



Golden  
Ring  
Economic  
Forum

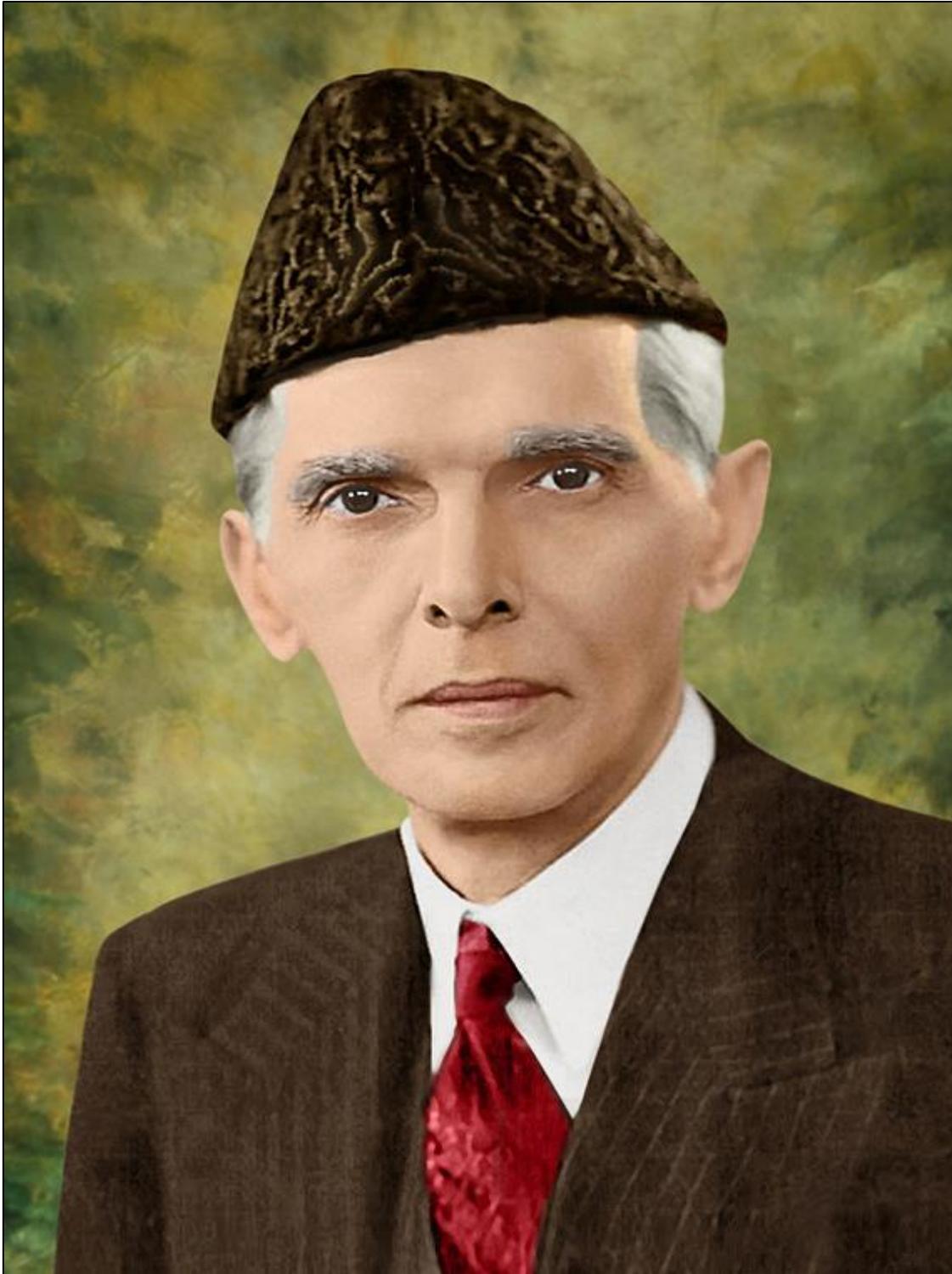


Proceedings  
of  
GREF - PIPS Joint Seminar  
on

**GOLDEN RING ECONOMIC BLOC  
FOR  
REGIONAL PEACE  
AND  
NATIONAL ECONOMIC SECURITY**



April 30, 2019  
Islamabad, Pakistan



**Quaid-e-Azam Muhammad Ali Jinnah**

Father of Nation  
Founder of Pakistan



**Dr. Arif Alvi**  
President of Pakistan



**Mr. Imran Khan**  
Prime Minister of Pakistan



## **TABLE OF CONTENT**

<b>INTRODUCTION.....</b>	<b>7</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>11</b>
<b>RECOMMENDATIONS.....</b>	<b>21</b>
<b>SESSION-1: PAKISTAN’S REGIONAL RELATIONS .....</b>	<b>25</b>
1. <i>“Introduction to Golden Ring Economic Forum (GREF)”</i> by Mr. Hasnain Reza Mirza, President GREF.	
2. Welcome Address by Mr. Zafarullah Khan, Executive Director PIPS	
3. Welcome Address by Maj. Gen. Anis Ahmed Bajwa, HI(M), (Retd.),Chairman GREF.	
4. <i>“Concept of A New Strategic Economic Bloc of China-Iran-Pakistan-Russia and Turkey – the Golden Ring Bloc, for Regional Security and Economic Stability,”</i> Dr. Shireen M. Mazari Federal Minister for Human Rights, Government of Pakistan.	
5. <i>“The End of Geo-Strategy,”</i> Brig. Samson Simon Sharaf, SI(M), (Retd.).	
6. <i>“State Terrorism a Threat to National Security,”</i> Ambassador Abdul Basit, (Retd.).	
7. <i>“Forming of Joint Counter Terrorism Council,”</i> Lt. Gen. Sikander Afzal, HI(M) (Retd.).	
8. <i>“External and Internal Challenges to CPEC,”</i> Senator Ms. Sherry Rehman.	
9. <i>“Strengthening of Golden Ring Countries Cooperation through Joint Parliamentary Speakers Forum for Mutual Economic Development,”</i> Mr. Sardar Ayaz Sadiq, MNA, Ex. Speaker National Assembly of Pakistan.	
<b>SESSION-2: NATIONAL ECONOMIC SECURITY .....</b>	<b>49</b>
1. <i>“Major Issues and Their Resolution to Enhance Industrial and Trade Cooperation Between Golden Ring Countries,”</i> Mr. Almas Hayder, Member GREF BoG, President Lahore Chamber of Commerce & Industry.	
2. <i>“Development of Barter Trade Mechanism with Golden Ring Countries to Release Pressure on Forex Payments,”</i> Mr. Zafar Ul Hassan, Chief Macroeconomist, Planning Commission, Government of Pakistan.	
3. <i>“Creation of Special Purpose Vehicle in View of Economic Sanctions on Certain Golden Ring Countries,”</i> Dr. Raja H. M. Mohsin, Chief Coordination, Planning Commission, Government of Pakistan.	
4. Views by H.E. Yury Kozlov, Trade Representative of Russian Federation at Islamabad.	
5. Views by Dr. Sergei A. Baranov, Counsellor (Political), Embassy of Russian Federation, Islamabad.	
6. Views by H.E. Mr. Zhao Lijian, Acting Ambassador, Embassy of People’s Republic of China.	
7. Views by H.E. Mr. Mehdi Honardoost, Ambassador of Islamic Republic of Iran.	
<b>QUESTIONS AND ANSWERS .....</b>	<b>78</b>



