

Index

- Afghan economy, 138
- Afghani currency (AFN), 136–137
- Afghanistan Transit Trade Agreement (ATTA), 112–113
- Afghanistan, 14–16, 125, 132, 157–159, 161, 182–184
 - AIFTA, 159
 - analysis, findings, 20–35
 - APTTA, 159
 - comparative advantages, 26–29
 - economy, 157–159
 - ED, 18, 20
 - ES, 19
 - export survival rates, 18–20
 - global trade, 106–107
 - Herfindahl-Hirschman product concentration index, 18
 - IARTII, 17–18
 - IERTII, 18
 - IRTS, 17
 - overview of trade costs in, 109–115
 - performance, 3–4
 - policy recommendations, 35–37
 - product concentration, 20–25
 - product sophistication, 26
 - RCA, 19, 26, 29
 - regional trade patterns, 14–17
 - research methodology, 17–20
 - TCI, 19–20
 - trade arrangements and regimes, 135–140
 - trade complementarities, 29–35
 - trade mis-invoicing, 139–140
 - trade relations of Afghanistan with SAARC and EU, 44–47
 - trade with SAFTA countries, 158–159, 184–185
- Afghanistan–India Free Trade Area (AIFTA), 159
- Afghanistan–Pakistan Transit and Trade Agreement (APTTA), 113, 136–137, 159
- Agricultural trade facilitation, 6–7
- Anti-money laundering (AML), 133–134
- Association of South-East Asian Nations (ASEAN), 6, 16, 42, 84, 87
 - countries, 89
 - regions, 87–90
- Association of South-East Asian Nations Free Trade Area (AFTA), 156
- Augmented Dickey–Fuller (ADF), 189
- Augmented-exports supply model, 5–6
- Balance of payments (BoP), 63
- Bangladesh, India, Pakistan and Sri Lanka (BIPS), 42–43, 184
 - trade with, 184–185
- Basel Anti-Money Laundering Index, 139
- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), 156
- Best Linear Unbiased Estimators (BLUE), 189
- Bilateral Free Trade Agreements (BFTAs), 156–157, 165, 167, 174
 - Afghanistan’s economy, 157–159
 - data, 162–163
 - empirical connotation, 160–162
 - estimates of full panel, 163, 170, 174
 - evaluating magnitudes of TC and diversion, 167–174

- factors influencing Afghanistan's imports, 164
 - findings and analysis, 163–174
 - full panel, 169
 - methodology, 159–163
 - model, 163, 167
 - policy suggestions, 176–177
 - RTA, 165–166, 169–170, 174
 - TC and diversion in, 170
 - theoretical structure, 159–160
- Bilateral trade agreements, 87, 157, 159
- CAD, 146
- Capital flight, 131–132
 - adjusted capital flight, 144
 - adjustment of capital flight with trade mis-invoicing, 141–142
 - Afghanistan trade arrangements and regimes, 135–140
 - capital flight estimates, 142–146
 - literature review, 135
 - policy suggestions, 146–148
 - representation of capital flight based on unadjusted estimates, 143
 - research methodology, 140–142
 - results, 142–146
 - trade mis-invoicing, 142
- Central Asia Region (CAR), 13–14, 16, 30
- Central Asian republics (CARs), 14, 113
- Changes in external debt (CED), 141
- Changes in foreign currency reserve (COR), 141
- Co-integration test, results of, 120–121
- Coal, 184–185
- Commodities, 33
- Comparative trade analysis, hinge trade as per, 36
- Contiguity, 118
- Copper, 184–185
- Corruption, 76
- Corruption indicator (Cor), 67–68
- Cross-sectional effects, 193
- Cuddington's technique, 144
- Current account deficit balance (CAB), 141
- Data
 - dataset, 92
 - sources, 92–93
 - specification of variables, 188–190
- Determinants, 85–86
 - of export market diversification, 84
- Diversion
 - evaluating magnitudes of, 167–174
 - TC and diversion in BFTAs, 170
- Drivers of export supply, 62–63
- Dummy variable, 118
- Dynamic gravity framework, 108–109
- Dynamic regional markets, 33–35
- Econometric framework, 92
- Economic Cooperation Organisation Trade Agreement (ECOTA), 136–137
- Economic Cooperation Organization (ECO), 184
- Economic growth, 62, 64
- Emotional protectionism, 186
- Empirical connotation, 160–162
 - frameworks, 161–162
- Empirical estimation, 190–191
- Empirical model, 67–68, 117–118
- ESCAP Trade Analytics Portal, 50
- Estimations results based on FMOLS, 73
- European Union (EU), 42
 - trade relations of Afghanistan with SAARC and EU, 44–47
- Everything but Arms (EBA), 114
- Exchange rate (ER), 63–64, 109–110
- Exploited market opportunities (EMA), 33
- Export Diversification (ED), 15–16, 20
 - cross-sectional dependence assessment, 93
 - data sources, 92–93
 - dataset and econometric framework, 92

