





An Empirical Analysis of Imports, Exports, Exchange Rate and Inflation as Determinants of Economic Growth in Afghanistan

Abdul Wahab Zaheer¹ , Waheedullah Hemat² , Murad Ali Ziarmal³ ,
Muhammad Osman Sharifi⁴ 

1. Assistant Lecturer, Department of National Economics, Faculty of Economics, Shaikh Zayed University, Khost, Afghanistan. (Corresponding Author). Email: zaheer645756@gmail.com
2. Assistant Professor, Department of Finance and Banking, Faculty of Economics, Kabul University, Kabul, Afghanistan. Email: waheedhemat@ku.edu.af
3. Assistant Professor, Department of Business Administration, Faculty of Economics, Shaikh Zayed University, Khost, Afghanistan. Email: ziarmal60@gmail.com
4. Assistant Professor, Department of Finance and Banking, Faculty of Economics, Shaikh Zayed University, Khost, Afghanistan. Email: osmansharifi2020@gmail.com

Article Info

Article type:
Research Article

Article history:
Received: 11/02/2026
Received in revised form: 21/02/2026
Accepted: 11/03/2026
Available online: 18/03/2026

Keywords:
Afghanistan,
Economic Growth,
Exports, Imports,
Inflation, Exchange Rate, ARDL

ABSTRACT

This study empirically examines the impact of inflation, exchange rate movements, imports, and exports on economic growth in Afghanistan using annual time-series data from 2003 to 2023. Economic growth is proxied by real Gross Domestic Product (GDP), while inflation, exchange rate, exports, and imports are employed as explanatory variables. The study applies the Autoregressive Distributed Lag (ARDL) framework, which is appropriate given the mixed order of integration among the variables. The ARDL bounds test indicates the absence of a statistically significant long-run equilibrium relationship between GDP and the selected variables. This suggests that Afghanistan's economic growth was not driven by stable long-term fundamentals, reflecting structural fragility, political instability, and dependence on external support. Consequently, the analysis focuses on short-run dynamics. Short-run estimates reveal that economic growth exhibits strong dependence on its own past values. Exports do not exert an immediate effect on GDP; however, lagged exports contribute positively to growth, indicating delayed export-led benefits. Imports have an insignificant impact on economic growth, suggesting that import patterns did not enhance productive capacity. Exchange rate fluctuations exert a significant short-run influence on GDP, while inflation has a negative but statistically insignificant effect. The study concludes that Afghanistan's economic growth has been shaped primarily by short-term dynamics rather than long-term structural factors. Policy recommendations emphasize exchange rate stabilization, strengthening trade infrastructure, supporting domestic producers, expanding export markets, and promoting capital goods imports to enhance productive capacity.

Cite this article: Zaheer, A. Hemat, W. Ziarmal, M. & Sharifi, M (2026). An Empirical Analysis of Imports, Exports, Exchange Rate and Inflation as Determinants of Economic Growth in Afghanistan, *Kateb International Journal of Economics and Management*, 1 (1), 17-30.
DOI: <https://doi.org/10.66943/kjem.v4i2.50>



© The Author(s).

Publisher: Kateb University.

Introduction

In the first years of (2003-2011) Afghanistan has practiced speedy economic growth at the average between 7- 13% annually, by reconstruction, foreign aid and agriculture activities but after that Afghanistan has faced slow economic growth because of many reasons (WB, 2023). Trade refers to the give-and-take of goods and services among people, companies and states. But international business refers to all activities and any profitable business deal that crosses the boundaries of two or more countries (WTO, 2023). Many countries do international business to participate in the world trade as exporters or importers. Imports are goods and services purchased abroad and transported into a country. And exports are goods and services shifted abroad and sent out of a country. Therefore, trade openness refers those countries how much allows to goods and services to interchange these goods and services through imports and exports across their borders (John J. Wild & Wild, 2016). And another related concept to this subject is trade liberalization refers to the reduction or completely deletion of barriers to international trade. Inflation is a sustained increasing in the general price of goods and services over time, thus the relationship among inflation and economic growth is difficult and frequently nonlinear (John J. Wild & Wild, 2016). (GDP) Gross domestic product refers to the total monetary value of all final goods and services that produced within a country during a specific period (WB, 2023).

Afghanistan is located in the center of Asia, and Afghans call it the heart of Asia, so Afghanistan has opportunities to profit from these chances and raise its real GDP by doing trade with those countries. First of all, with less cost, Afghanistan can do trade with near countries such as Pakistan, Iran, Tajikistan, India, China, and some other countries in Asia (Ashrafi & Kalaiah, 2021).