## **INTRODUCTION**

The rapid geopolitical developments across the globe have also resulted in changes on world geo-economic map. With the formation of new political and strategic groupings in the region around Pakistan, it has become more than necessary for our national business and economic stakeholders to critically re-evaluate their future planning and strategies, to face the looming challenges. Foreseeing these changes and developments, a group of businessmen, former diplomats and defense forces senior officers, industrialists and scholars put their heads together and formed a think-tank cum lobbying group by the name of Golden Ring Economic Forum (GREF) back in 2014. The focus of GREF is on working towards formation of a new strategic economic bloc consisting of China, Iran, Pakistan, Russia and Turkey –the “Golden Ring”.

Since its inception, GREF has actively been canvassing and spreading out their concept of Golden Ring with the stake holders in Pakistan and other member countries. As part of its activities, GREF keeps on arranging conferences, panel discussions and seminars on different policy aspects covering regional peace and stability for national economic security. One such Seminar was held jointly at the Pakistan Institute of Parliamentary Services (PIPS) Islamabad on 30th April, 2019. The theme of the Seminar was *“GOLDEN RING ECONOMIC BLOC FOR REGIONAL PEACE & NATIONAL ECONOMIC SECURITY”*.

It was a full day Seminar having two sessions. Speakers were from business, defense, diplomatic and political circles. Top diplomats from diplomatic missions of China, Iran and Russia at Islamabad also participated and presented their countries point of view. The first session mainly focused on security issues impacting regional peace, stability and economic development. To have views on the topic leading representatives from all three main stream major political parties were invited to speak in addition to speakers from armed forces and diplomatic community. The speakers and the topics they spoke on were as follows:

1. “Concept of A New Strategic Economic Bloc of China-Iran-Pakistan-Russia and Turkey – the Golden Ring Bloc, for Regional Security and Economic Stability” by Dr. Shireen M. Mazari Federal Minister for Human Rights, Government of Pakistan.
2. “The End of Geo-Strategy” by Brig. Samson Simon Sharaf, SI(M), (Retd.).
3. “State Terrorism a Threat to National Security” by Ambassador Abdul Basit, (Retd.).
4. “Forming of Joint Counter Terrorism Council” by Lt. Gen. Sikander Afzal, HI(M) (Retd.).
5. “External and Internal Challenges to CPEC” by Senator Ms. Sherry Rehman.
6. “Strengthening of Golden Ring Countries Cooperation through Joint Parliamentary Speakers Forum for Mutual Economic Development” by Mr. Sardar Ayaz Sadiq, MNA, Ex. Speaker National Assembly of Pakistan.

The Session was chaired by the Ex-Speaker of the National Assembly of Pakistan Mr. Sardar Ayaz Sadiq, MNA and Dr. Shireen Meharunisa Mazari, Federal Minister for Human Rights was the Chief Guest at the first session.