- empirical findings based on unit root, 93–95
- export diversification of SAARC and ASEAN, 89
- findings and analysis, 93–97
- FMOLS results, 96
- fully modified least squares
 - empirical results, 95–97
- HH market concentration index of SAARC and ASEAN, 90
- literature review, 85–87
- measurement of export diversification, 91
- nature and determinants, 85–86
- overview of ASEAN and SAARC regions, 87–90
- policies, 36
- policy implications, 98
- research methodology, 91–93
- results of co-integration test, 94
- results of IPS Test, 94
- SAARC and ASEAN countries' economic indicators, 88
- strategies, 85
- theoretical foundations, 86–87
- Export Sophistication (ES), 19
- Export Survival Rates (ESR), 18–19, 23, 25
- Exports, 63–64, 84, 90
 - demand model, 5–6
 - growth process, 63
 - revenues, 4
 - supply, 62–63, 66–67, 73
- External variables, 62
- Fixed effect estimation technique, 189
- Fixed effect method, 191
- Foreign currency exchange rate (EXCH), 121
- Foreign direct investment (FDI), 36, 73–75, 85
- Free trade agreement (FTA), 50, 156
- Full panel, estimates of, 170–174
- Fully modified least squares empirical results, 95–97
- Fully modified ordinary least squares (FMOLS), 68–69, 94–95, 120–121
 - empirical findings based on, 121–124
 - estimation, 70, 73
 - findings, 72
- General Agreement on Tariffs and Trade (GATT), 42
- General equilibrium effects (GEE), 162
- General gravity equation, 189
- Global trade, complementarities in, 29–31
- Government institutions, 196
- Gravity equation, 47–48, 117
- Gravity model, 5, 47, 49
- Gravity trade models, 43, 196–197
- Greater openness, 66–67
- Gross domestic product (GDP), 74–75, 184
- Gross fixed capital development (GFCD), 86
- Harmonised System (HS), 20
- Hawalla systems, 139
- Herfindahl index, 91
- Herfindahl-Hirschman Product Concentration Index (HH Product Concentration Index), 18, 23
- Herfindahl-Hirschman Index (HHI), 89–90
- Heritage Foundation's databank, The, 191
- Higher Commission of Investment (HCI), 133–134
- Im, Pesaran and Shin (IPS), 93
- Imperfect substitute model (ISM), 66
- Import compression (IC), 66
- Importers, 140
- Imports, 72–73
- Increased penetration in stagnant markets (IPSM), 33
- Instrumentation of variables, 188–190

