

# Tehran, Astana seal transit deals to boost East-West trade via joint hubs



Railway tracks lead into the dry port at Khorgos on the border between Kazakhstan and China.

● FOREIGN POLICY

during meeting between Pezeshkian and Kazakh President Kassym-Jomart Tokayev, in what the two sides described as a significant step toward expanding bilateral relations. Sadeq Malvajerd said greater cooperation in transit and transportation would be the key driver of higher bilateral trade, particularly through the movement of goods via Iran and Kazakhstan, noting that the two countries could serve as a strategic link between East and West.

She said meetings were held with Kazakhstan's deputy prime minister as well as the ministers of economy, trade and integration, and transport, with all sides emphasizing the need to increase transit volumes and resolve existing rail and road freight transport bottlenecks.

## China, cargo source; Iran, gateway to Europe

The minister said proposals discussed with Kazakhstan's transport minister envisioned China serving as the source of cargo shipped to Kazakhstan and onward to Iran, with Iran functioning as a gateway to Europe, Turkey

and the South Caucasus. She added that Kazakhstan's access to open waters through Iran's Chabahar port was also discussed and welcomed by the Kazakh side.

She said the two countries also reached understandings on implementing the proposals and expanding rail and road transportation links between Iran and Kazakhstan, while stressing the importance of further strengthening transport connectivity.

## Logistics hubs planned

Sadeq Malvajerd said another major focus of the visit was identifying locations for logistics hubs to store and redistribute goods along transit routes in both Kazakhstan and Iran.

She said that, following an earlier agreement to allocate land at Iran's southern Shahid Rajaei Port for Kazakh investment, the Iranian delegation also visited the Khorgos dry port on the China-Kazakhstan border.

"Based on the proposals presented and the positive response from Kazakhstan, domestic investors will review the outcomes of this trip so that logistics hubs can be established in Kazakhstan at the Khorgos dry port and Aktau port, and in Iran at Amirabad, Aprin, Chabahar and Bandar Abbas," she said. She said Kazakhstan's geographic position and its status as one of the world's major grain suppliers created strong prospects for

the development of such logistics hubs in Iran. She added that, given the climate challenges ahead, the understandings reached during the visit had moved closer to implementation.

"Under the agreement reached, the Kazakh side will be present at Shahid Rajaei Port in the shortest possible time, and the investor will take possession of the allocated land," she said.

Summarizing the visit, Sadeq Malvajerd said both the bilateral meetings and site visits would help strengthen relations and cooperation between Iran and Kazakhstan, producing tangible benefits for both countries. She added that discussions also covered expanding tourism cooperation, alongside trade, with Kazakhstan's economy, trade and transport ministers, saying increased travel by Iranian and Kazakh tourists would deepen cultural and civilizational ties while also supporting higher levels of commercial interaction.

Bilateral trade between Iran and Kazakhstan has remained relatively modest but has been on an upward trend. Trade turnover reached more than \$340 million in 2024, up about 12.3% from the previous year, while officials from both countries have set a long-term goal of increasing annual trade to \$3 billion, supported by expanded transport corridors and logistics cooperation.

## Economy Desk

Iran and Kazakhstan have finalized agreements to expand transit cooperation and will soon activate logistics hubs at key ports in both countries to capitalize on Iran's role as a gateway for cargo moving from China to Europe and to provide Kazakhstan with access to open waters, Iran's roads minister said.

Speaking in an exclusive interview with IRNA after a recent visit to Kazakhstan on Thursday, Roads and Urban Development Minister Farzaneh Sadeq Malvajerd said the trip followed President Masoud Pezeshkian's visit to Kazakhstan last year and was aimed at implementing the agreements reached during that visit.

Last December, Iran and Kazakhstan signed 14 memoranda of understanding in Astana

## Iran, Russia crafting new mechanisms to ease trade: CBI chief

### Economy Desk

The head of the Central Bank of Iran (CBI) said on Friday that Tehran and Moscow are designing and strengthening new financial mechanisms aimed at facilitating bilateral trade, following a working visit to Russia.

Abdolnasser Hemmati, who held talks with Russian monetary officials and business leaders during a three-day trip to Moscow that began on Tuesday, said the focus was on creating financial channels independent of conventional restrictions and utilizing monetary capacities to immediately ease trade flows.

"The recent trip was not merely a diplomatic visit but an operational mission to remove bottlenecks in foreign trade," Hemmati was quoted as saying by ISNA.

"Our emphasis in meetings with Russian monetary authorities and economic activists was on establishing financial mechanisms independent of conventional restrictions and utilizing monetary capacities to immediately facilitate trade," he added. Hemmati said the central bank's approach during the visit was focused on reducing transaction costs for traders. "We are seeking integration and stability so that economic activists in Russia can engage in exports and imports with confidence in ex-



Abdolnasser Hemmati (2nd R), the head of the Central Bank of Iran (CBI), attends a meeting in the Russian capital of Moscow on June 18, 2026.

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change rates and the ability to transfer funds," he stated.

The governor identified Russia's Mir Business Bank as a key implementing arm in the effort, saying he had stressed the need to increase its capital and operational capacity to better support the International North-South Transport Corridor and remove obstacles to opening letters of credit for Iranian traders.

He visited Russia's Mir Business Bank on Wednesday, calling for broader banking cooperation, increased financing capacity for bilateral trade and a stronger role for the bank in supporting the International North-South Transport Corridor (INSTC).

Hemmati also said on Friday that the activation of a permanent banking committee between the two countries was a strategic step to ensure continuous follow-up on agreements and prevent them from becoming bogged

down in administrative layers.

During a meeting with Russian Central Bank Governor Elvira Nabiullina, the two sides agreed to activate the permanent banking committee between the central banks of Iran and Russia to pursue and accelerate joint banking and financial programs, according to IRNA.

