



## Problems Facing Agricultural Product Exporters and Solutions : A Case Study from Afghanistan

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### Abstract

**Purpose:** To investigate problems faced by agricultural product exporters of Afghanistan and propose solutions with the help of a questionnaire.

**Design/Methodology/Approach:** The data obtained for this study were prepared from primary and secondary data. Primary data was collected through questionnaires with exporters of agricultural products in Kabul province. Part of the interview part was conducted face-to-face, and some of the answers were collected from interviewees through the mail. The secondary data was obtained from reliable national and international organizations' websites. According to the 18-year data obtained in the study for Afghanistan, foreign trade has been analyzed and the calculations have been presented in %.

**Findings:** The main problems faced by the exporters of Afghanistan agricultural products are: lack of marketing services; the inadequacy of government support; taxes and customs clearance; transit transportation problems; the problem of adaptation to the global marketing system; ongoing civil war and security problems; problems in commercial relations with neighbors; problems related to education and communication; and lack of quality control systems. The main solutions for these problems include: effective and appropriate marketing services; following correct and reasonable policies regarding incentives to investors, tariffs, and customs fees; strengthening the country's economic infrastructure; construction of highways and establishment of an appropriate transit transportation system; increasing security measures; and increasing the added value of domestic export items. Eliminating the problems of exporters will increase the export potential of the country and enable it to be used better.

**Originality/Value:** Agriculture is the main sector in Afghanistan's economy, and agricultural products constitute 65.8% of the country's total exports. There are very limited studies on foreign trade, especially the export of agricultural products, in Afghanistan. The absence of studies addressing the problems of exporters adds value to this study.

**Key words:** Afghanistan, Agriculture, Trade, Exporters, Problems, Solutions

### *Tarım Ürünü İhracatçıların Karşılaştıkları Sorunlar ve Çözüm Önerileri: Afganistan Örneği* *Özet*

**Amaç:** Afganistan'ın tarım ürünleri ihracatçılarının karşılaştığı sorunları ve çözüm önerilerini anket formu yardımı ile ortaya koyarak, sorunlara yönelik çözüm önerileri geliştirmektir.

**Tasarım/Methodoloji/Yaklaşım:** Bu çalışma için elde edilen veriler birincil ve ikincil verilerden hazırlanmıştır. Birincil veriler, Kabil ilindeki tarım ürünleri ihracatçıları ile yapılan anketler yoluyla toplanmıştır. Görüşme kısmı yüz yüze yapılmış, sorular ve cevapların bir kısmı görüşülen kişilerden mail yoluyla toplanmıştır. İkincil veriler güvenilir ulusal ve uluslararası kuruluşların web sitelerinden elde edilmiştir. Afganistan için yapılan çalışmada elde edilen 18 yıllık verilere göre dış ticaret analiz edilmiş ve hesaplamalar % olarak sunulmuştur.

**Bulgular:** Afganistan tarım ürünleri ihracatçıların karşılaştığı başlıca sorunlar şunlardır: pazarlama hizmetlerinin yetersizliği, devlet desteğinin yetersizliği, vergiler ve gümrükleme, transit ulaşım sorunları, küresel pazarlama sistemine uyum sorunu, devam eden iç savaş ve güvenlik sorun, komşularla ticari ilişkilerde sorunlar, eğitim ve iletişimle ilgili sorunlar, kalite kontrol sisteminin olmaması. Bu sorunların başlıca çözümleri, etkin ve uygun pazarlama hizmetleri, yatırımcılara yönelik teşvikler, tarifeler ve gümrük ücretleri konusunda doğru ve makul politikaların izlenmesi, ülkenin ekonomik altyapısının güçlendirilmesi, karayollarının inşası ve uygun transit ulaşım sisteminin kurulması, güvenlik önlemlerinin artırılmasıdır. ve yurt içi ihracat kalemlerinin katma değerini artırmak olarak sıralanabilir. İhracatçıların sorunlarının giderilmesi ülkenin ihracat potansiyelini artıracak ve daha iyi kullanılmasını sağlayacaktır.

**Özgünlük/Değer:** Tarım sektörü Afganistan ekonomisi içinde temel sektör konumunda olup, Tarım ürünleri, ülkenin toplam ihracatının %65.8'ini oluşturmaktadır. Afganistan'da dış ticaret, özellikle tarım ürünlerinin ihracatı konusunda çok sınırlı çalışmalar bulunmaktadır. İhracatçıların sorunlarını ele alan çalışmaların olmayışı çalışmaya aynı bir değer katmaktadır.