The second session focused on possible solutions to issues and bottlenecks related to mutual trade between the countries of Golden Ring due to outside sanctions. The speakers of this session were from industry, government policy makers and senior representative of Embassy of Russian Federation, Head of Russian Trade Mission at Islamabad, H.E. the Acting Ambassador of Peoples Republic of China and H.E. the Ambassador of Islamic Republic of Iran. The papers presented in this session were:

1. “Major Issues and Their Resolution to Enhance Industrial and Trade Cooperation Between Golden Ring Countries,” by Mr. Almas Hayder, Member GREF BoG, President Lahore Chamber of Commerce & Industry.
2. “Development of Barter Trade Mechanism with Golden Ring Countries to Release Pressure on Forex Payments,” by Mr. Zafar Ul Hassan, Chief Macroeconomist, Planning Commission, Government of Pakistan.
3. “Creation of Special Purpose Vehicle in View of Economic Sanctions on Certain Golden Ring Countries,” by Dr. Raja H. M. Mohsin, Chief Coordination, Planning Commission, Government of Pakistan.

Towards the end of the Seminar a Q&A session was held. This session was chaired by Lt. Gen. Sikander Afzal HI (M), (Retd.), Vice Chairman GREF. The moderator at the Seminar was Mr. Khalid Mahmood, CEO, M/s. CPEC Platform International and Member GREF.

This publication presents transcripts of talks and papers presented at the Seminar and recommendations finalized as result of suggestions put forward in first, second and Q&A sessions.



Seminar Proceedings:  
"Golden Ring Economic Bloc-Regional Peace & National Economic Security"

---



## **EXECUTIVE SUMMARY**

**Mr. Khalid Mahmood**, CEO, CPEC Platform Int. Pakistan and a Member of GREF being the moderator of the seminar gave a brief introduction of the Seminar and gave a historic connect to the initiative of forming the Golden Ring Economic Bloc. He said that several economic blocs have emerged after the Second World War. Stakeholders in advanced countries realized that by working together for mutual economic growth they can reap more mutual benefits and can have stable regional economies. This resulted in economic blocs like North American Free Trade Agreement (NAFTA), Southern Cone Common Market (MERCOSUR) European Union (EU), Association of Southeast Asian Nations (ASEAN) and others.

While talking about GREF activities he said that GREF had been declared as one of the think tanks for the National Assembly of Pakistan by the former Speaker Mr. Sardar Ayaz Sadiq. As per his directions Pakistan Institute of Parliamentary Services (PIPS) had also signed an agreement with GREF, in 2017, to educate the parliamentarians on national economic security issues and probable measures for the economic stability of Pakistan with the help of strategic economic cooperation of China, Iran, Russia and Turkey.

Mr. Khalid informed the House that GREF had conducted a couple of meetings and panel discussions at PIPS with parliamentarians of previous Assembly. Unfortunately, the frequency of such meetings and seminars could not be increased, even with the extra ordinary efforts of Executive Director PIPS and himself, mainly due to lack of interest of parliamentarians of both Houses in matters of national economic security. This Seminar is very much in time looking at both external and internal security issues and challenges of economic security presently being faced by Pakistan. This Seminar has therefore, been planned to have two sessions, the first one relates to security aspects and the second one covers the economic side.

**Mr. Hasnain Reza Mirza**, the Founding President of Golden Ring Economic Forum gave a detailed presentation on GREF aims, mission, objectives and its organization. He said that the idea of Golden Ring Economic Bloc, was conceived and launched by him in 2010, and it took four years to develop an organization which would work towards the realization of the initiative. The organization got officially registered as a think tank cum lobbying group by the name of Golden Ring Economic Forum (GREF) in 2015. Its members include businessmen/industries, ex-servicemen, former diplomats, experts and scholars in the field. He said, the mission of GREF is to work towards formation of a new strategic economic bloc consisting of China, Iran, Pakistan, Russia and Turkey –the “Golden Ring countries”. He then explained why it is called the Golden Ring. He also described the historical and current geopolitical basis which warrant the formation of this bloc. He also shared the major achievements of GREF in the short period of its formation.

Historically, the region starting from coast of Mediterranean to the islands of Japan has been the area of major civilizations. The Central/South Asia and Persian Gulf regions are full of valuable natural resources. Therefore this area was historically a center of adventures by different powers. Pakistan’s location in the region is very important. It is sitting on the mouth of Persian Gulf, close to Strait of Hormuz and Indian Ocean in the south. In the north Pakistan

borders with China, Afghanistan and Central Asia. West is Afghanistan and Iran whereas, India is in the east. Pakistan’s geo strategic location makes it very critical and important not only for China, Russia and Central Asia but also the oil rich Middle East. Pakistan provides the shortest route to warm waters for China, Russia and land lock Central Asian states. This background leads to a natural formation of a new Economic Bloc consisting of five major countries of the Eurasian region.

The Golden Ring Economic Forum (GREF) has therefore been formed as a strategic economic policy development think tank to achieve the goals of an economic bloc and is governed by its office bearers and Board of Governors (BoG) which include businessmen/industrialist and ex-servicemen, civil servants and ambassadors. The present Chairman is Maj. Gen (Rtd.) Anis Ahmed Bajwa HI(M), the President – Mr. Hasnain Reza Mirza, Vice Chairman Lt. Gen (Rtd.) Sikander Afzal HI(M), Senior Vice President Mr. Shahid Hassan Sheikh and the Vice President Mr. Yaqoob Tahir Izhar.

Working together these five countries can also devise mutual beneficial strategies to counter the adverse effects of other groups and cooperation’s in the field of economy.

