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SECURITY OVER DEVELOPMENT: THE CHALLENGES OF CHINESE INVESTMENT IN AFGHANISTAN



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SECURITY OVER DEVELOPMENT: THE CHALLENGES OF CHINESE INVESTMENT IN AFGHANISTAN

Introduction

Foreign investment has long been one of the important instruments of economic growth and development in developing countries. For a country such as Afghanistan, which has experienced political transformations, security challenges, and extensive economic problems over the past several decades, attracting investment is of considerable importance. On the one hand, Afghanistan, because of its geopolitical position at the heart of Asia, and on the other hand, because of its significant natural resources, possesses considerable potential for attracting the attention of foreign investors. In this context, China, as the world's second-largest economy and one of the most important economic actors in the region, has consistently been among the countries that have expressed interest in establishing an economic presence in Afghanistan.

Over the past two decades, projects such as the Mes Aynak copper mine and the Amu Darya oil field created the perception that Afghanistan could become one of the major destinations for Chinese investment in the region. However, practical experience has shown that Chinese investments in Afghanistan have not only failed to progress at the expected pace, but many of them have also faced delays, suspension, or numerous other difficulties. This raises an important question: despite Afghanistan's economic potential and China's interest, why has economic cooperation between the two countries not reached a stable and broad level?

In answering this question, it is not sufficient to focus solely on economic factors. The reality is that China takes political, security, and regional factors into account when investing in Afghanistan. Therefore, this paper seeks to examine the obstacles to Chinese investment in Afghanistan through the theoretical framework of fragile states and to explain why China has tended to adopt a limited, cautious, and intermittent approach toward Afghanistan. The main argument is that a large part of the challenges facing Chinese investment can be traced to the fragile condition of the Afghan state; a condition that has affected not only the country's internal development process but also the perceptions and behavior of external powers toward Afghanistan.



THEORETICAL FRAMEWORK: FRAGILE STATES AND AFGHANISTAN'S POSITION

To understand the challenges facing Chinese investment in Afghanistan, it is first necessary to consider the condition of the Afghan state. In recent years, the concept of fragile states has become an important concept in the literature on development and international relations. This concept refers to states that face serious difficulties in performing their basic functions and are unable to effectively provide security, public services, the rule of law, and political stability.

Different institutions have offered different definitions of fragile states, but a common element among these definitions is the emphasis on the weakness of state capacity in governing the country. The United States Agency for International Development (USAID) defines a fragile state as a state that is unable to exercise effective sovereignty or provide basic services to its citizens. The World Bank¹ likewise emphasizes weak state institutions, limited governance capacity, and political instability.² Within the same framework, the United Kingdom's Department for International Development (DFID) describes a fragile state as one that faces serious difficulties in providing security, justice, and public services.³

According to this approach, fragile states generally share several common characteristics. First, limitations in the capacity of political and governmental institutions; second, challenges in providing security; third, economic and developmental problems; and fourth, declining political and social legitimacy. Taken together, these factors prevent the state from providing a stable and predictable environment for citizens and investors.

For the past five decades, Afghanistan has been among the countries characterized by a high level of fragility. This position is not merely a statistical ranking; rather, it reflects a set of structural challenges that have emerged as a result of decades of war, political transformations, and foreign intervention. Security challenges, limited state institutional capacity, economic difficulties, large-scale migration, and dependence on foreign assistance are among the factors that have been identified in these assessments as contributing to the fragility of the Afghan state.

The importance of this theoretical framework lies in its ability to explain, to some extent, the behavior of external actors as well. Fragile states typically present both opportunities and challenges for



external powers. On the one hand, their natural resources, geographical location, and economic potential may be attractive; on the other hand, political and security instability increases the costs and risks of economic engagement. For this reason, countries that interact with fragile states often proceed with greater caution and take security considerations into account alongside economic considerations in their decision-making.

China's behavior toward Afghanistan can also be examined within this framework. Although Afghanistan is important to China in terms of its natural resources and geopolitical position, China does not view the country merely as an economic opportunity. From China's perspective, Afghanistan is a country whose fragility can generate security consequences beyond its borders. This perception has led China's approach toward Afghanistan to be influenced by security considerations alongside economic considerations.

CHALLENGES TO CHINESE INVESTMENT IN AFGHANISTAN

Political Instability: If one were to identify the most significant obstacle to Chinese investment in Afghanistan, it would undoubtedly be political instability. Investment, particularly in large-scale mining and infrastructure projects, requires an environment in which the future is reasonably predictable. Investors are willing to commit their financial and technical resources to a country only when they can be confident that its laws, contracts, and political structures will not undergo fundamental changes in the short term.

Afghanistan, however, has experienced extensive political transformations over recent decades. Frequent changes in the structure of power have prevented the country from enjoying the degree of political stability necessary for sustained investment. Under such conditions, foreign investors tend to view the future of their projects with uncertainty. They cannot be certain whether the commitments made today will remain in force in the years to come.

This issue is particularly important for China because a large proportion of its investments are designed as long-term projects. Therefore, the higher the level of political instability, the greater the likelihood of reduced investment. For this reason, China has consistently acted with caution in



Afghanistan and has avoided extensive involvement in projects requiring long-term commitments. Beijing seeks to maintain relations with the authorities in power, but it generally prefers to avoid obligations that may become problematic as a result of political developments.