**Anahtar kelimeler:** Afganistan, Tarım, Ticaret, İhracatçıları, Sorunlar, Çözümler

## 1. INTRODUCTION

Agriculture is traditionally a driving force of the Afghan economy and the majority of Afghans rely on agriculture to feed their families and earn a livelihood. Agriculture represents about a quarter of national gross domestic product (GDP) and is the second-largest sector after services. The contributions of agriculture to the country's GDP were 25.77% in 2019 (The Global Economy, 2019); while the labor force engaged in this sector was around 61.6%, a little less than 40% of the male and two-thirds of the female workforce (The Business Owner Toolkit, 2019). Around 70% of the population live and work in rural areas and 61% of all households derive income from agriculture (Bolton, 2019). About 11.8% of the total land area or 19% of total agricultural land is arable and less than 6% of the total land area is currently cultivated in Afghanistan (World Bank, 2021 and MAIL, 2021). The majority of Afghan farms are very small, and their productivity has been too low over the past years to satisfy the food needs of their households, with limited agricultural production entering commercial marketing channels, hence resulting in the overall trade account deficit. The agricultural sector is entirely run by private enterprises, including farmers, cooperatives, input suppliers, herders, agribusiness processors, and exporters (Muradi, 2018 and Bassam, 2016).

In the present case, it is the only sector with the ability to create capital and create jobs. If the problems of exporters are solved and their solutions are implemented, the agriculture sector can lead Afghanistan to food and nutrition security and build a balanced economy that will stabilize the country and empower Afghan men and women economically. Lack of agricultural land management and lack of necessary agricultural infrastructure has slowed agricultural development. In addition to the above points, the country's agriculture sector also needs professional agricultural management to become commercial agriculture. Consequently, the country's agriculture will not only replace imported agricultural products but also be able to export high-quality products and large quantities to international markets.

Due to lack of mechanization and processing infrastructure, the majority of Afghanistan's agricultural products are organic and fresh produce and productivity is less per unit of land. Afghanistan produces cereals, pulses, organic fruits, nuts, medicinal crops, vegetables, and livestock products such as cashmere, hide, wool, and a significant amount of these commodities is moving towards the export market. Afghanistan traditionally exports items with low value, such as dry and fresh fruits, vegetables, medicinal crops, pulses, hand-woven carpets, rugs, wool, silk, cotton, leather, felt, coal, and precious and semi-precious stone. According to the Food and Agriculture Organization (FAO), Afghanistan produced about 23 million tons of crops in 2019 (UNFAO, 2021) and the gross production value was 5.89 billion and 5.72 billion in 2019 and 2020, respectively, in constant 2014-2016 U.S dollar exchange rate (World Bank, 2021). Though studies on trade in Afghanistan, and especially on the export of agricultural products, are very limited, the prominent issues raised by these studies are listed below.

In an article about Afghan Dried Fruit and Nuts (2016), the British Afghan Chamber of commerce and Industry (BACCI) reported that Afghanistan is one of the leading producers of dried fruit and nuts in the world. The article also mentioned that Afghanistan produces some of the world's tastiest fruits and nuts, and these high-value food products are in great demand in international markets. Also with respect to dried fruits and nuts, a study by the Ministry of Commerce and Industry, Private Sector Development General Directorate (2014) stated that the world market for raisins, pistachios, dried apricots, almonds, and walnuts is over \$ 2 billion, of which Afghanistan currently claims less than 3%. This study also mentioned that Pakistan, India, and Russia offer large nearby markets in which Afghan products could begin regaining market share. Also it is mentioned that ideal growing conditions exist for almonds, pistachios and apricots. The world's largest importers of these products - India for almonds and Russia for dried apricots – are natural regional markets.

Jamali (2018) in her paper regarding Obstacles to Afghanistan's Exports highlighted that, lack of quality control system for goods and services in the customs, the packaging of Afghan products is not upto international standards and similar products from neighboring countries, lack of storage facilities such as cold storage and collecting facilities of the products from gardens and farms, widespread cultivation of narcotics instead of economically important crops and too open borders with neighbors especially Pakistan which is not under control are main obstacles of Afghanistan's exports.

Ahmadzai (2010), stated that lack of investments in exports, transportation problems, and extortion from traders by some organs are the major challenges facing the country's exporters.

Ahmadyar (2020), stated in his publication that problems like Afghan exports rely on limited items in terms of diversity and value, lack of proper structures, lack of specific zones for product production, multiple challenges in ports with neighboring countries and transit routes, non-diversification of export destinations and tariffs are imposed in a non-standard way by importing countries are the main challenges for Afghanistan's exports.

As discussed above, studies have generally addressed the issue of foreign trade. In this study, Afghanistan's foreign trade of major products have been evaluated in general. The major problems of Afghanistan's agricultural exports are discussed and investigated via survey forms that have been filled by agricultural products exporters and related solutions are proposed by them. According to the 18-year data obtained in the study for Afghanistan, foreign trade has been analyzed and the calculations have been presented in %.

