.Base Metal,nes | -0.0844 | 2 |
| 273 | Stone, Sand and Gravel | -0.1032 | 3 |

Source: Result compilation from UNCOMTRADE data

Table 4 presents the ranks of commodities based on RSCA and shows marginal revealed symmetric comparative disadvantage (MRSCD) of Afghanistan with India. Around 3 out of 25 commodities fall in MRSCD segment. These commodities are tulle, lace, embroidery. etc, manufacts. base metal, nes. and, stone, sand and gravel.

Table 5: Highest Revealed Symmetric Comparative Advantage (HRSCA) of India with Afghanistan Commodity

| Commodity Code | India with Afghanistan HRSCA | RSCA | Rank |
|----------------|------------------------------|--------|------|
| 41 | Wheat, Meslin, Unmilled | 0.9745 | 1 |
| 122 | Tobacco, Manufactured | 0.9699 | 2 |
| 22 | Milk and Cream | 0.9535 | 3 |

| | | | |
|-----|----------------------------|--------|----|
| 845 | Other. Textile Apparel,NES | 0.8743 | 4 |
| 842 | Women,Girl Clothng,xknit | 0.8630 | 5 |
| 693 | Wire Products Excl.elect | 0.7855 | 6 |
| 653 | Fabrics,Man-Made Fibres | 0.7516 | 7 |
| 691 | Metallic Structures nes | 0.7504 | 8 |
| 74 | Tea and Mate | 0.7382 | 9 |
| 58 | Fruit,Preserved,Prepared | 0.7042 | 10 |
| 843 | Mens,Boys Clothing,Knit | 0.5749 | 11 |
| 841 | Mens,Boys Clothng,x-knit | 0.5616 | 12 |

Source: Result compilation from UNCOMTRADE data

Table 5 presents the ranks of commodities based on RSCA and shows highest revealed symmetric comparative advantage (HRSCA) of India with Afghanistan. India is exporting around 177 commodities to Afghanistan in the year 2018. Afghanistan has highest comparative advantage in only 12 commodities out of 177 commodities. India has highest comparative advantage in wheat, tobacco, milk, wire product, wire products, metallic structure, tea mate, fruit, preserved, prepared, men's, boys clothing, knit and men's, boys clothing, x- knit fall in the HRSCA section.

Table 6: Highest Revealed Symmetric Comparative Disadvantage (HRSCD) of India with Afghanistan

| Commodity Code | India with Afghanistan HRSCD | RSCA | Rank |
|----------------|------------------------------|---------|------|
| 321 | Coal,Not agglomerated | -1 | 1 |
| 574 | Polyacetal,polycarbonate | -0.9999 | 2 |
| 282 | Ferrous waste and scrap | -0.9999 | 3 |
| 421 | Fixed veg.fat,oils, soft | -0.9999 | 4 |
| 762 | Radio-broadcast receiver | -0.9999 | 5 |
| 562 | Fertilizer,except grp272 | -0.9999 | 6 |
| 686 | Zinc | -0.9999 | 7 |
| 786 | Trailers,semi-trailer,etc | -0.9999 | 8 |
| 422 | Fixed veg.fat,oils,other | -0.9999 | 9 |
| 265 | Vegetable textile fibres | -0.9998 | 10 |

Source: Result compilation from UNCOMTRADE data

Table 6 presents the ranks of commodities based on RSCA and shows highest revealed symmetric comparative disadvantage (HRSCD) of India with Afghanistan. Around 139 commodities out of 177 commodities are in the list of HRSCD. The highest disadvantage is in the product "Coal, Polyacetal, polycarbonate, ferrous waste and scrap Zinc, radio, oils, paper, cereals, vegetables, honey, plastic, alloy steel fall" having rank one-ten fall in the list. Despite having strong comparative disadvantage in these commodities, India is exporting all these commodities in large amount to Afghanistan.

Table 7: Marginal Revealed Symmetric Comparative Advantage (MRSCA) of India with Afghanistan

| Commodity Code | India with Afghanistan MRSCA | RSCA | Rank |
|----------------|------------------------------|--------|------|
| 25 | Eggs,birds,yolks,albumin | 0.4956 | 1 |
| 658 | Textile Articles nes | 0.4897 | 2 |
| 222 | Oilseed(Sft.fix veg.oil) | 0.4701 | 3 |
| 542 | Medicaments | 0.4438 | 4 |
| 42 | Rice | 0.4278 | 5 |
| 11 | Bovine Meat | 0.3799 | 6 |
| 844 | Women,Girls Clothng.Knit | 0.2099 | 7 |
| 75 | Spice | 0.1857 | 8 |
| 781 | Pass.Motor Vehcls.Ex.Bus | 0.1747 | 9 |
| 81 | Animal Feed Stuff | 0.1557 | 10 |
| 12 | Other Meat, Meat Offal | 0.1210 | 11 |
| 851 | Footwear | 0.1035 | 12 |
| 625 | Rubber Tyres,Tubes,Etc. | 0.0390 | 13 |