Almost over 30% of the total resources (human and natural) belong to these five countries whereas; these five countries form sort of a ring around Central Asia and Afghanistan. There comes the name “Golden Ring”.

Hopefully Central Asian states will also become members of this bloc in future. It has been formed with a mission to assist in designing and formulation of common policy frame-work for developing and devising economic interests among member countries for improving and enhancing livelihood of the people of these five countries.

Together these countries can help in boosting regional connectivity and professional and technical education to counter terrorism and helps promote peace and harmony in the region. It also has the potential to devise mutual beneficial development programs to counter the adverse effects of other groups and cooperation’s in the field of economy. This can also help boosting regional connectivity and professional and technical education to counter terrorism and helps promote peace and harmony in the region.

**Mr. Zafar Ullah Khan** (Executive Director PIPS) welcomed the guests on behalf of PIPS and said that over the past two years Pakistan Institute of Parliamentary Services (PIPS) has proudly been a partner of GREF in its endeavors towards the formation of the new bloc. He considered it to be an eye opener for our policy makers that how little the country is connected within its region in terms of trade and economic cooperation despite of being geographically so linked and close. Referring to the first Parliamentary Speakers Conference of Golden Ring countries, plus Afghanistan, which was held in Islamabad on 24-25th December 2017, he said that this was the biggest achievement of GREF efforts. It showed that the idea floated by GREF has been endorsed by all other four countries. He said that the participating countries have agreed make this Conference of Parliamentary Speakers a permanent forum. The 2nd Conference was therefore, held in December 2018 at Tehran, I.R. Iran whereas, the 3rd will

be held in Turkey this year in December. Towards the end he said that it is pity that our law makers sitting in the two Houses are not interested in national security affairs.

The Chairman GREF **Maj. Gen. Anis Ahmed Bajwa HI(M), (retd.)**, in his welcomed the participants on behalf of GREF. Briefly revisiting the formation of GREF he stressed that the idea behind formation of Golden Ring Economic bloc is to find a rightful place for Pakistan in the emerging global order and especially in this region. The decay of the old order and crumbling of the super power is now visible to everyone. The outline of the emerging global arrangement is coming clearer day by the day. The new geo-political and economic conditions are likely to dominate the affairs of this world in this century. He said that with this background GREF has been established as a Strategic Economic Policy Think-tank and lobbying group to assist and to advise governments on strategic economic security issues.

Although, considering it that the initiative is still in an embryonic phase, at the moment, we are very proud of our achievements that we have achieved in past couple of years. We are also aware of the fact that this initiative is considered very fetal for the interest of several powers in our region and across the oceans, but we have to keep rowing in the greater interest of Pakistan.

Geography has placed Pakistan in a location where it becomes an important piece in the emerging mosaic particularly within this region. Now we must take advantage of this strategic reality to bring peace, prosperity and a place of honor for Pakistan in the world. Mindful of the fact that the real engine for development which in turn brings about peace, prosperity social uplift and security is the strong and stable economy.

**Dr. Shireen M. Mazari**, the Federal Minister for Human Rights, while endorsing the concept of a new Strategic Economic Bloc of China-Iran-Pakistan-Russia and Turkey – the Golden Ring Bloc, for Regional Security and Economic Stability suggested that not only the political compulsions but mainly the economic reasons are behind the forming of such blocs. The Minister linked her work on of “Empowerment of Communities” with the idea of GRE –Bloc. Explaining the concept of Community Empowerment she said that since people of countries involved share a lot culturally and socially therefore, by implementing the concept in cooperation they can develop together and rapidly. She hoped that the initiative of GRE-Bloc will be matured with the passage of time. She expected that especially China and Russia, being the bigger economies, will play their effective role in support of this initiative of Pakistan. She said that we are confident that Iran and Turkey being our brotherly Muslim countries and partners of RCD and ECO will also stand by Pakistan in formation of this bloc.

**Brig. Samson Simon Sharaf SI(M), (retd.)** presented his paper on “The End of Geo-Strategy”. He emphasized that Western Interest is to confine China, an eminent economic threat. They do not want to let China cut short, epochal trade route that curves through the Pacific Rim, and open new highways which they will have difficulty controlling. Similar is the case for Russia. For centuries Russia then USSR and then again Russia have worked tirelessly towards opening its corridors with Africa and Asia through warm waters and land

routes in the south. What held Russians aback, in Asia, is poor infrastructure and poverty in Central Asia which was created by Russia itself.

He said that the US plans for this century are to re-map Asia. They are planning a greater Middle east that could extend right into Central Asia combined with the eastwards expansion of NATO. In south-east Asia they want to create small states by cutting Afghanistan, Iran and Pakistan into small controllable states. The objective is, on one hand, to reach deep into the Russian underbelly and create a land barrier between Russia and China. And on the other hand to curtail China. They want to keep Russia and China not only bifurcated but also isolated. With this new geo-political scenario Pakistan once again finds itself in the eye of the storm far more aggressive than the containment policy of the cold war. So, there is a new axis of USA, Israel, India and Kingdom of Saudi Arabia forming in the region. He suggested that Pakistan's threat assessment needs a new perspective and needs an indigenous strategic plan to be built to counter these designs. Pakistan is in the window of vulnerability, the worst may yet to come. So we should be prepared to counter that keeping in mind that friends cannot be masters and beggars cannot be choosers.