## 2. MATERIAL and METHOD

The data obtained for this study was prepared from primary and secondary data. The primary data was collected from the survey form that was conducted through questionnaires and interviews with agricultural products exporters in Kabul province. Ege University Science and Engineering Sciences Scientific Research and Publication Ethics Committee Certificate was obtained (Decision number 05 protocol number 588). The exporters were chose by the suggestion of Afghan government officials, agricultural and livestock chamber, and heads of fresh fruits and vegetables, dried fruits and medicinal crops exporters union. The interview part was conducted face-to-face, questions and some of the answers were collected through the mail from interviewees. The researcher prepared the questions in advance, the questions were subjective type as follows.

What are the problems you are facing when exporting?

What are your recommendations for improving and solutions to the problems?

The secondary data was obtained from reliable national and international organizations' websites, such as NSIA (Afghan National Statistical and Information Authority), ACCI (Afghan Chamber of Commerce and Industry), as well as FAO, World Bank, UN Comtrade, WTO. The questionnaires were distributed to agricultural product exporters only and interviewed with the following group exporters.

- Vegetables and fresh fruits exporters.
- Dry fruits and medicinal crops exporters.
- Medicinal crops exporters

Agricultural exporters in Afghanistan will be the scope of the study. The exporters who are exporting in the mentioned target group are more than 600 (Rahimi, 2019) with a 90% confidence interval and a 10% margin of error and calculated by the following formula (Terzi and Artukoğlu, 2021).

$$n = \frac{Np(1-p)}{(N-1)\sigma_{px}^2 + p(1-p)}$$

population proportion (p)=50%

population size (N)=600

$\sigma_{px}^2$ =variance of ratio (%90 confidence interval ve %10 margin of error)

p: 0.50

Sample size (n)= 62

The number of surveys was calculated with a 90% confidence interval and a 10% margin of error. The sample size was 62. Data were analyzed in the form of three above-mentioned product groups that are important in Afghanistan's agricultural exports. Each of the survey forms was analyzed and the output of the survey form was calculated and shown by percentage. Problems were analyzed and evaluated on the basis of relevant product groups. However, the proposals regarding the problems were presented in general with a holistic approach. In the study, the export of some economics important products especially agricultural products in value (\$) and quantity (tons) are also collected from reliable national and international sources and the foreign trade structure of Afghanistan, export and import data, the most exported products in quantity (tons) and value (\$) were discussed at the macro level.

## 3. A GENERAL OVERVIEW OF AFGHANISTAN FOREIGN TRADE

Afghanistan is in desperate need of imports due to underdevelopment and slow growth of its industrial sector. Although consumerism is lower in this country, the lack of diversification of its economy has led to the import of many everyday consumer goods from other countries. Most of Afghanistan's economy is related to agriculture, followed by services. Its agriculture is not so advanced and is mostly limited to a few specific crops. Because it does not have access to open water, the country's authorities tend to signed bilateral trade deals with neighbors.

Afghanistan has a large trade deficit, which is based on the deduction of Afghanistan's trade balance of 35.03% of GDP in 2019. This deficit is a consequence of the reduction of large foreign aid, which is more in the form of consumption. Due to its landlockedness, Afghanistan relies heavily on Pakistan for trade. Using WTO membership, Afghanistan can trade with its all members, but it is not yet ready to produce high-quality and quantity agricultural products to export and compete with member states. Most of the agricultural products are exported to Pakistan, India, or China and they benefit the most from them because in the country the production centers are still not advanced as they should be.

Traders claim that even by providing the government with a subsidy, they cannot compete with the developed countries in terms of price. There is no doubt that Afghanistan has quality fruits, but how to reach international markets and compete is a fundamental disadvantage. One solution to this is preparing country's products according to the demands of foreign markets, and in order to certify this, exporting companies must obtain international certification and standards such as ISO certification, etc. Therefore, Afghanistan should strive to better manage and develop the trade.

India receives more than half of Afghan exports, followed by Pakistan, China, the United Arab Emirates, and Turkey. The main supplier of goods to Afghanistan is China, followed by Iran, Pakistan, Kazakhstan, and Uzbekistan (European Union, 2021). The poor state of its infrastructure, a legal and business framework that is still under developed, and continued insecurity act as de facto trade barriers. Nonetheless, at the end of 2015, Afghanistan's application to join the WTO was approved by its member states. Furthermore, the IMF and Afghanistan have been working to establish economic policies to improve the country's trade balance since 2010.