- Inter-level, regional products traded at, 20–23
- Inter-Regional Trade (IRT), 16–17
- Inter-Regional Trade Intensity Index (IERTII), 18
- Inter-Trade, 14–17
- Interdependence of policies, 36
- International Monetary Fund (IMF), 136
- International Security Assistance Force (ISAF), 47
- International trade, 183, 187
- Intra-level, regional products traded at, 20–23
- Intra-regional trade, 16
- Intra-Regional Trade Intensity Index (IARTII), 17–18
- Intra-regional trade share (IRTS), 16–17
of SA, 16
- Intra-Trade, 14–17
- Investment, 75
- Iron ore, 184–185
- Kao cointegration test, 68–69
- Kyrgyzstan's economy, 15
- Latency, 26
of trade integration, 29
- Levin, Lin and Chu (LLC), 93, 189–190
- Liner shipping connectivity index (LSCI), 118
- Magnitudes of TC and diversion, evaluating, 167–174
- Mathematical connotation, 119
- Mathematical gravity theory, 115–116
- Measurement, 115–116, 118
- Memorandums of understanding (MoUs), 112–113
- Ministry of Commerce, Industry, and Trade (MoCIT), 196
- Ministry of Economy (MoE), 196
- Model estimation and results, 191–194
- Multi-country generalised equilibrium method, 116
- Multilateral Resistance Term (MRT), 160
- Multilateral trade agreement (MTA), 54
- Multilateral treaties, 42
- Natural gas, 184–185
- Natural resources, 184–185
- Net acquisition foreign assets (NAFA), 141
- Net foreign direct investment (NFDI), 141
- Newton's gravitational law, 115
- Newton's law, 159
- Newton's theory of gravitation, 47–48
- Non-tariff barriers (NTBs), 6–7, 105–106, 182
- Non-tariff measures (NTMs), 7–8, 182, 195–196
Afghanistan's economy, 184–185
data specification, instrumentation and operationalisation of variables, 188–190
effects of NTMs protection on Afghanistan exports, 193
empirical estimation, 190–191
exports from Afghanistan to BIPS, 185–186
fixed effects on Afghanistan's exports, 193
limitations and future scope of study, 196–197
- LLC unit root test results, 189
- model estimation and results, 191–194
- operationalisation of variables, 190
- recommendations, 196
- research methodology, 188–191
- results, analysis, 191–195
- scholarship review on NTMs to trade in SAARC region, 186–188
- North American Free Trade Agreement (NAFTA), 42

- North Atlantic Treaty Organization (NATO), 47
- Novy's method, 108–109
- Null hypothesis, 93
- Operationalisation of variables, 188–190
- Ordinary least square (OLS), 68–69, 94–95, 162, 189
- Outward multilateral resistance (OMR), 116
- Over-invoicing, 140
- Over-reporting, 139–140
- Pakistan–Afghanistan Transit Trade Agreement', 85
- Panel
 - cointegration examination, 68
 - data estimate methods, 124
- Panel Unit Root Test (PURT), 189
- Passage to Prosperity (P2P), 112–113
- Pedroni cointegration test, 70
- Performance indicators, 29–30
- Petroleum, 184–185
- Poisson pseudo maximum likelihood (PPML), 162
- Policy
 - enunciations, 75–76
 - simulation, 49
- Policymakers, 48
- Pre-shock trade potential results, 51
- Prebisch–Singer hypothesis (PSH), 86–87
- Preferential Trade Agreement (PTA), 111, 156
- Product
 - concentration, 20–25
 - ESR, 23–25
 - exports, 33–35
 - HH product concentration index, 23
 - regional products traded at intra- and inter-level, 20–23
 - sophistication, 26
- Protectionism', 192–193
- R-square, 122–124
- RCA values, 27–28
- Recital, 44–47
- Regional Comprehensive Economic Partnership (RCEP), 186
- Regional policies, interdependence of, 36
- Regional products traded at intra- and inter-level, 20–23
- Regional Trade Agreements (RTAs), 37, 42, 87, 156–157, 159, 165–166, 169–170, 174
 - Afghanistan's economy, 157–159
 - BFTA, 165, 167, 174
 - data, 162–163
 - empirical connotation, 160–162
 - estimates of full panel, 163
 - estimates of full panel, 170–174
 - evaluating magnitudes of TC and diversion, 167–174
 - factors influencing Afghanistan's imports, 164
 - findings and analysis, 163–174
 - full panel, 169
 - methodology, 159–163
 - model, 163, 167
 - policy suggestions, 176–177
 - TC and diversion in BFTAs, 170
 - theoretical structure, 159–160
- Regional trade patterns, 14–17
 - intra-regional trade, 16
 - IRT, 16–17
- Relative pricing (RP), 72
- Research and development (R&D), 36
- Researchers, 48, 107
- Restrictions, 182–183, 187
- Revealed Comparative Advantage (RCA), 19, 26, 29
- Sanitary and Phytosanitary regulations [SPS], 183
- Sectoral trade, costs of, 110–115
 - trade cost estimate equivalents, 111–112
- Single-factor method, 93
- South Asia (SA), 13–15, 106–107