**Ambassador Abdul Basit (Retd.)** accentuated that International community is still trying to build a consensus as to the definition of state terrorism. It's a major threat to regional stability. He underscored that it is about time that definition of state terrorism needs to be reviewed and its ambit should be widened with reference to what India has been doing to poor, unarmed Kashmiri Muslims in Indian Occupied Jammu and Kashmir.

The matter of fact is that the developed world is not responding actively against state terrorism by India. The international community needs to be receptive about this issue due to economic interests in the third largest market. Best option for Pakistan in this situation rests rather than talking about state terrorism in Kashmir our focus should be on the Kashmir's right of self-determination. The western world has very little receptivity and realization even against violation of human rights and deprivation of self-determination in Indian Occupied Kashmir. Though Human rights and self-determination rights are well defined. These oppressions on both counts have given birth to a generation of violent Kashmiri youth which are an easy prey for militant and terrorist groups like Al Qaida, DAISH and IS in addition to developing indigenous militancy. As a result creating a de-stable region.

**Lt. Gen. Sikander Afzal HI (M), (Retd.)**, presented his views on “Forming of Joint Counter Terrorism Council” by the Golden Ring Countries. Defining counter-terrorism he said that it incorporates the economic practices, military tactics, techniques, and strategies that government, military, law enforcement, business, and intelligence agencies use to combat or prevent terrorism. Counter-terrorism strategies include attempts to counter financing of terrorism also. He said that every type of terrorism by any state or non-state actor, it is always funded by powers having their vested interests in the region. Mislead poor and uneducated youth can also easily be manipulated towards terrorism. Therefore, the counterterrorism measures should also involve professional education and making youngsters economically self-reliant.

General Sikander, giving solid reasons, emphasized on the need that the concerned authorities of Golden Ring countries should sit together and discuss the issue of regional stability in view of the “sponsored terrorism”. He said it is high time that a joint counter terrorism council among Golden Ring Countries should be formed because all of these five countries are facing one or other form of terrorism. Towards the end of his talk he presented few concrete recommendations on how to move forward on forming of the Council.

**Senator Sherry Rehman** while discussing External and Internal challenges to CPEC, she said that in order to understand these challenges we first need to understand the challenges to Belt Road Initiative (BRI) itself. China’s dramatic economic growth, particularly when reflected in the Global context, created strong waves in the ranks and files of existing world powers. China is now a Global Super Power unlike old imperial European systems it offers multi-polar system model, different from older models of the global orders. It also represents a new arc of global growth as well as a system of building infrastructure and protecting its investments. It talks about the concept of “shared future”. Now all this is not in line with the greater designs of UK and United States, and for that matter also those of India in the region.

India is the most neuralgic player in the region which offers a vital challenge to CPEC. Indian suspicion of CPEC is neither couched in diplomatic gloves nor is it hidden. American suspicion and hostility towards CPEC is another elephant in the room.

As far as the internal threats are concerned, which are very complex, the biggest one is absence of a clear policy framework with the government. Both the previous and the present governments are responsible for this failure which has given an open playing field to the enemies of the Project. Another internal threat is from within us – the politicians. Then there are interprovincial rivalries and wrong perceptions among the people. She said that it is good to know that GREF is also working on policy framework for CPEC and her think tank can also join hands with GREF, whereas, she will try to find some support from the concerned quarters. She put forward a few suggestions to save CPEC from failure and threats.

**Mr. Sardar Ayaz Sadiq**, MNA and Ex. Speaker NA informed the House that he had his first interaction with GREF in 2016 where they gave him a full presentation on their activities. The initiative was so valid that he immediately decided to join it. He then appointed GREF as the think tank for his office. He said that he came up with the idea of forming a joint parliamentary Speakers forum of Golden Ring Countries (GRCs) to strengthen the GREF initiative and to put Pakistan in lead. He explained that how after his extraordinary efforts to convince the Speakers of China, Iran, Russia and Turkey to join hands the idea was materialized and the 1st. Parliamentary Speakers Conference was held at Islamabad on December 24, 2017. Pakistan was declared as the founding member and it was agreed to make this Conference a permanent feature by making it a Forum.

He then explained that how this Forum can be used for strengthening of Mutual cooperation not only among GRCs but also with the Central Asian States. The reason to make parliamentary groups and forums is to effectively use the parliaments as the base to establish broad based relationships and to create extra channels of communication with different

countries. It also helps to keep the government and the opposition both on board so that mutual benefits can be achieved together for the country.

As a result of his initiative 88 parliamentary friendship groups have been formed since 2013, making the communication better, clearer and faster among parliamentarians of different countries. The improved connectivity at the parliamentary level has already proved its worth just recently when certain misunderstandings had developed between Pakistan and Iran and Pakistan's Foreign Office completely failed in taking corrective measures. Similarly, contacts of parliamentarians also played a major role in strengthening relations with China and improving Pak- Russia relations. All of these countries are member of Golden Ring initiative. Concluding his talk he strongly supported the GREF initiative and said that this is a national initiative belonging to and for Pakistan and not to any political party therefore government and opposition must join hands in the interest of the Country towards achieving goal of increased mutual cooperation, regional peace, security and economic stability.