The Afghanistan trade report with the region drives back to periods. Afghanistan is located in the central of two civilized nations and Afghans were aware with Silk Road (Ashrafi & Kalaiah, 2020). The Silk Road was the center for economic, culture, politics, and religious contact and connects east to the west from the centuries earlier Christ to modern history. Besides, the Afghanistan trade take in 156 export objects to 62 countries with a total amount of 875 million dollars and 331 import objects from 104 countries with a total volume of 7406 million dollars in the year 2018 (Ashrafi & Kalaiah, 2020).

Afghanistan exports item are commonly agriculture crops, medical plants, mines and reserves, valuable and semiprecious gems, carpet and handicrafts despite the fact that the import of Afghanistan covers nearly the entire things from food to clothes, petroleum, medicine, capital goods, plus construction substances. (Ashrafi & Kalaiah, 2020) In addition, the gap between export and import is enormous and touched (-6531.38) million-dollar shortfall in the trade balance (Ashrafi & Kalaiah, 2020).

Despite a growing body of literature examining the relationship between international trade and economic growth, several important gaps remain, particularly in the context of Afghanistan. Existing empirical studies largely cover periods up to 2018, leaving recent economic developments marked by political transition, external shocks, and structural changes insufficiently examined. To date, there is a lack of comprehensive empirical evidence analyzing the relationship between international trade and economic growth in Afghanistan for the post-2018 period. Moreover, inflation is frequently treated merely as a control variable in prior studies rather than

being analyzed as a key macroeconomic determinant of economic growth. In addition, empirical research focusing specifically on fragile and developing economies such as Afghanistan remains limited.

Although Afghanistan has experienced an expansion in trade activities since 2003, empirical evidence regarding the contribution of imports and exports to economic growth remains inconclusive. Furthermore, many existing studies fail to adequately account for Afghanistan's unique structural challenges, including persistent trade deficits, weak trade infrastructure, and evolving trade policies. These omissions limit the explanatory power of earlier findings and highlight the need for updated and context-specific analysis. Addressing these gaps, the present study empirically examines the impact of imports, exports, inflation, and exchange rate movements on economic growth in Afghanistan by applying the Autoregressive Distributed Lag (ARDL) approach, which allows for the investigation of both short-run and long-run dynamics. The present study is significant in several respects. Academically, it contributes to the empirical literature by providing updated evidence on the combined effects of trade and inflation on economic growth in Afghanistan, thereby enriching research on developing and fragile economies. Methodologically, the study employs accessible and robust econometric techniques using EViews software, making the analysis replicable and practical for similar studies. From a policy perspective, the findings offer valuable insights for policymakers in designing effective trade and macroeconomic policies that promote economic growth while maintaining exchange rate stability and price control. Finally, the study provides a foundation for future research by emphasizing the importance of jointly considering inflation and trade variables when evaluating economic growth dynamics.

This study aims to empirically examine the impact of key macroeconomic variables namely inflation, exchange rate, imports, and exports—on economic growth in Afghanistan. Specifically, it investigates both the short-run and long-run relationships between international trade components (imports and exports) and economic growth, while also assessing the role of inflation and exchange rate movements in shaping economic performance. By analyzing these dynamics, the study seeks to provide a comprehensive understanding of how external trade and macroeconomic stability influence Afghanistan's economic growth process.

Accordingly, the study addresses the central question of how imports, exports, inflation, and exchange rate fluctuations affect economic growth in Afghanistan in both the short and long run. It hypothesizes that inflation, exchange rate, imports, and exports have no significant long-run impact on economic growth under the null hypothesis, while the alternative hypotheses posit that each variable exerts a statistically significant influence on economic growth in both the short run and the long run. These hypotheses are empirically tested to determine whether deviations in trade flows, price levels, and exchange rate movements contribute meaningfully to Afghanistan's economic growth trajectory.

Theoretical Background and Empirical Literature

Mercantilism is one of the earliest theories explaining international trade. Trade among different peoples and groups has existed for thousands of years; however, it was not until the fifteenth century that scholars began to systematically explain why trade occurs and how it benefits trading partners. Mercantilism emphasized that

countries could increase their wealth by maintaining a trade surplus that is, a situation in which the value of exports exceeds the value of imports. Under this theory, a trade surplus was believed to generate wealth by accumulating gold and silver through exports, while minimizing spending on imports (Viner, 1937). The concept of international trade further evolved with the contribution of Adam Smith in 1776. The Scottish economist introduced the theory of absolute advantage, which explains that a country has an absolute advantage when it can produce a good or service more efficiently than another country. In other words, a nation with an absolute advantage can produce a greater quantity of output using the same or fewer resources compared to other nations (Adam, 1776).