Source: Result compilation from UNCOMTRADE data

Table 7 presents the ranks of commodities based on RSCA and shows marginal revealed symmetric comparative advantage (MRSCA) of India with Afghanistan. Only 13 out of 177 commodities fall in MRSCA segment. India has marginal comparative advantage in Eggs, Textile, Oil seed, Medicaments, Rice, Spice, Animal feeds in Afghanistan market. India can gain higher comparative advantage in these commodities by improving these sectors.

Table 8: Marginal Revealed Symmetric Comparative Disadvantage (MRSCD) of India in Afghanistan

| Commodity Code | India with Afghanistan HRSCD | RSCA | Rank |
|----------------|------------------------------|---------|------|
| 772 | Elec.switch.relay.circuit | -0.4888 | 1 |
| 656 | Tulle,lace,embroidry.etc | -0.4251 | 2 |
| 48 | Sereacel preparations | -0.4061 | 3 |
| 895 | Office,stationery suppl | -0.4047 | 4 |
| 57 | Fruit,nuts excl.oil nuts | -0.3698 | 5 |
| 722 | Tractors | -0.3239 | 6 |
| 411 | Animal oils and fats | -0.3038 | 7 |
| 541 | Medicines,etc.exc.grp542 | -0.2972 | 8 |
| 553 | Perfumery,cosmetics,etc. | -0.2589 | 9 |
| 652 | Cotton fabrics, woven | -0.2092 | 10 |
| 846 | Clothing accessrs,fabric | -0.1332 | 11 |
| 897 | Gold,silverware,jewl nes | -0.1060 | 12 |
| 98 | Edible prod.preprtns,nes | -0.0419 | 13 |

Source: Result compilation from UNCOMTRADE data

Table 8 presents the ranks of commodities based on RSCA and shows marginal revealed symmetric comparative disadvantage (MRSCD) of India with Afghanistan. Around 13 out of 177 commodities fall in the MRSCD segment like; office stationery, animal oil and fats, clothing, gold, silver wear

fall in MRSCD segment. India can achieve comparative advantage in these commodities by improving these sectors.

4.2 Export Intensity and Import Intensity between Afghanistan and India

To achieve the second objective, export and import intensity between Afghanistan and India has been evaluated for the years 2005 to 2019. The export and import intensity index are used to determine whether the value of export and import between two countries is greater or smaller than 1. Our analysis reveals that export intensity between Afghanistan and India is greater than 1 for the years 2008, 2009, 2011, 2012, 2013, 2015, 2016, 2018 reflecting the export intensity level as good except for 2010 and 2014 as presented in Table 9. Furthermore, import intensity between Afghanistan and India is greater than 1 for the years 2008, 2009, 2010, 2012, 2015, 2016, 2018, representing the cordial import trade except for 2011, 2013 and 2014 as presented in Table 9.

Table 9: Export and Import Intensity Index between Afghanistan and India and Vice-Versa (2005-2019)

| Years | EII between Afg. and India | EII between India and Afg. | III between Afg. and India | III between India and Afg. |
|-------|----------------------------|----------------------------|----------------------------|----------------------------|
| 2005 | N/A | 4.18 | N/A | N/A |
| 2006 | N/A | 5.65 | N/A | N/A |
| 2007 | N/A | 5.40 | N/A | N/A |
| 2008 | 16.56 | 5.55 | 16.57 | 2.74 |
| 2009 | 11.17 | 4.28 | 11.17 | 2.38 |
| 2010 | 9.04 | 0 | 9.04 | 1.45 |
| 2011 | 9.93 | 2.14 | 9.93 | 0.68 |
| 2012 | 8.15 | 2.67 | 8.15 | 1.26 |
| 2013 | 11.30 | 2.40 | 11.30 | 0.33 |
| 2014 | 15.56 | 0.07 | 15.57 | 0.93 |
| 2015 | 17.51 | 3.42 | 17.51 | 10.78 |
| 2016 | 207.19 | 3.20 | 27.18 | 14.98 |
| 2017 | N/A | 2.21 | N/A | N/A |
| 2018 | 19.67 | 3.89 | 19.67 | 3.11 |
| 2019 | N/A | 7.08 | N/A | 5.96 |