**Mr. Almas Hayder**, Member- GREF Board of Governors and President Lahore Chamber of Commerce & Industry, discussed major issues and their resolution to enhance Industrial and Trade Cooperation with other four Golden Ring Countries. He said that the total trade of China, Iran, Russia and Turkey with the world is over US\$5 trillion, out of which Pakistan's share is hardly 0.68%. Despite the fact that almost 85% of line items which these countries import Pakistan also exports but not to them.

Among many other Issues and challenges, he said, the major ones absence of Common Channels for Financial and banking transactions between Pakistan and other Golden Ring countries except Turkey. Despite of close geographical proximity and common borders there are serious connectivity issues between the Golden Ring countries i.e. railway, road, air transport and cyber connectivity which is almost non-existent. The third one is non-availability of tradable products data and information on export/import and tariff regimes. Another big bottleneck is lack of harmony in regulatory frameworks for cross-border energy trade between Golden Ring countries. Complicated domestic legal frameworks of these countries makes the cross border dealings more and more difficult. These basic and major obstacles make the trade between these Countries difficult. He said most of these obstacles are dependent on each other as well, solving one can help solve the other. He gave several recommendations to solve these problems but put emphases on will and positive attitude of the participating governments. He proposed, as the first step, to have a joint meeting of major Chambers of all five Countries on the platform of GREF to prepare proposals to be presented to a joint meeting of respective Ministers of Commerce and Trade of Golden Ring Countries.

**Mr. Zafar Ul Hassan**, Chief Macroeconomist, Planning Commission Govt. of Pakistan explained how Development of barter trade with Golden Ring Countries can work to release pressure on forex payments. A barter transaction between countries is the exchange of goods or services, in exchange for other goods or services. It also enables those who are lacking hard currency to obtain goods and services.

Today more than 900 barter companies are operating in various countries and more than 700 thousand commodities are actively being traded as barter. Several non-developed countries have a huge negative gap between imports and exports which can effectively be catered for with the adaptation of barter trade mechanism.

Pakistan is the perfect example of this, we are a forex deficit country because our balance of payment is negative. Barter trade can benefit and effect the economy by causing the liquidity to increase, by providing interest free goods and services, no credit and collection issues, by prohibiting overstocking, by providing competitive advantage and by activating the idle capacity. To implement and exploit barter system coherently and effectively we need to identify complementarities, make preferential trading agreements, formulate mechanism to dispose-off transactions and strengthen contract enforcement mechanism.

**Dr. Raja H. M. Mohsin**, Chief Coordination, Planning Commission, Govt. of Pakistan, explained how creation of a Special Purpose Vehicle (SPV), in view of sanctions on certain Golden Ring Countries, can give a way out to develop economic cooperation and trade enhancement with these countries.

SPV is basically a legal entity created to fulfill narrow, specific or temporary objectives like limited business acquisition or transaction, or it can be used as a banking/financing structure. A SPV can either be a subsidiary of a company or can be an independent protected company.

Establishment of a SPV between Golden Ring Countries will greatly help enhance Pakistan's economic cooperation and trade with Iran and Russia. It will bypass and mitigate the effects of (old or new, direct or indirect) sanctions on any of the member countries. Use of local currencies in any such SPV is to be encouraged to partially offset the demand for Dollar.

**Mr. Yuri Kozolov, Trade Representative of Russian Federation** at Islamabad shared his views on Pakistan-Russian trade relationships. Giving an overview of Russia - Pakistan economic and trade relationships he said that the bilateral trade relationships started in 1948. Since then there have been a lot of ups and down but they continued. Russia has played an important role in developing Pakistan's electrical power, oil & gas and steel sectors. We had signed a no of bilateral trade agreements and Memorandums of Understandings in the fields of construction, oil & gas, Marine Pipelines, Power sector, education and Science, etc.

He said, now a days, when even Russia-Pakistan strategic cooperation has also increased to a new heights there still exist a few bottlenecks. He said Pakistan still has to issue a “No Dispute and No Claim Certificate” to Russia related to old Soviet Union days. Non issuance of this Certificate is hampering greatly the vast prospects of mutual economic cooperation. He acknowledged that banking is also an issue. He said that they had tried several times but without success. He hoped that GREF may play some role in resolving this issue. He gave positive node to SPV and barter idea.

**Dr. Sergei A. Baranov, Counsellor (Political), Embassy of the Russian Federation** also presented his views on Pakistan –Russian friendship from political and strategic prospective. He said that Pakistan has become an important partner of Russia because of its significant

geostrategic position in the region and its influence in the Muslim world. The political dialogue has increasingly intensified at government level. Meetings between Russian and Pakistani Presidents, Prime Ministers and Speakers of Russian Duma and Pakistan National Assembly are the result of this.

Both country share the similar positions on several international issues like counterterrorism, multipolar world order, non-interference in internal affairs of sovereign states under humanitarian pretext, etc. He said Russians highly appreciate Pakistani Pakistan Army efforts in saving Russian mountaineers. He also specifically mentioned and praised the quality of Sialkot made footballs used in FIFA world cup.