### 3.1.Export

In Afghanistan, exports account for about 3.96 percent of GDP in 2019. Data show that India and Pakistan are two of the main destinations for goods produced in Afghanistan by a large margin compared to other countries. In 2020 India and Pakistan each accept 52.3% and 27.2% of Afghanistan's export goods respectively, after them, countries such as China (7.1%), United Arab Emirates (3.3%), Turkey (2.1), and others (8%) (Table 1). It is possible that Afghanistan's export goods to India and Pakistan will be re-exported to other countries in new forms and packaging. Exporting goods without value addition is trade concern problem in many underdeveloped countries and even developing countries. Afghanistan traditionally exports items with low value, such as dry and fresh fruits, medicinal crops, spices, cereals, pulses, hand-woven carpets, rugs, wool, silk, cotton, leather, felt, precious and semi-precious stone.

Exports have significantly increased after the Taliban regime which shows an increase from \$100 million in 2002 to \$863.8 million in 2019 in general (Table 2). According to table 1 exports fell from \$875.2 million in 2018 to \$863.8 million in 2019, which show a negative growth of -1.3% also show an average of \$480.8 million between 2002 to 2019 reaching an all-time high of \$875.2 million in 2018 and setting the lowest record \$100 million In 2002. Afghanistan's main exports are agricultural products (65.8% of total exports), fuels and mining products (1%), manufacturing (5.9%), and other (27.3%) in 2018 (World Trade Organization, 2020).

Afghanistan export to Turkey about \$25 million and \$16.34 million in 2019 and 2020 respectively. The most important export products to Turkey are almond, green caraway, raisin, watermelon seed, carpet, cow skin, fleawort powder, pistachio, dried apricot, and saffron.

### 3.2.Import

Although Afghanistan focused mostly on India and Pakistan in respect to exports, this is different in respect to imports. Although the two countries still have a significant share in the country's imports, other countries also play a significant role here.

Afghanistan's main imports are food items, textile, machinery, and petroleum products. The main import partners are China (15.1% of total imports), Iran (16.9%), Pakistan (11.2%), Kazakhstan (9.9%), Uzbekistan (8.4%), and others for 2020 (38.5%) (Table 1).

Import in Afghanistan decreased to \$6,776.8 million in 2019 from \$7,406.6 million in 2018. While in the fiscal year 2002 the import in Afghanistan amounted to \$2,452 million, whereas in 2012 the country recorded the highest level of \$9,096 million (Table 2).

share of trade in GDP that fluctuated in the period 2003-2019 shows the highest level of 53.05% in 2012 and the lowest level of 26.97% in 2009 (Table 2). Afghanistan top trade partners in 2020 are Iran, China, Pakistan, India and Kazakhstan respectively (Table 1)

**Table 1.** Afghanistan Top Trading Partners 2020

Imports		Exports		Total Trade	
Partner	Share (%)	Partner	Share (%)	Partner	Share (%)
Iran	16.9	India	52.3	Iran	15.2
China	15.1	Pakistan	27.2	China	14.2
Pakistan	11.2	China	7.1	Pakistan	12.9
Kazakistan	9.9	United Arabic Emirates	3.3	India	12.2
Uzbekistan	8.4	Turkey	2.1	Kazakistan	8.9
India	7.5	Iraq	1.8	Uzbekistan	7.5
Turkmenistan	6.9	EU 27	1.6	Turkmenistan	6.2
Malaysia	5.1	Iran	1.0	Malaysia	4.6
Russia	3.0	Saudi Arabia	0.9	Russia	2.8
Japan	2.8	Tajikistan	0.4	Japan	2.5

Source: European Union, 2021

Afghanistan's main export products are given in quantity and value in Table 3. which shows the majority of them are agricultural products except for coal.