Later, in 1817, the English economist David Ricardo developed the theory of comparative advantage. Ricardo argued that even if one country holds an absolute advantage in the production of all goods, mutual gains from trade are still possible through specialization. A country is said to have a comparative advantage when it can produce a good at a lower opportunity cost relative to other goods, even if it is less efficient than other countries in absolute terms (David, 1817).

Empirical literature strongly supports the role of international trade in promoting economic growth, particularly in developing economies. (Dixit, Malik, Jaiswal, & Hemat, 2025) Examined international trade as a key driver of economic growth and found that both goods and services contribute to growth through export expansion. Using the ARDL model and the balance of payments–constrained growth framework for India, the study confirmed that trade significantly influences long-term economic growth. Similarly, (Agarwal & Hemat, 2023) found that trade openness has a significant and positive impact on economic growth in India in both the short run and long run, highlighting the relevance of trade for developing economies such as Afghanistan, where economic activity heavily depends on imports.

In the context of Afghanistan, (Ashrafi, 2020) explored the relationship between international trade and economic growth over the period 2002–2018 using ADF, Granger causality, and Johansen cointegration tests. Their findings indicate that international trade plays a driving role in Afghanistan’s economic growth. Evidence from other developing countries further supports this relationship. (Patrick Enu, 2013), in a study on Ghana, found that the agricultural sector has a strong and positive effect on GDP compared to the service and industrial sectors, underscoring the importance of productive sectors in economic growth. Similarly, (Esther O. Lawal, 2017) analyzed the relationship between international trade and economic growth in Nigeria using data from 1985–2015. Applying Johansen cointegration, Granger causality, vector error correction, and unit root tests, they found a long-run relationship between trade and economic growth. While imports and trade openness were insignificant in the short run, they became significant in the long run, whereas exports and trade balance were significant in both the short and long run.

Recent studies have also explored innovative dimensions of trade. (Xinrui Yang, 2025) Examined the role of the metaverse in empowering rural revitalization through international trade, suggesting that digital platforms can help overcome traditional trade barriers by enabling rural participation in global markets. Likewise, (Qing Li, 2021) investigated the influence of cultural exchange on international trade using data from Belt and Road Initiative countries between 2004 and 2015. Their findings reveal that cultural institutions, such as Confucius Institutes, enhance trade volumes by

strengthening cultural identity, reducing information asymmetry, and lowering trade costs.

Beyond trade-specific studies, (Rezaei & Shahab2, Impacts of Higher Education on Economic Growth of Afghanistan, 2025) analyzed the relationship between higher education and economic growth in Afghanistan from 1996 to 2022 using an ordinary least squares model. They found a positive relationship between tertiary education enrollment, human development, and GDP, although incomplete tertiary education had a negative effect. Additionally, Spyromitros and Panagiotidis (2022) examined the impact of corruption on economic growth in developing countries using FM-OLS and AR (1) techniques. Their results indicate that corruption remains a major political and economic challenge, while human development, investment, and institutional quality play significant roles in economic growth.

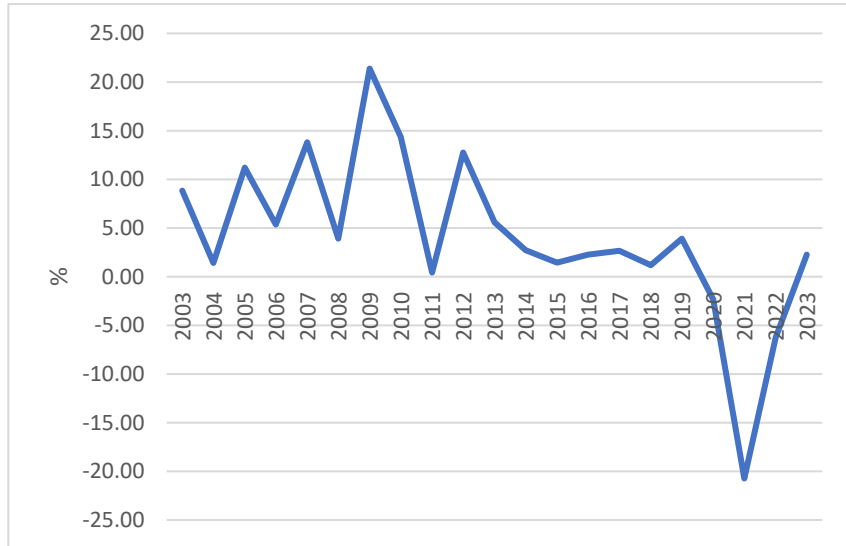
Further evidence from West Africa by (Abubakar Okuwa Abdullahi, 2016), using panel data from 1991–2011, shows that exports significantly enhance economic growth, whereas imports have a positive but insignificant effect. More recently, (Hemat, Shahidi, Nael, & Haqyar, 2026) examined the impact of trade openness on economic growth in Afghanistan, India, Pakistan, and Bangladesh using panel data from 2002 to 2020. Applying pooled ordinary least squares, fixed effects, and random effects models, the study found that trade openness positively and significantly influences economic growth in the selected countries. The findings further suggest that trade contributes to long-term growth when supported by stable policies, while exchange rate fluctuations exert a negative effect on GDP.