**H.E. Mr. Zhao Lijian, Acting Ambassador, Peoples Republic of China**, emphasized on the need to prioritize the economic cooperation between People to People more than between government to government. He said that economic prosperity of the people of these five countries of Golden Ring is most important purpose of the BRI and CPEC. He said that the Golden Ring initiative also complements the narrative of BRI and therefore, we also support it. He proposed that this platform should be used to bring together the Chambers of Commerce of all five countries of Golden Ring to brainstorm and formulate more innovative ways to improve and implement economic projects and new business ideas. He also proposed to hold a joint meeting of Ministers of Commerce and International Trade of five Golden Ring Countries to discuss and prepare guide lines for the policy frame work to implement Golden Ring Economic Bloc initiative. He said that we need to be very careful in using words like “Security” and “Strategic” at this stage, although we shall be working on these lines, because the opponents will use them to damage the initiative. He suggested that for the beginning we may avoid these words and rather use words like “Stability” and “Long Term” instead. The Acting Ambassador also offered to GREF to facilitate its meetings with Chinese counterparts.

**H.E. Mr. Mehdi Honardoost, Ambassador of the Islamic Republic of Iran**, pointed out the International double standards in defining terrorism and emphasized that it’s about time that we should start trusting each other rather than being suspicious at each other like we have been over the past years and we should try to improve our mutual communication and cooperation for the greater good and prosperity of the people of Golden Ring countries.

He said that extensive, unilateral and unlawful sanctions imposed by western world on Iran over the years which have taught us many lessons and made Iran even more strong. This unilateralism of United States and its satellites has become a major threat to all nations who want to be sovereign and to become economically strong and stable and especially true for Iran and other Golden Ring countries. He said that the GREF initiative of a strong strategic economic bloc of Golden Ring countries is the best shield against all such unilateral sanctions. He said that Iran would also like to join CPEC. He seconded the two proposals by Excellences’ from China and Russia for joint meetings of Chambers of Commerce and Ministers of Commerce and Trade to find solution to bottlenecks in regional economic cooperation. He also emphasized on greater people to people contacts for prosperity and economic social development.

The Seminar ended with a Q&A session where all the speakers replied to questions from the audience.





## **RECOMMENDATIONS**

From the deliberations by different speakers and based on answers to questions following recommendations and suggestions have been concluded:

1. **GHQ, Ministry of Commerce and Textile, Major Chambers of Commerce & Industry:**
  - a) Pakistan's threat assessment needs a new perspective and an indigenous plan, to counter the geo-strategy, involving national public and private stakeholders.
2. **Ministry of Commerce and Textile, GHQ, Ministry of Finance, Revenue and Economic Affairs:**
  - a) The establishment for Joint Customs Regime/Union of China, Iran, Pakistan, Russia & Turkey.
  - b) Local currency and Barter trade should be developed among Golden Ring Countries to ease out pressure on forex reserves of these countries.
  - c) A joint meeting of leading Chambers of Commerce of Golden Ring Countries should be organized urgently to prepare recommendations for the governments and to establish a Joint Barter Chamber of Commerce and Trade from the platform of GREF.
  - d) A joint meeting of commerce ministers of GREF countries needs to be organized to formulate and develop common policy frame work for establishing the Bloc and maximum utilization of potential benefits.
3. **Ministry of Communications, Ministry of Defense, Ministry of Railway:**
  - a) Direct connectivity means and routes to be established for cargo and passengers.
4. **Ministry of Finance, Revenue and Economic Affairs:**
  - a) The establishment for Golden Ring countries joint Investment & Trade Bank
  - b) Banking channels needs to be created to promote trade facilitation among GRCs.
  - c) Special Purpose Vehicles (SPVs) should be designed and established to enhance regional trade and especially in case of sanctions.
5. **Ministry of Foreign Affairs:**
  - a) Since, the GREF initiative of a new Economic Bloc consisting of China, Iran, Pakistan, Russian Federation and Turkey is complementing the BRI of China and North South Land-bridge of Russia and is in the greater interest of all five countries as well as the region, therefore, all participating representatives of China, Iran and Russia support it. Now decision makers from governments should be involved into for moving towards achieving the realization of the proposed bloc.
  - b) The doctrines of "Shared Future" of President of China and of "Community Empowerment" by Dr. Shireen M. Mazari, Federal Minister, Government of Pakistan can be the guiding principles of the Bloc.

- c) The International community is to be persuaded by articulating Pakistan's concern to the western world to create some devotion towards poor Kashmiri people in Indian Occupied Kashmir. Efforts are needed to be ramped up by Pakistani authorities to craft world attentiveness regarding danger and risk of spread of militancy in South-Asia due to state terrorism in Indian occupied Jammu & Kashmir.

**6. Ministry of Foreign Affairs, Ministry of Information, GHQ, Ministry of Federal Education and Professional Training:**

- a) The establishment for Golden Ring University for Advanced Studies in Engineering, Sciences & Technology, jointly by all five countries
- b) Formation of a broad based Joint Counter Terrorism Council of Golden Ring Countries, consisting of all stake holders, is inevitable now.
- c) Awareness seminars and professional/skill based education for youth needs to be organized to minimize and prevent them from being manipulated by terrorists.
- d) Pakistan's threat assessment needs a new perspective and an indigenous plan, to counter the geo-strategy, involving national public and private stakeholders.

**7. Ministry of Culture, Ministry for Human Rights, Ministry of Information, Broadcasting, National History and Literary Heritage:**

- a) People to people contacts to be promoted and patronized among member countries for socio-economic development.
- b) The establishment for joint Media Association of Golden Ring Countries

**8. Ministry of Parliamentary Affairs:**

- a) Parliamentary diplomacy should be used as an effective tool towards enhanced mutual cooperation, dialogue, communication, between the Golden Ring Countries for fast and durable implementation of the initiative.