Table 2. Afghanistan Foreign Trade Status

Years	Export (M \$)	(Export/GDP)*1 00	Export Changes (%)	Import (M \$)	(Import/GDP)*1 00	Import Changes(%)	(Foreign Trade Volume/GDP)*1 00	Export-Import	(Export/Import) *100
2002	100.00	1.34	47.06	2452.00	32.85	44.58	34.19	-2352.00	4.08
2003	144.00	1.77	44.00	2101.00	25.86	-14.31	27.63	-1957.00	6.85
2004	305.00	3.70	111.81	2177.00	26.42	3.62	30.13	-1872.00	14.01
2005	384.00	4.19	25.90	2470.70	26.96	13.49	31.15	-2086.70	15.54
2006	416.00	4.31	8.33	2744.20	28.42	11.07	32.73	-2328.20	15.16
2007	454.00	4.13	9.13	3022.00	27.50	10.12	31.63	-2568.00	15.02
2008	540.10	4.73	18.96	3019.90	26.44	-0.07	31.17	-2479.80	17.88
2009	403.40	2.91	-25.31	3336.40	24.06	10.48	26.97	-2933.00	12.09
2010	388.50	2.45	-3.69	5154.30	32.50	54.49	34.95	-4765.80	7.54
2011	375.90	2.36	-3.24	6515.00	40.91	26.40	43.27	-6139.10	5.77
2012	428.90	2.39	14.10	9096.00	50.66	39.62	53.05	-8667.10	4.72
2013	515.00	2.72	20.07	8554.40	45.12	-5.95	47.83	-8039.40	6.02
2014	570.50	2.93	10.78	7729.20	39.68	-9.65	42.61	-7158.70	7.38
2015	571.40	2.89	0.16	7722.90	39.08	-0.08	41.98	-7151.50	7.40
2016	596.50	2.95	4.39	6534.10	32.34	-15.39	35.29	-5937.6	9.13
2017	723.00	3.49	21.21	7384.2	35.60	13.01	39.09	-6661.2	9.79
2018	875.20	4.17	21.05	7406.59	35.29	0.30	39.46	-6531.4	11.82
2019	863.80	3.96	-1.3	6776.8	31.07	-8.5	35.03	-5913.0	12.75

Sources: Country Economy, 2018 ; NSIA, 2019

**Table 3.** Afghanistan's top 14 Export Products in Value and Quantity in 2019 and 2020.

Products	2019		2020		Changes	
	Quantity Kg	Value \$	Quantity Kg	Value \$	Quantity Kg	Value \$
Asafoetida (Hing)	1547468	114146985	1278794	99963627	-268674	14183358
Dried fig	12070437	85581187	16318156	95539969	4247719	-9958782
Raisin (Black, Ajosh, Green and Red)	39381033	87973825	42285665	86966583	2904632	1007242
Coal	772137457	69549235	286022341	26241733	-486115116	43307502
Grape	138627115	42233103	97756257	25833239	-40870858	16399864
Onion	142186015	34721967	93342422	23868233	-48843593	10853734
Almonds (Without shell)	6211085	35232420	3328942	21790822	-2882143	13441598
Green caraway	10548428	28660808	14848877	35437584	4300449	-6776776
Saffron	30259	26410490	40475	27826943	10216	-1416453
Pistachios (Without shell)	2359107	29248292	2029088	22711502	-330019	6536790
Tomato	174601668	24146887	135689754	30807431	-38911914	-6660544
Carpets	765271	24248306	502729	16584285	-262542	7664021
Pine cone	1679475	18131620	4289494	52181693	2610019	-34050073
Cotton	35492362	23668018	52278878	34820468	16786516	-11152450

Source: NSIA, 2021 & Author Calculation

According to the table 3, the Asafoetida is the most exported product in case of value in both year 2019 and 2020, after that dried fig and raisin make the top three export of Afghanistan which indicate that agricultural products are the main and top exported products in Afghanistan. Coal is the only exported product in the top three exported products that is non-agricultural products. The table shows that medicinal crops products and dried fruits products play a significant role in the export of Afghanistan. Vegetables such as onion and tomato and fresh fruits like grapes are also the most exported products making the top 14 exported products.

#### 4. PROBLEMS FACED BY EXPORTERS OF AFGHANISTAN AGRICULTURAL PRODUCTS.

##### 4.1 Data related to interviewed exporters

The demographic data of interviewed exporters have shown in table 4.

**Table 4.** Demographic Data of the Exporters

Gender	98.4% male 1.6% female
Average age	47.6 years
Education level	3.22% postgraduate, 45.16% undergraduate, and 51.62% uneducated
Average export experience	17.1 years
Legal structures of the companies	16.13% Sole Proprietorship 12.9% General Partnership 69.35% Limited Liability Company (LLC) 1.61% Corporations (C-Corp And S-Corp)

##### 4.2 Problems of exporters

Generally, 62 exporters were surveyed and these surveys were conducted with three important agricultural exporter groups and the problems were evaluated on the basis of product groups.

##### 4.2.1. Problems encountered by fresh fruit and vegetable exporters

Among 62 survey forms of agricultural products exporters with 29 fresh fruits and vegetable exporters interviewed which contributes about 46.77% of the total survey form. The problems they are facing respectively, and the proportion of exporters expressing the problem (%) are given in table 5.