Security Challenges: Afghanistan has experienced war and conflict for nearly five decades. This situation has affected not only the daily lives of its people but also the country's economic development. In such an environment, foreign investment is accompanied by significant risks.

A clear example of this can be seen in the Mes Aynak copper project, which was signed during the previous republican government. As the largest Chinese investment in Afghanistan, the project has repeatedly faced security threats and attacks. Such experiences demonstrate how security concerns can affect the implementation of major economic projects.

For China, however, the issue extends beyond the security of economic projects alone. Beijing is also concerned about the potential implications of Afghanistan's situation for regional security and its own strategic interests, particularly in neighboring areas. Consequently, China's approach toward Afghanistan has always been influenced by security considerations. As long as these concerns are not reduced to an acceptable level, expectations regarding a significant expansion of Chinese investment in Afghanistan should be treated with caution.

Economic and Technical Challenges: In addition to political and security problems, Afghanistan faces a range of economic and technical challenges that slow the process of investment. Many of the projects in which China has shown interest require extensive infrastructure, including roads, electricity, railways, and transportation networks. Afghanistan, however, continues to face significant shortages in many of these sectors.

The absence of adequate infrastructure increases the cost of project implementation and prolongs the time required for their completion. Moreover, the shortage of skilled human resources and weak implementation capacity further complicate project execution. In many cases, Chinese companies have been compelled to obtain part of their workforce and required resources from outside the country, thereby increasing costs.



Another factor that should not be overlooked is the absence of a stable and predictable legal framework. Investors need confidence that, in the event of disputes, the country's legal system will be able to protect their rights. However, instability in legal and regulatory arrangements has limited such confidence. Taken together, these factors have caused many Chinese economic projects in Afghanistan to progress slowly or to fall short of their expected outcomes.

GREAT-POWER COMPETITION AND REGIONAL CHALLENGES

Chinese investment in Afghanistan is influenced not only by the country's domestic conditions but also by regional and international dynamics. Afghanistan has long been situated at the center of regional and international competition, and this reality has had significant implications for the investment environment.

At the international level, China's expanding economic influence and the advancement of the Belt and Road Initiative have intensified geopolitical competition surrounding the country. Due to its geographic location, Afghanistan has inevitably been affected by these broader rivalries.

At the regional level, the rivalry between India and Pakistan, as well as the broader competition between China and India, are among the factors that influence Afghanistan's situation. Afghanistan has often become an arena for competition among these actors, with consequences for the country's security and stability.

From China's perspective, investment in Afghanistan is not merely an economic issue; it also forms part of broader political and security calculations. For this reason, when making decisions regarding investment in Afghanistan, Beijing must also take into account the implications of regional rivalries and geopolitical competition.

CONCLUSION

An examination of the challenges facing Chinese investment in Afghanistan shows that a large part of these challenges is rooted in the fragile condition of the Afghan state. Political instability, insecurity, weak infrastructure, legal challenges, and regional rivalries have, over the past five decades, created an environment in which foreign investment is associated with a high level of risk.



Under such circumstances, China has also been compelled to adopt a cautious policy. Contrary to common perception, the limited scale of Chinese investment in Afghanistan is due less to a lack of interest on the part of Beijing than to the conditions that Afghanistan has provided for foreign investment. China views Afghanistan as a country that still faces serious political, security, and institutional challenges, and this has caused security considerations to outweigh economic considerations.

At the same time, China, as an important economic and regional partner, has consistently pursued an approach based on mutual respect, non-interference in the internal affairs of countries, and a focus on economic cooperation. This approach has been consistent with the policies of the Islamic Emirate of Afghanistan regarding the attraction of foreign investment and economic development and can provide a basis for expanding sustainable cooperation between the two countries.

Overall, it can be concluded that Afghanistan and China are moving along a path of gradual and expanding cooperation. With the strengthening of a climate of confidence, the improvement of infrastructure, and the continuation of positive bilateral engagement, it is expected that Chinese investment in Afghanistan will, in the future, move beyond limited projects toward broader and more strategic forms of cooperation.

RECOMMENDATIONS

1. To attract sustainable investment, economic policies and investment agreements should enjoy sufficient stability, and administrative or executive changes should not negatively affect previous commitments. Establishing a clear and predictable framework for foreign investors can increase economic confidence.
2. Investment in key sectors such as electricity, roads, railways, and telecommunications should be prioritized, as these infrastructures provide the foundation for the successful implementation of major mining and industrial projects.



3. Establishing a transparent legal system for economic contracts and foreign investment, together with clear dispute-resolution mechanisms, can reduce investor concerns and facilitate project implementation.
4. Reducing administrative complexity, accelerating licensing procedures, and providing financial and tax incentives can increase Afghanistan's attractiveness for foreign investment, particularly from China.
5. Investment in technical and vocational education, along with cooperation with foreign companies for knowledge transfer, can reduce dependence on foreign labor and strengthen domestic capacity.
6. By adopting a balanced economic policy based on national interests, Afghanistan can avoid becoming an arena for negative competition among regional powers and can strengthen the environment for economic cooperation.

REFERENCE

¹ USAID (United States Agency for International Development) (2005) 'Fragile states strategy', P. 1. [Link](#).

² World Bank (2005) Fragile states – good practice in country assistance strategies. Board Report 34790, 19 December, p1. World Bank, Washington, DC.

³ DFID (Department for International Development) (2005) Reducing Poverty by Tackling Social Exclusion. A DFID Policy Paper. DFID, London.

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