The monetary agreement between Iran and Russia took effect in January 2025, enabling the two countries to settle trade using their national currencies, the rial and the ruble, at agreed exchange rates in the commercial foreign exchange market.

In a related banking development, Russia's Mir card network was linked to Iran's SHETAB system in November 2024, and the first two phases of the joint payment system have already been completed. On Tuesday, Hemmati said the third phase of the bilateral agreement will be implemented within a maximum of two months.

## Pakistan resumes land travel for merchants to Iran after one-year halt

### Economy Desk

Pakistan has resumed land travel for its business community to Iran through the Taftan-Mirjaveh border crossing, allowing Pakistani merchants holding valid Iranian business visas to enter the neighboring country after a year-long suspension.

Pakistan's Dunya newspaper said that the country's Federal Investigation Agency (FIA), which oversees border control, passports and immigration, had authorized the facilitation of cross-border travel for traders through the Taftan crossing in the southwestern province of Balochistan, IRNA reported on Friday.

Pakistani media said the move would ease border trade and help expand commercial activity between the two neighboring countries.

Authorities said decisions regarding the resumption of travel for ordinary passengers would be made later, depending on the regional security situation.



The crossing for outbound travelers had been suspended since mid-June, last year, following the outbreak of the Israel-Iran conflict, although trade and customs operations continued.

In January 2025, Pakistan issued final approval for the opening of a fourth border crossing with Iran at Chadgi in Pakistan's Balochistan province and Kouhak in Iran's Sistan and Baluchestan province, aiming to facilitate bilateral trade, create jobs and curb smuggling.

Mirjaveh, Rimdan and Pishin are the three main border crossings linking Pakistan and Iran, corresponding to the Taftan, Gabd and Mand crossings on the Pakistani side, through which bilateral trade and passenger traffic are conducted.

## Access to benefits ...

Following the FATF-related restrictions, Iran's financial connections became even more limited, leaving the banking sector ill-prepared to establish broad-based relations with the rest of the world. Therefore, the quality of banking services must be upgraded rapidly. This includes workforce training, financial interactions with foreign institutions, foreign-language proficiency, and access to modern technologies used in the international banking system. In addition, while many Iranian traders are experienced and have strong commercial track records, years of declining trade—particularly with European countries—mean that further training may be necessary. Such efforts would help merchants coordinate more effectively with domestic institutions and ministries involved in foreign trade, while also familiarizing them with the frameworks governing international commerce.

At the same time, the quality of services provided by Iran's customs administration must be improved. Customs offices are among the most important gateways for the movement of goods and services, yet they too require fundamental modern-

ization. Personnel need enhanced training, improved language skills, and greater familiarity with modern techniques and procedures. Iran's customs system, much like other administrative and executive structures, suffers from serious inefficiencies that have become major obstacles to development. In addition to streamlining processes and shortening service-delivery timelines, customs authorities must be upgraded both technologically and in terms of expertise.

Finally, fundamental reforms are required across the inefficient bureaucratic structures that exist throughout the country's institutions. Current bureaucratic systems must be overhauled, particularly within agencies and ministries involved in foreign trade and foreign investment. From the Central Bank and other banks to the Ministries of Industry, Mine and Trade, Economy and Finance, the Plan and Budget Organization, and the customs administration, all of these bodies need to streamline their bureaucratic structures, improve efficiency, train their personnel, and adopt modern technologies to facilitate international economic engagement.

## What role will Arab countries play in this fund? Are they expected to transfer Iran's unfrozen assets into the fund, provide capital themselves, or participate in managing and overseeing investments?

As an economist, I have no detailed information available beyond what has been reported in the media. It should be emphasized, however, that if the prerequisites outlined earlier are met, not only Arab countries but nations across the world—especially Western countries whose trade relations with Iran have declined sharply over the years—would be highly interested in investing in Iran. Many of these countries are grappling with economic stagnation and are actively seeking destinations with strong investment potential. Under current circumstances, Iran could become an investment paradise due to years of sanctions, persistently low levels of investment, and the vast untapped capacities that exist throughout the economy. The damage caused by the recent war has further expanded both the need for investment and the opportunities available.

As a result, interest would not be limited to Arab states. Many Western countries,

including the United States, as well as Eastern economies such as Japan, South Korea, and Malaysia, all possess substantial capital and are constantly looking for promising investment destinations. If the necessary conditions are put in place, there will be competition among countries to invest in Iran.

## Given that a significant portion of US primary and secondary sanctions against Iran remains in place, under what legal and executive mechanisms could American and non-American companies participate in projects financed by this fund?

The necessary and sufficient condition—and indeed the primary prerequisite—for Iran to benefit from international trade and economic cooperation, whether through foreign investment or trade in goods and services, is the absence of political and economic restrictions in its relations with the outside world.

In the short term, the first requirement for placing Iran on a path toward development is ending the long-standing state of "neither war nor peace." Relatively speaking, part of that objective has now been

achieved. However, the next essential step is the complete removal of sanctions affecting the country's economy and political relations. Third, Iran's regional and extra-regional tensions must be resolved, and normal political relations with all countries—particularly those in the region—must be restored.

There is therefore little doubt that, following the end of the war and any potential final agreement reached after the 60-day negotiation period, sanctions relief would have to be the next step.

Iran's political relations, particularly with Arab countries that were seriously affected by the conflict, must also return to normal. This is especially true in the case of the United Arab Emirates, a country on which Iran has long depended heavily for trade, both financially and through its ports.

Otherwise, even if a \$300 billion fund is established, without these prerequisites in place, the resources would either be dissipated without delivering meaningful results, leaving Iran indebted, or fail to be utilized at all. In either case, such a fund would fail to bring about meaningful structural change in Iran's economy.