**Table 5.** Problems of Fresh Fruits and Vegetable Exporters

Problems	Proportion of Exporter Expressing the Problems (%)
Afghanistan's geographical location, highways, and transit transportation problems	93.11
Problems related to marketing services	86.21
Lack of incentives for investors	82.76
Problems in commercial relations with neighbors	72.42
Ongoing civil war and lack of security	72.42
The problem of adaptation to the global marketing system	68.969
Problems related to education and communication	51.73
Quality control system of goods and services	8.551
Border security problem	8.551
Misunderstanding of the free market economy	6.41

##### 4.2.2. Problems facing exporters of dried fruits and medicinal crops

Among 62 survey forms of agricultural products exporters with 26 dry fruits and medicinal crops exporters interviewed which contributes to about 41.94% of the total survey form. The problems they are facing respectively, and the proportion of exporters expressing the problem (%) are given in table 6.

**Table 6.** Problems of Exporters of Dried Fruit and Medicinal Crops

<b>Problems</b>	<b>Proportion of Exporter Expressing the Problems (%)</b>
Problems related to marketing services	100
Lack of incentives for investors	88.46
Afghanistan's geographical location, highways, and transit transportation problems	88.46
The problem of adaptation to the global marketing system	80.76
Ongoing civil war and lack of security	76.2
Quality control system of goods and services	57.69
Problems related to education and communication	34.61
Problems in Commercial Relations with Neighbors	26.92
Misunderstanding of the free market economy	3.85

**4.2.3. Problems facing exporters of medicinal crops**

Among the 62 agricultural product exporters surveyed, 7 medicinal crops exporters were interviewed, which contributes to about 11.29% of the total survey form. The problems they are facing respectively, and the proportion of Exporters Expressing the Problem (%), are given in table 7.

**Table 7.** Problems of Medicinal Crops Exporters

<b>Problems</b>	<b>Proportion of Exporter Expressing the Problems (%)</b>
Problems related to marketing services	100
Lack of incentives for investors	100
The problem of adaptation to the global marketing system	100
Ongoing civil war and lack of security	71.37
Problems related to education and communication	28.55
Quality control system of goods and services	28.55

The problems listed in Tables 3,4 and 5 can be evaluated in the general approach as follows.

**5. GENERAL PROBLEMS****Problems related to marketing services**

The main problem impacting Afghanistan's export products is the lack of storage facilities, such as cold storage and modern equipment for harvesting from farms and gardens. In some cases, if agricultural products are stored for a short time, they can be transported at the right time in world markets and sold at profitable prices.

Although the packaging conditions of Afghan products have improved in recent years, they have never been at the same level as international standards and similar products in neighboring countries. This problem causes most of Afghanistan's exports to be exported abroad in the form of raw materials, while their prices increase many times after a simple packaging process. As a result, the neighboring countries and their traders profit the most from Afghanistan's exports. Another disadvantage of this process is that Afghan goods are exported under the name and brand of other countries. And if Afghan exporters could correctly sort, package, and market their products, the country's current export volume of about \$900 million (NSAI, 2021), would be around \$4.5 billion, and its added value would increase significantly.

The lack of small cold storage in the sorting area, cleaning and packaging workplaces close to the job market, and raw materials remain some of the biggest challenges facing the country's exports. In addition, the exporters of agricultural products also indicate that the main concern regarding exports is the lack of a standard system in crop production, harvesting, transportation, processing, packaging, warehousing or storage refrigeration and ISO standards in agricultural products.

**Lack of incentives for investors**

Governmental and private banks do not provide incentives in the processing of agricultural products by not distributing small, medium, and large-scale and interest-free or low-interest loans to investors. In addition, the lack of development banks for traders and investors poses a significant problem to the exports of agricultural products.



Regular and correct customs policies on agricultural products and taxes on agricultural products would play a major role in the growth of a country's exports. High taxes on companies and high tariffs on export goods are one of the many challenges facing the country's exports.

The lack of support from the government for small, medium-sized enterprises and large-capitalists, and the lack of aid and subsidies for farmers, lack of facilities in the ports are other challenges facing the export of agricultural products.

Taking money from traders in the customs and security institutions for various excuses is another concern facing agricultural product exporters.

#### **Afghanistan's geographical location, highways, and transit transportation problems**

Afghanistan is a landlocked country. This is a big problem for the country's exports, and this situation creates a dependency, especially on the two neighboring countries of Iran and Pakistan, and increases the cost of transporting export products abroad.

Highways connecting major cities and economic ports have not yet been standardized. The lack of effective means of transportation constitutes one of the biggest challenges facing transport of country's exports. Better means of transportation would include air, road, and rail transport, as well as refrigerated trucks, and cooperation with the exporter in the transit sector, especially the exporter's shipment of goods to India via Pakistan..

Taking money from traders in the transitways by security institutions for various excuses is also one of the biggest problems facing traders.