Finally, (Adeniran, Yusuf, & Adeyemi, 2014), found that the impact of exchange rate fluctuations on Nigerian economy is generally weak and not strongly significant in the long-run. Other recently study (Olabisi & Akeju, 2024), examined that in Nigeria inflation has negative impact on economic growth, and as well exchange rate volatility negatively affects economic growth in Nigeria.

Trade and Economic growth of Afghanistan 2003-2023

Afghanistan economic growth: In the first years of (2003-2011) Afghanistan has practiced speedy economic growth at the average between 7- 13% annually, by reconstruction, foreign aid and agriculture activities. And after 2013-2019 growth braked for the reason that international aid reduced and the economy was dependent on humanitarian assistance and imports. Sharp contraction 2019-2021 The COVID-19 virus and political transition, while recently partial recovery 2022-2023 cause of increasing domestic trade and also improved agriculture (WB, 2023).

Figure 1: Economic Growth of Afghanistan 2003-2023



Source: world Bank 2003-2023

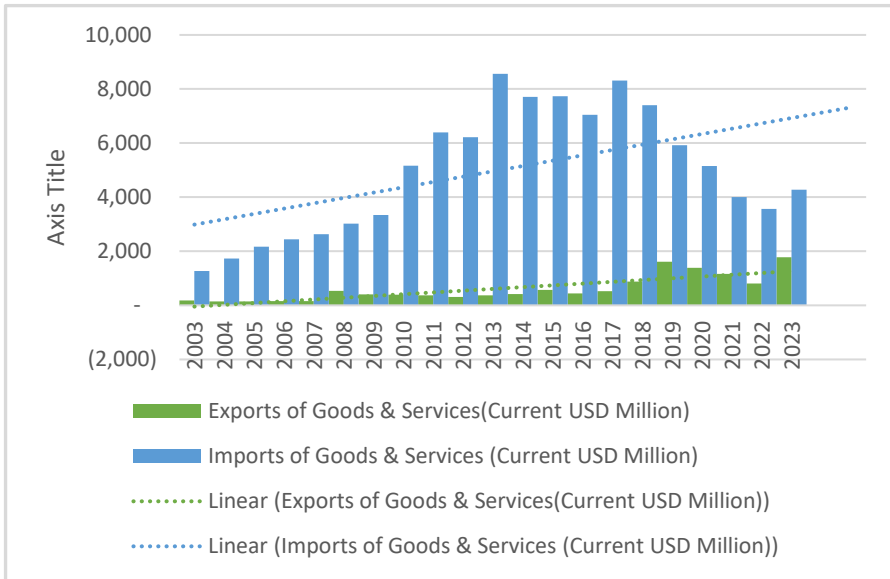
Afghanistan Exports and Imports 2003–2023

From 2003 to 2012, Afghanistan’s exports and imports moved in opposite directions but reflected the same economic reality. Exports increased gradually from about USD 0.51 billion in 2003 to nearly USD 2.5 billion in 2012, supported mainly by post-2001 reconstruction, international assistance, relative security improvements, and growth in agricultural and small industrial activities. During the same period, imports expanded rapidly, reaching a peak of approximately USD 8.5 billion in 2012, driven by strong domestic demand, donor-funded projects, and dependence on foreign consumer goods, fuel, machinery, and food items. However, from 2013 to 2019, both exports and imports declined, reflecting a period of economic slowdown. Rising security challenges, political uncertainty, and a sharp reduction in international aid inflows weakened productive capacity and purchasing power. Exports fell due to lower agricultural output, trade disruptions, and reduced access to international markets, while imports declined as foreign exchange inflows decreased and domestic demand weakened.

The situation worsened further during 2020–2021, when both exports and imports sharply contracted. This decline was mainly caused by the COVID-19 pandemic, border closures, global supply-chain disruptions, and the major political transition in 2021, which severely constrained trade, financial flows, and economic activity. In 2023, Afghanistan experienced a weak and fragile recovery in both exports and imports. Exports showed slight improvement due to better agricultural performance and increased regional/domestic trade, while imports also recovered modestly as basic economic activities stabilized. Nevertheless, the overall trade structure remains highly imbalanced, with imports consistently exceeding exports, indicating Afghanistan’s continued structural dependence on foreign goods and limited export diversification.