Source: Result compilation from UNCOMTRADE data

4.3 Discussions

The study provides the results of the export performance of Afghanistan in Indian trade and vice-versa. Afghanistan's export performance was decent in last decade, especially in 2010, 2013, 2016 and 2017 and enjoyed comparative advantage. In order to gauge the export performance, this study employed Modified Balassa Model revealed comparative advantage (RCA) and revealed symmetric comparative methodology (RSCA) indices for measuring trade specialization and comparative advantage. Afghanistan

has comparative advantage in 12 commodities and India enjoyed comparative advantage in 49 commodities. This study shows that Afghanistan has comparative advantages in exporting Crude, Fruit nuts, Oil nuts, Spices, Rice, Chocolate, Vegetables, Floor covering, Tea, Meat, Animal feed stuff, Fruit preserved, Wool, Animal's hair, Fruit, Vegetable Juices and Textile. Thus, Afghanistan should strengthen its exports of commodities with comparative advantages to India and reduce the export of commodities with comparative disadvantage. As mentioned, that dried fruits, fresh fruits, crude and vegetable contribute the major share of the Afghanistan export to India, so government and international organizations like United State of America for International Development (USAID), Food & Agriculture Organization (FAO) & world Food Program (WFP) should help producers and farmers that produce fruits in different provinces. In addition, government should pave the way for traders & producers to export their product in international markets. India has comparative advantages in exporting wheat, meslin, unmilled, tobacco, manufactured, milk and cream, textile, apparel, women and girl clothing, wire product, tea and meat, fruit preserved, means and boys clothing. Thus, India should strengthen its exports of commodities with comparative advantages to Afghanistan and reduce the export of commodities with comparative as portrayed in Tables 6 & 8. Afghanistan's Export Intensity and Import Intensity increased during the year 2008 to 2016 and vice-versa. Furthermore, the level of export intensity between two countries shows that Afghanistan has a market base in India. It is a good opportunity for Afghanistan to expand its trade with India as Afghanistan is an agricultural country where temperate and climate offer a conducive environment for the growth of fruits and vegetables, dried fruits, fresh fruits, crude, saffron, raisins, almond, apricot & pistachio. The support of the government should be at the forefront in order to pave the way for traders & producers to export their products in international markets especially Indian market. In terms of import intensity between two countries, Afghanistan relies on imports from India as compared to India. Therefore, government through Ministry of Economy should create favorable business climate to promote domestic production in order to reduce the trade imbalance. In addition, there is need for supply side interventions to focus on efficiency and productivity, and further demand side interventions is needed to encourage the shift from imports to domestic production.

5. Conclusion and Recommendations

Afghanistan remains unable to utilize its untapped export potential in the world market, despite of abundant natural resources, and Agro-

ecological conditions for agricultural products. Afghanistan is exporting a large number of diversified commodities to India. The main objective of this study is to analyse and assess the export performance of Afghanistan with India at three-digit level of Standard International Trade Code (SITC Rev. 3) classification for the year 2018. Ranking of commodities is done according to RSCA into four categories. The findings reveal that Afghanistan was exporting 25 commodities to India in the year 2018. Out of 25, the 12 commodities with products codes (292), (045), (057), (075), (042), (073), (054), (659), (074), (081), (058), (268) fall in the HRSCA section which have highest revealed comparative advantage, 7 commodities with products codes (642), (625), (899), (831), (667), (872), (592) have highest revealed symmetric comparative disadvantage, 3 commodities with products code (059), (651), (931) have marginal revealed sympatric comparative advantage, 3 commodities with products code (699), (656), (273) have marginal revealed symmetric comparative disadvantage. In contrast to this, India was exporting 177 products to Afghanistan in the year 2018. Out of 177 commodities 12 commodities have highest revealed symmetric comparative advantage, 139 commodities have highest revealed symmetric comparative disadvantage, 13 have marginal revealed symmetric comparative advantage and 13 commodities have marginal revealed symmetric comparative disadvantage. In terms of trade intensity, export intensity between Afghanistan and India for the years 2008, 2009, 2011, 2012, 2013, 2015, 2016, 2018 was good, except for 2010 and 2014. Import intensity between Afghanistan and India for the years 2008, 2009, 2010, 2012, 2015, 2016, 2018 was good, except for 2011, 2013 and 2014.

The result of the study suggests that Afghanistan and India have to adopt special strategies to improve the competitiveness of those commodities that fall in marginal comparative advantage and disadvantage segments. Particularly, Afghanistan has to improve its market for fruits, nuts, saffron and spices in India. Special measures and productive efforts are required to improve the export competitiveness of commodities falling in MRSCD. Furthermore, it is recommended that Afghanistan should export more of those commodities which have highest revealed symmetric comparative advantage and marginal revealed symmetric comparative advantage to India, as well should expand and diversify its export with other countries to take the advantage of the geographical location. To increase the volume of cross border trading, political and diplomatic channels are required among the countries especially the border sharing countries.

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