#### **The problem of adaptation to the global marketing system**

Afghan manufacturers cannot promote their products online or abroad using traditional or modern marketing techniques. Today, marketing plays a crucial role in generating demand and motivating customers to buy products. Most of Afghanistan's exports are not marketed under the name of Afghanistan due to the lack of a proper global marketing system. Especially in European and Arab countries, the lack of domestic and foreign markets, the absence of joint sales centers, and the absence of national and international fairs are some of the biggest barriers to the proper marketing of exports.

#### **Ongoing civil war and lack of security**

This is one of the main problems facing the country's exports because there is no adequate security within the country for the transport of export items to the country's ports. The kidnapping of some traders and theft of traders' goods on the road are also major problems facing the country's exports.

#### **Problems in Commercial Relations with Neighbors**

Lack of healthy working relations with neighbors, non-implementation of signed trade agreements and contracts with neighbors, and regional countries is another challenge faced by exporters of agricultural products.

#### **Problems related to education and communication**

Insufficient training workshops for traders and farmers in various sectors such as production, harvesting, marketing, tax systems, processing, packaging, storage of products, etc. is one of the problems facing the country's exports. Additionally, the lack of effective communication between farmers and traders, and traders and government officials, continue to pose a major obstacle in the export sector. Lack of knowledge about the problems of farmers is also a major problem in the field of agricultural exports.

#### **Quality control system of goods and services**

Unfortunately, the country's customs do not have a strict quality control system. Consequently, Afghanistan's export products face major problems due to the lack of quality control certificates in foreign markets at the time of sale. From an international perspective, until now, there is no authority in Afghanistan to provide this document to exporters. In order to prevent this problem, a quality control system should be established in the country under the supervision of the International Organization for Standardization and its studies should be started.

#### **Border security problem**

The length of Afghanistan's borders with its neighbors is estimated at 5,529 kilometers, of which 2,430 kilometers is with Pakistan. In this respect, the Pakistani border is the most difficult border to control in Afghanistan due to its length.

#### **Misunderstanding of the free market economy**

Societies and governments have not been able to analyze the free market economy system correctly. The failure of governments to take responsibility and the vacuum in the markets is an important problem.

## **6. SUGGESTIONS and SOLUTIONS For The PROBLEMS Of EXPORTERS Of AGRICULTURAL PRODUCTS In AFGHANISTAN**

Suggestions that can be made regarding the problems faced by exporters are explained in the section below.

### **Effective and appropriate marketing services**

As mentioned above the lack of marketing services are the biggest problem of exporters. As solutions to these problems, exporters suggested establishing exhibitions; making cold storage, warehouses, processing and packaging factories as standard level; creating domestic and foreign markets; establishing joint sales centers and new markets; marketing in European and Arab countries; and signing contracts with countries that import goods from Afghanistan but have not yet entered into formal contracts. Also, exporters suggested that determining work areas such as industrial parks that are close to the labor market and raw materials will be very useful for increasing exports.

### **Following correct and reasonable policies regarding incentives to investors, tariffs, and customs fees**

Following the correct and reasonable policies regarding incentives to investors, tariffs and customs fees of the government is the most appropriate solution for some of the problems facing exporters. For these, the exporters suggested that the government should support and encourage small-, medium-, and large-scale entrepreneurs inside and outside the country and that investors establish development banks to facilitate low-interest or no-interest lending to private and state-owned banks. Also, exporters suggested that the government should facilitate the administrative works of ports, furnish subsidies for farmers, make non-politicization of trade and keep the trading system away from negative national, regional, and international political influences, and implement commercial law in its real and legal form.

Making bilateral customs exemptions between exporting and importing countries, reducing taxes from companies, and lowering tariffs on export products are other suggestions of the exporters.

The government can use its policies to improve the balance of trade (make it more positive) and improve the economic situation of the society. Of course, if these policies are found unreasonable and then not adopted by experts, they can have the opposite effect. For example, the government can impose higher tariffs on imported luxury goods and non-essential goods to prevent their excessive import, and conversely, while imposing lower tariffs on basic goods and goods that are among the basic needs of the people, such as food.

### **Strengthening the country's economic infrastructure**

This is only possible through the public sector that is under the government. The government must first strengthen the country's infrastructure, such as transport, water, and electricity services, and also strengthen the agricultural and industrial sectors.

Standardization in every stage from production to export, according to ISO standard, is another suggestion of the exporters, especially in harvesting in order to avoid contaminating the products.

Some domestically produced goods do not reach their applicants in best quality and thus their value may be reduced. To solve this problem, teams should be formed to apply for Afghan products abroad based on accurate and reliable information, and through them, the demand for the desired product can be known and the amount of the country's production based on it adjusted. This can be achieved through both the private and public sectors.

