ISSN: 2181-1385
Scientific Journal Impact Factor (SJIF) 2021: 5.723

TRADE BETWEEN AFGHANISTAN AND SAARC COUNTRIES: (CASE STUDY OF AFGHANISTAN & INDIA)

Mahfooz Arian Ibni Mohammad Taher
Second Year Management & Economic Master Student of Termez State University

ABSTRACT

In order to expedite the flow of trade the number of regional trade agreements has grown among the countries since the globalization has started. The dramatic changes are quiet visible as these RTA are lucrative and attractive for the countries to manage their trade. Afghanistan started its regional trade with neighboring countries after joining SAARC in 2008. The study period is covering 8 years data from 2008-2015 by employing SITC Revision III classification. The prime focus of this article is to evaluate the trade compatibility between Afghanistan and India by employing Revealed Compara- tive Advantage (RCA) and Trade Intensity Index (TII). From the results it is quite clear that the trade between two countries is proceeding in India's favor. Afghanistan enjoys comparative advantage in just one product category and for the rest of the products the values of RCA are less than 1. India enjoys RCA in four product categories. The paper concludes with this recommendation that it will be better for both countries to keep promoting the export of the products which has the RCA > 1. India is leading the existing export market because of its strong export base. Both countries should strive to improve their export potential products, in order to gain the market and to be compatible and competitive partners with one another.

Keywords: Afghanistan, India, Trade Policy