



Afghanistan's Economic Development

Issue No. 8 (1405 SH)
Consecutive Issue No. 70

NEWSLETTER

Date: 21/5/2026



Each week, significant economic activities and developments occur across various sectors in Afghanistan. The Afghanistan's Economic Development Newsletter covers these important and latest economic activities and advancements.

In this issue:

- 1. CONNECTING AFGHANISTAN AND CHINA THROUGH THE WAKHAN CORRIDOR**
- 2. COMMENCEMENT OF CONSTRUCTION OF AN IRON SMELTING FACTORY IN LOGAR**
- 3. AN 850% INCREASE IN AFGHANISTAN'S EXPORTS TO IRAN**

CONNECTING AFGHANISTAN AND CHINA THROUGH THE WAKHAN CORRIDOR

The Minister of Rural Rehabilitation and Development, Mawlawi Abdul Latif Mansoor, met with China's Ambassador Zhao Xing in Kabul. The Minister expressed appreciation for China's assistance and stated that the people of Afghanistan are pleased with being connected to China through the Wakhan road. The Ministry of Rural Rehabilitation and Development has completed the

construction of the unpaved Wakhan Corridor road, enabling Afghanistan to establish a direct connection with China. The completion of the Wakhan Corridor road between Afghanistan and China can be regarded as a driver of major economic, political, and social transformation for Afghanistan. This marks the first time Afghanistan has been directly connected to the world's



second-largest economy and the region's largest commercial and industrial power. Until now, Afghanistan's trade interaction with China has largely taken place through indirect routes and via third countries, which has increased both costs and transportation time. With the activation of the Wakhan road, Afghanistan may position itself as an important transit corridor in the region. This development could positively affect transit revenues, trade volume, and regional connectivity. The Wakhan Corridor also creates opportunities for economic transformation in Badakhshan and other provinces. The road is expected to facilitate trade, tourism, market expansion, and the transportation of agricultural products, creating employment opportunities, reducing poverty, and increasing citizens' incomes. The Islamic Emirate of Afghanistan aims to establish direct trade relations with China. To achieve this, further development of the Wakhan Corridor and construction of a standard road are expected to receive additional attention, which may create greater trade facilitation and contribute significantly to the country's economic growth.

COMMENCEMENT OF CONSTRUCTION OF AN IRON SMELTING FACTORY IN LOGAR



Construction work has begun on an iron smelting factory worth more than 200 million USD in the industrial park of Mohammad Agha district, Logar province. Representatives from the Ministry of Industry and Commerce and Rahim Gardizi Company attended the inauguration ceremony.

The launch of this factory is considered an important step for Afghanistan's industrial development. For many years, Afghanistan has depended on imported iron and steel, resulting in continuous outflows of foreign currency.

With the establishment of this factory, domestic iron production is expected to increase, foreign currency outflows

may decrease, and the foundation of a productive economy may become stronger. Additionally, the operation of this factory is expected to generate employment opportunities. Thousands of citizens may benefit directly and indirectly through job creation, leading

to higher incomes and improved living standards. According to the Deputy Minister of Industry and Commerce, an additional one thousand jeribs of land have been allocated for the Mohammad Agha industrial park and are expected to be distributed to investors in the

near future. This allocation reflects efforts by the Islamic Emirate of Afghanistan to further activate industrial parks and encourage private sector investment.

AN 850% INCREASE IN AFGHANISTAN'S EXPORTS TO IRAN

In recent months, Afghanistan's exports to Iran have increased by more than 850 percent. This growth indicates that Afghanistan may be able to economically benefit from opportunities created by international developments in the region.

According to officials from the Herat Chamber of Commerce and Investment, Afghanistan mainly exports

minerals, dried fruits, soft drinks, cotton, and medicinal plants to Iran. Iran represents a major consumer market for Afghan products. The geographic proximity of Iranian markets and lower economic costs have created favorable conditions for trade.

When international developments restricted Iran's import channels, Afghanistan entered Iranian markets as

an alternative supplier, which has contributed to the increase in exports. Exports to Iran are considered important for improving trade balance, especially given Afghanistan's high level of imports from Iran. A more balanced trade relationship contributes to the stability of the Afghan currency and the broader economy. If Afghan traders maintain product quality and packaging standards, they may be able to preserve and expand their position in Iranian markets even if regional conditions normalize in the future.