### **Construction of highways and establishment of appropriate transit transportation systems**

Circular highways are highways that go around the edge of a town so that traffic does not have to go through the town center and the goods are delivered from origin to destination. In addition to reducing production costs, the construction of highways should contribute to the improvement of domestic transportation by creating ring roads in order for exported and imported goods to reach their destinations sooner.

Exporters, especially of fresh fruits and vegetables, suggested establishing a standard transporting system to facilitate transit routes, especially Pakistani transit (from which goods are exported to India), establishing a regular transport and transit system for land, air, and rail, and investing in refrigerated trucks. These measures will be very effective to remove the problems of transit and transportation and result in the increase of exports.

### **Increasing security measures**

In order to expand exports and optimize the country's imports, the security problems facing traders must be addressed and eliminated.

### **Increasing the added value of domestic export items**

One of the useful ways to increase exports and raise their quality level as much as international standards are to increase the added value of goods by doing more processing on them, which can be possible with adequate investment.

### **Establishment of the quality control system for goods and services**

Country customs do not have a proper system of quality control and many goods of very poor-quality goods are imported, which can harm both traders and consumers. To avoid this problem, there should be a proper quality control system to import only quality goods.

### **The country's export and import quotas**

If the amount of tariffs does not increase or decrease according to the amount of domestic production and the amount of investment in the country, and only necessity and non-necessity are considered, it will be against domestic production and the economic situation of the country. For example, if a large number of goods that are already being produced in the country are also imported, then importation is against domestic producers, so such goods should be in quotas so that they are only imported to a certain limit. More or less of these goods may harm the economy of Afghanistan. Also, the raw materials that are needed for primary necessities are produced in the country and should not be exported without a reason, so the country's exports should also be in quotas because again, this will cause inflation in the society.

### **Suggestions related to commercial relations with neighbors**

Agreements should be implemented and contracts should be signed with neighboring countries in the region. Having good and comprehensive working relations with neighbors, the region, and the world, and creating healthy competition with neighboring countries.

### **Suggestions related to education and communication**

Problems regarding education and communication were one of the biggest problems facing exporters. For the solution of these problems the exporters suggested creating training workshops for traders and farmers, creating a connection between farmers and traders, facilitating visits and ongoing relationships between farmers and traders, and between traders and government officials, individually and on a commission basis. Also, awareness of farmers' problems and assistance, and subsidies for farmers by the government was another suggestion of the exporters.

## **7. CONCLUSION**

From the above findings and discussions, it can be concluded that agriculture is the driving force of the Afghan economy and plays an important role in feeding and earning a livelihood for the majority of Afghans. Agriculture contributes about one-quarter of national GDP, which is the second sector after service. The agriculture sector can lead Afghanistan to food and nutritional security and can help build a balanced economy that will stabilize the country and empower Afghan men and women economically.

Afghanistan generally produces organic crops, especially fresh and dry fruits, medicinal crops, vegetables, cereal crops, pulses crops, cash crops, and a significant amount of these commodities is moving towards the export market.

Agricultural product exports have good potential for growth and are highly relevant to poverty reduction, economic development, and job creation. It is the only sector with the ability to create capital and create jobs.

About two-thirds (65.8%) of the country's total export is from agricultural products, and agriculture makes about one third (23%) of the country's total import. These statistics show that agriculture plays a significant role in the foreign trade of Afghanistan. Maximizing export of agriculture will require investing more in the expansion of producing crops in more quantity, investing in standardization of the products, and finding markets for the products.

The big challenge for Afghanistan's agricultural export is the lack of access to the sea, which would largely exclude trade and transit trade in the region from Afghanistan.

In this study, the obstacles to Afghanistan's agricultural product exports were analyzed with data compiled from exporters. From this survey study, we report that lack of marketing services, the inadequacy of government support, taxes, and customs clearance, transit transportation problems, the problem of adaptation to the global marketing system, ongoing civil war and security problems, problems in commercial relations with neighbors, problems related to education and communication, and lack of quality control system are the main problems that exporters face. The solutions suggested by exporters included effective and appropriate marketing services, following correct and reasonable policies regarding incentives to investors, tariffs, and customs fees, strengthening the country's economic infrastructure, construction of highways and establishment of appropriate transit transportation system, increasing security measures, and increasing the added value of domestic export items. We believe that Afghanistan can take advantage of its agricultural product export potential by taking into account the proposed solutions reported in this study.

### **Contribution Rate of Researchers Declaration Summary**

The authors declare that they have contributed equally to the article and have not plagiarized.

### **Conflict of Interest Declaration**

The authors of the article declare that there is no conflict of interest between them.

**Supplementary Information:** This study was produced from the first author's PhD thesis.

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