Overall, the joint movement of exports and imports over 2003–2023 highlights that Afghanistan’s external trade is highly sensitive to security conditions, political stability, aid inflows, and shocks such as COVID-19, as reported by the International Monetary Fund (IMF, 2023).

Figure 2: Afghanistan Exports and Imports (2003–2023)

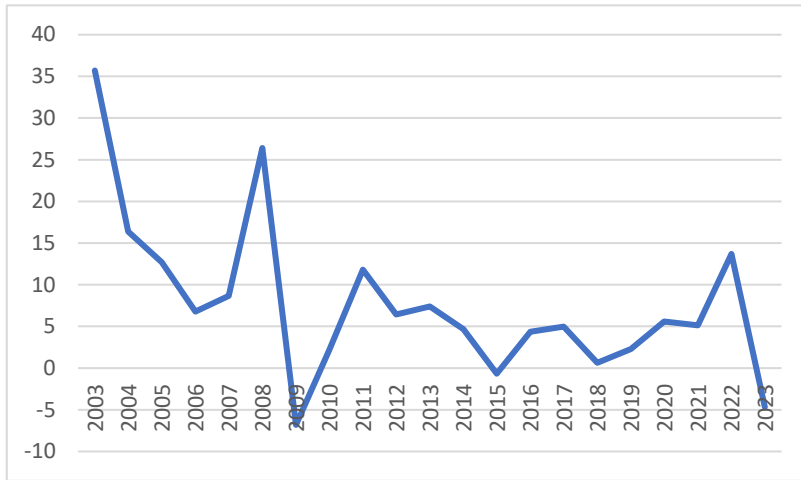


Source: world Bank 2003-2023

Inflation rate in Afghanistan 2003-2023

In the first early years (2003-2008) inflation was very volatile and high and reached overhead 35% in 2003 and above 26% in 2008. This period reveals weak production, supply shortage, rising global prices and dependence on imported goods. From 2009-2015 trends shows stabilization and deflation and this stability was supported by aid inflows and the funding of donors, controlling money by Da Afghanistan and relative exchange rate strength. After 2016-2020 the price is some stable and the inflation rate was averaged around (3-5) %, because of the global commodity prices and consistent foreign assistance. But from 2021-2023 inflation rose for a second time due to political transition, supply disruption and international sanctions (Da Afghanistan Bank. Annual economic and statistical report (2023). World Bank. World development indicators (2023).

Figure 3: Afghanistan inflation rate: 2003-2023

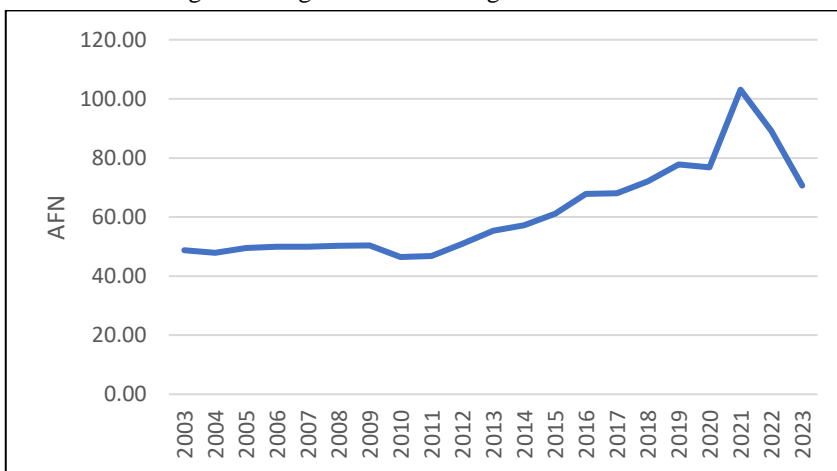


Source: Da Afghanistan Bank, 2023, World Bank, 2023

Exchange rates in Afghanistan 2003-2023

At the beginning from 2003-2013 Afghani was generally stable during this time Afghanistan has aid flows, upright macro policy and reconstruction spending. From 2014-2020 the rate was around by averagely 70 AFN because of lower aid flows and confidence. But from 2021-2023 it was suddenly weakened in 2021 it reached to the highest because of political transition and people trust in Afghani, then in some measure recovered in 2022-2023 by good monitoring and the market running adjusted (Da Afghanistan Bank. Annual economic and statistical report (2023). World Bank. World development indicators (2023).