- South Asia Preferential Trade Agreement (SAPTA), 42, 171–172
- South Asian Association for Regional Cooperation (SAARC), 5–6, 17, 42, 62, 84, 157–158
- cross-sectional dependence test for FMOLS residuals, 72
- data and procedures for assessment, 66–67
- empirical model, 67–68
- estimation of Kao Cointegration test, 69
- estimations results based on FMOLS, 73
- FMOLS estimation, 70–71
- literature review, 63–65
- methodology, 65–68
- Pedroni cointegration test, 70
- policy enunciations, 75–76
- policy recommendations, 76
- region, 8, 87, 90
- results and analysis, 68–75
- scholarship review on NTMs to trade in SAARC region, 186–188
- statistics of model fitness, 71
- test for stationarity, 69
- trade relations of Afghanistan with, 44–47
- South Asian Free Trade Agreement (SAFTA), 7–8, 42, 50, 156–157
- trade with SAFTA countries, 158–159
- Special and Differential mechanisms (S & D mechanisms), 184–185
- Subject matter, 106
- Tariffs, 118, 121
- rate coefficient, 165
- reductions, 182
- Technical innovation (TI), 66–67
- Time-fixed effect, 161
- Tobit model, 107–108
- Trade, 42, 182
- basket, 34–35
- with BIPS, 184–185
- compatibility analysis, 30
- complementarities in global and bilateral trade, 29, 31, 35
- matching top regional imports with top product exports, 32–33
- product exports and dynamic regional markets, 33–35
- with SAFTA countries, 158–159
- simulation equation, 50
- statistics, 182–183
- trade potential after calibrating, 52–53
- Trade Complementarity Index (TCI), 19–20
- Trade costs (TC), 109–111, 114–115
- co-integration test results, 120–121
- costs of sectoral trade, 110–115
- cross model coefficients based on Z-Scores, 124
- descriptive statistics summary, 119
- empirical findings based on FMOLS, 121–124
- empirical model, 117–118
- FMOLS-based empirical results, 122–123
- in Afghanistan, 109–115
- literature review, 107–109
- LLC test for stationarity, 120
- mathematical connotation, 119
- policy recommendations, 125
- policy suggestions, 124–125
- research methodology, 115–119
- results, 119–124
- summary figures, 119
- theoretical framework, 115–117
- unit root test results, 120
- Trade creation (TC), 156–157
- coefficients, 166–167
- and diversion in BFTAs, 170
- equation, 170
- evaluating magnitudes of, 167–174
- Trade diversion equation (TD equation), 156–157, 170

- Trade Facilitating Agreement (TFA), 37
- Trade liberalisation programme, 158–159
- Trade mis-invoicing, 139–140
- Trade mis-invoicing, adjustment of capital flight with, 141–142
- Trade potential, 50
 - Afghanistan's exports and imports from SAARC and EU, 45–46
 - after calibrating trade simulation, 52–53
 - future scope, 55
 - gravity model, 47–49
 - policy recommendations, 54–55
 - policy simulation, 49
 - pre-shock trade potential results, 51
 - research methodology, 47–49
 - results, 49–53
 - trade potential after calibrating trade simulation, 52–53
 - trade relations of Afghanistan with SAARC and EU, 44–47
 - trade simulation and trade potential of Afghanistan with South Asian and EU countries, 50–51
- Trade reform (TR), 63
 - process, 5–6, 72
- TRI index, 182–183
- UNCTAD study, 187
- Under-invoicing, 139–140
- Unit root test results, 120
- World Bank approach, The, 141, 144
- World Development Indicators (WDI), 66
- World Integrated Trade Solution (WITS), 55
- World Trade Organisation (WTO), 15, 112–113, 133–134, 156