Figure 4: Afghanistan Exchange rate: 2003-2023



Source: Da Afghanistan Bank, 2023, World Bank, 2023

Research Methodology

A better research methodology is the strength of any reliable academic investigation, which ensuring that the findings are not only valid but also has consistency, contextually, and reproducible relevant. This study, titled “The role of international trade as driver of economic growth in Afghanistan” seeks to find and explore that how international trade play a role in economic growth in Afghanistan?

This study uses time series data for economic growth in Afghanistan that covers the period from 2003-2023. As well as economic growth is measured using GDP and the other variables include inflation, exchange rate, imports and exports as proxies of international trade. Economic growth is proxied by real Gross Domestic Product (GDP), while inflation, exchange rate, exports, and imports are employed as key macroeconomic and trade-related explanatory variables. The study applies the Autoregressive Distributed Lag (ARDL) modeling framework, which is appropriate given the mixed order of integration among the variables as confirmed by Augmented Dickey–Fuller unit root tests. These variables are chosen because these are the key macroeconomic and trade related factors which effect economic growth in Afghanistan.

The data is obtained from secondary reliable sources such as: Da Afghanistan Bank, World Bank, International Monetary Fund databases.

Eventually, this methodology serves as the blueprint for investigating the role of international trade in the economic growth of Afghanistan.

Data

This study investigates the impact of international trade on economic growth in Afghanistan. The data is in time series form from 2003-2023. Because of that the variables Gross Domestic Product (GDP_t), Exchange rate ($EXCR_t$), Export (EXP_t), Import (IMP_t) and Inflation (INF_t) were put to the stability properties or stationary test using ADF (Augmented Dickey-Fuller) of Unit Root Tests to realize whether the variables are set to be run the model or it should be taken the first difference.

The model can be expressed as: $GDP_t = f(GDP_{t-1}, EXCR_t, EXP_t, IMP_t, INF_t)$

This model permits GDP to be influenced by not only on current values of the explanatory variables but also on their past values.

Table 1: Descriptive statistics.

Variable	Abbreviation	Minimum	Maximum	Mean	Std. Deviation
GDP	GDP_t	4520946818.545	20497128555.697	14672816995.030	541831967.1719
Export	$EXCR_t$	144.63	1782.9	608.1490	490.670
Import	IMP_t	1267.63	8561.76	4956.091	2320.829
Inflation	INF_t	-6.811	35.701	7.798	9.675
Exchange rate	$EXCR_t$	46.452	103.1	61.422	15.647

Source: Author’s calculation.

Unit root test

Table 2: Augmented Dickey-Fuller test result.

Variable	MacKinnon approximate p-value for Z (t)	Test Statistic	1% Critical Value	5% Critical Value	10% Critical Value
GDPt	0.2913	-1.989	-3.750	-3.000	-2.630
EXCRt	0.6510	-1.252	-3.750	-3.000	-2.630
EXPt	0.8774	-0.571	-3.750	-3.000	-2.630
IMPt	0.4539	-1.656	-3.750	-3.000	-2.630
INFt	0.0000	-4.966	-3.750	-3.000	-2.630

Source: Author’s calculation.

From the result of Augmented Dickey-Fuller test just inflation is stationary, while GDP, imports, exports and exchange rate, they became stationary after first differencing this mix of (1, 1, 1, 1, and 0) variables confirms that the ARDL model is fit for the study.

Bound test for Cointegration

After estimating the ARDL model, the bound testing is used to examine whether a long-run relationship exists between the variables.

Table 3: Bound test for Cointegration.

Statistic	Value
F-statistic	5.296
T-statistic	-1.142

Source: Author’s calculation.

Long-run dynamics

Table 3 shows at the 5% level the critical value is high from the test F and T value so we can’t reject the null hypothesis. And we conclude there is no statistically significant long-run equilibrium relationship between GDP and the explanatory variables over the sample period and the null hypothesis of the bound test adopts there is no long-run relationship happens. Then, the analysis focuses on short-run dynamics.

Short-run dynamics

Meanwhile the bound test does not confirm a long-run effect using then differenced ARDL model. This helps to capture how changes in exchange rate, inflation, exports and imports affect economic growth in the short-run in Afghanistan.

Table 4: Short run ARDL results, dependent variable: Δ GDP.

Variable	Coef.	Std.Err.	T	P
GDP(t-1)	-0.235	0.206	-1.140	0.278
Δ Export	-2676070	1383579	-1.930	0.079
Δ Import	-1.25e+05	2.95e+05	-0.420	0.680
Δ Exchange rate	-9.82e+07	3.40e+07	-2.890	0.015
Δ Inflation	-2.34e+07	3.40e+07	-0.690	0.506
Constant	7.33e+09	1.47e+09	4.990	0.000

Source: Author’s calculation.

Note: $R^2 = 0.867$. Adjusted $R^2 = 0.770$.

Diagnostic tests

Some diagnostic tests are applied to check the reliability of the predictable model. And these include for serial correlation, Heteroskedasticity, normality of residual, and model specification. The results indicate that the model doesn't agonize from autocorrelation there is no omitted variables and also the residuals are normally distributed.

Table 5: Diagnostic tests.

Test	Statistic	P	Result
Serial correlation	$X^2 = 1.152$	0.283	No autocorrelation
Heteroskedasticity	$X^2 = 0.110$	0.744	Constant variance
Normality	$X^2 = 1.600$	0.450	Residual are normal
Ramsey reset	$F = 0.31$	0.816	No misspecification

Source: Author's calculation.

Discussion

The findings of this study shows that GDP and the selected key macroeconomic variables have no long-run relationship in Afghanistan. This means that economic growth during this period (2003-2023) didn't follow a stable path. Instead, the economic growth in Afghanistan mostly respond in short-run. Shows that the country's political instability, external support, structural weaknesses are the main reasons for that. However the results of this study is differ somewhat from previous empirical findings. Such as, (Agarwal & Hemat, 2023) investigated that trade openness has a significant and positive impact on economic growth in India, the study found that trade openness has a vital role in both short-run and long-run. The study ARDL approach analysis confirms that trade enhances economic growth in India. This deference may be recognized to Afghanistan fragile economic structure, persistent of trade deficit, & limited industrial and domestic products.

Similarly, recent study evidence shows positive relationship between economic growth and international trade (Hemat, Shahidi, Nael, & Haqyar, 2026) explored the impact of trade openness on economic growth of Afghanistan, India, Pakistan & Bangladesh, used panel data from 2002 to 2020. The study applied pooled Ordinary least squares, random effects and fixed effects models to measure the relationship between GDP, trade openness, exchange rate, and population growth. Their study found, that trade openness has a positive and significant effect on economic growth of selected countries. Likewise, trade contributes to long-term growth when supported by stable policies, while exchange rate has negative effect on GDP. Though, their panel data is broader and captured from selected region countries, while this study focus only on Afghanistan.

Moreover, (Abdullahi, Safiyanu, & Soja, 2016) investigated the relationship between international trade and economic growth in West African countries, they used panel data from 1991-2011. They found that exports have significantly increase economic growth, while import have a positive but insignificant effect. The results of this study shows that imports are statistically insignificant and Imports do not have a clear effect on GDP, while exports are significant but do not affect GDP immediately.

Conclusion & Recommendations

The study investigated the impact of imports, exports, exchange rate and inflation on economic growth in Afghanistan using the ARDL model in the period from 2003 to 2023. The main purpose of the study was to know about that; are these key variables influence GDP in the long-run or short-run? The findings show that there is no stable relationship between these key variables and GDP. This means that, during this period (2003-2023) economic growth in Afghanistan did not have a long-run relationship with international trade, exchange rate and inflation. Instead, economic growth mostly influenced in the short-run dynamics.

In the short dynamics, (table 4) both current and lagged imports are statistically insignificant and Imports do not have a clear short-run effect on GDP in this model. Inflation has a negative but insignificant effect on GDP, no strong short-run impact detected and shows that inflation is not a key driver of GDP fluctuations during this period. The exchange rate has a strong negative short-run influence on GDP. The results highlight the weakness of Afghanistan's economy to currency instability.

During this period the result of the study confirms that economic growth has solid dependence on its past value. This means that the economy of Afghanistan declines and grows, because of following years. This suggest that in developing economy like Afghanistan structural transformations takes more time.

Exports need stronger support, the findings show that exports help growth, but with a delay. It shows export improvements do not produce immediate results, but they matter is in over time. Improving trade infrastructure, supporting local producers, and expanding into new export markets could strengthen this positive effect.

Imports should become more productive. And the study shows that imports do not significantly support growth. This may be because many imports are consumer goods rather than machinery or technology. Therefore, encouraging the imports of capital goods that support local production could improve their contribution to the economy.

References

1. Abdullahi, A. O., Safiyanu, S., & Soja, T. (2016). International Trade And Economic Growth: An Empirical Analysis Of West Africa. *Economics and Finance (IOSR-JEF)*, 12-15.
2. Abubakar Okuwa Abdullahi, S. S. (2016). International Trade And Economic Growth: An Empirical Analysis Of West Africa. *Economics and Finance (IOSR-JEF)* , 12-15.
3. Adam, S. (1776). *An inquiry to the nature and causes of the wealth of nations*. London: Cosimo Classics.
4. Adeniran, J., Yusuf, S., & Adeyemi, O. (2014). The impact of exchange rate fluctuation on the Nigerian economic growth; An empirical investigation. *International Journal of Academic Research in Business and Social Sciences*, 224-233.
5. Agarwal, M. K., & Hemat, W. (2023). Foreign Direct Investment, Trade Openness, and Economic Growth An Empirical Investigation of India. *Economic & Political Weekly*, 59-64.
6. Ashrafi, S. A. (2020). International Trade and Economic Growth in Afghanistan. Xi'an University of Architecture & Technology, 1799-1808.
7. Ashrafi, S. A., & Kalaiah, V. (2020). International Trade and Economic Growth in Afghanistan. Xi'an University of Architecture & Technology, 1799-1808.
8. Ashrafi, S. A., & Kalaiah, V. (2021). TREND, DIRECTION AND PERFORMANCE OF AFGHANISTAN'S INTERNATIONAL TRADE. *Australian Finance & Banking Review*, 40-49.
9. David, R. (1817). *On the principles of political economy and taxation*. New York: Dover publication.
10. Da Afghanistan bank. (2023). Annual economic and statistical report 2023. Available: Da Afghanistan bank.
11. Dixit, A., Malik, M., Jaiswal, B., & Hemat, W. (2025). Exploring the Nexus: Services Trade, Economic Growth and Current Account Dynamics in India. *COGENT ECONOMICS & FINANCE*, 1-16.
12. Enu, P., Havi, E., Gyimah, O., Attah-Obeng, P., & Opoku, C. (2013). ACHIEVING HIGHER GDP GROWTH RATES IN GHANA: WHICH SECTOR IS TO LEAD? *Academic Research International*, 457-468.
13. Esther O. Lawal, K. E. (2017). International Trade and Economic Growth in Nigeria. *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)*, 35-43.
14. Hemat, W., Shahidi, J. A., Nael, A., & Haqyar, H. (2026). Panel Data Analysis of International Trade and Its Influence on Economic Growth in Selected South Asian Countries. *Journal of Social Sciences & Humanities*, 222-234.
15. John J. Wild, & Wild, K. (2016). *International Business The Challenges of Globalization*. England: Pearson Education Limited.
16. Lawal, E. O., & Ezeuchenne, K. (2017). International Trade and Economic Growth in Nigeria. *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)*, 35-43.
17. Li, Q., Han, Y., Li, Z., Wei, D., & Zhang, F. (2021). The influence of cultural exchange on international trade: an empirical test of Confucius Institutes based on China and the 'Belt and Road' areas. *ECONOMIC RESEARCH-EKONOMSKA ISTRAŽIVANJA*, 1033-1059.
18. Olabisi, O. E., & Akeju, K. F. (2024). The Impact Of Exchange Rate Volatility And Inflation On The Nigerian Economy. *Business & Management Compass*, University of Economics Varna, issue 2., 5-16.
19. Patrick Enu, E. D.-G.-O. (2013). ACHIEVING HIGHER GDP GROWTH RATES IN GHANA: WHICH SECTOR IS TO LEAD? *Academic Research International*, 457-468.

20. Qing Li, Y. H. (2021). The influence of cultural exchange on international trade: an empirical test of Confucius Institutes based on China and the 'Belt and Road' areas. *ECONOMIC RESEARCH-EKONOMSKA ISTRAŽIVANJA*, 1033–1059.
21. Rezaei, H., & Shahab, J. (2025). Impacts of Higher Education on Economic Growth of Afghanistan. *Kdz Uni Int J Islam Stud and Soc*, 43-54.
22. Rezaei, H., & Shahab, J. (2025). Impacts of Higher Education on Economic Growth of Afghanistan. *Kdz Uni Int J Islam Stud and Soc*, 43-54.
23. Spyromitros, E., & Panagiotidis, M. (2022). The impact of corruption on economic growth in developing countries and a comparative analysis of corruption measurement indicators. *Cogent Economics & Finance*, 1-30.
24. Statistics, I. F. (2023). International Monetary Fund (IMF). Retrieved from International Monetary Fund (IMF): IMF Data
25. Viner, J. (1937). *Studies in the theory of international trade*. Chicago: University of Chicago press.
26. WB. (2023). World development indicators. Retrieved from World development indicators.
27. WTO, W. T. (2023). World Trade Organization WTO. Retrieved from World Trade Organization (WTO)
28. Xinrui Yang, J. Z. (2025). In the Metaverse: Empowering Rural Revitalization through International Trade. 2(1).
29. Yang, X., & Zhang, J. (2025). In the Metaverse: Empowering Rural Revitalization through International Trade. 2(1).