**9. Ministry of Energy, Ministry of Planning, Development & Reform:**

- a) A comprehensive policy frame work covering all (legal, regulatory, financial, investment, industrial, social, security etc.) aspects should urgently be prepared for CPEC not only for proper and successful implementation but also to protect it from external and internal threats.
- b) Following are needed for successful and continuous fruitful implementation of CPEC:
  - i. One window operation.
  - ii. Enhanced and improved coordination with clarity.
  - iii. Labor skills enhancement and uplift for improved productivity of the labor and to cater for CPEC needs.
- c) Regular meetings of think tanks of Golden Ring countries to be arranged by each country.
- d) The establishment for Regional Energy Grid.





### **SESSION-1: PAKISTAN'S REGIONAL RELATIONS**

1. "Introduction to Golden Ring Economic Forum (GREF)" by Mr. Hasnain Reza Mirza, President GREF.
2. Welcome Address by Mr. Zafarullah Khan, Executive Director PIPS
3. Welcome Address by Maj. Gen. Anis Ahmed Bajwa, HI(M), (Retd.), Chairman GREF.
4. "Concept of A New Strategic Economic Bloc of China-Iran-Pakistan-Russia and Turkey – the Golden Ring Bloc, for Regional Security and Economic Stability," Dr. Shireen M. Mazari Federal Minister for Human Rights, Government of Pakistan.
5. "The End of Geo-Strategy," Brig. Samson Simon Sharaf, SI(M), (Retd.).
6. "State Terrorism a Threat to National Security," Ambassador Abdul Basit, (Retd.).
7. "Forming of Joint Counter Terrorism Council," Lt. Gen. Sikander Afzal, HI(M) (Retd.).
8. "External and Internal Challenges to CPEC," Senator Ms. Sherry Rehman.
9. "Strengthening of Golden Ring Countries Cooperation through Joint Parliamentary Speakers Forum for Mutual Economic Development," Mr. Sardar Ayaz Sadiq, MNA, Ex. Speaker National Assembly of Pakistan.

**Mr. Hasnain Reza Mirza,**

President, Golden Ring Economic Forum (GREF)



Mr. Mirza informed that the idea of Golden Ring Economic Bloc, consisting of China, Iran, Pakistan, Russian Federation and Turkey, was initiated in 2010 based on his paper presented at the Lahore Chamber of Commerce & Industry. Explaining the basis of his idea he stated four basic reasons as (i) Historical, (ii) Recent Geopolitical Scenario, (iii) Geo-strategic Position of Pakistan and Threats to National Economic Security and (iv) Enhancement of Pakistan's Trade Volume. He said that historically, the region starting from the coasts of Mediterranean to the islands of Japan has been the area of major civilizations. The Central/South Asia and Persian Gulf regions are full of valuable natural resources. Therefore this area was historically a center of adventures by different powers. Since pre-historic ages till near past, the civilizations and empires of this region have been linked culturally and socio-economically with each other through trade routes originating from Africa and Greek lands on one side to China and far-east on the other side. These five countries, before getting their independences, were part of one or the other empire and therefore, it becomes very natural if they form a common economic bloc.

The current geopolitical scenario of the world as a whole and in the region around Pakistan also warrants that an economic and strategic bloc of these countries should be formed. We see new alignments and axes are being formed. Old enemies and rivals are becoming friends and old friends are getting farther from each other. The region surrounding Pakistan has become the focus or eye of these geopolitical activities because China becoming world economic power and Russia is also giving a come-back. Pakistan's location in the region is very important. It is sitting on the mouth of Persian Gulf, close to Strait of Hormuz and Indian Ocean in the south. In the north Pakistan borders with China, Afghanistan and Central Asia. West is Afghanistan and Iran whereas, India is in the east. Pakistan's geo strategic location makes it very critical and important not only for China, Russia and Central Asia but also for the oil rich Middle East. Pakistan also provides the shortest route to warm waters for China, Russia and land lock Central Asian states. This is understandable that why both China and Russia have developed their strategic economic interests in Pakistan why the US and its allies want to curtail them by destabilizing Pakistan and Iran through the nexus of India-Israel-Saudi Arabia led by the USA and NATO.

In this whole game Pakistan's geo-strategic location and position has become not only very critical but also very important attracting external and internal threats to its sovereignty and economic security. Iran, for that matter, is also facing the very same threats as Pakistan. Turkey is also engaged in problems on its western borders and certain politico-economic

crises in the country. In other words, all five countries have common threats and while they also share common borders, the impact of crises in one will also be felt by the neighbors. These facts again gives a solid reason to form a bloc for the national strategic economic security of each one of them and to enhance trade with each other getting rid of dollar and euro pressures.

With this background, Mr. Mirza said, that he worked hard for four years to educate, convince and bring together like minded people, the Pakistani stakeholders, to form an institution with the name of Golden Ring Economic Forum (GREF). GREF was formally and officially registered as a think tank and a lobbying group for Pakistan in 2015. The members include businessmen, industrialists, senior ex-officers from armed forces, former diplomats and renowned scholars in their fields of expertise. GREF is governed by its Board of Governors.

Explaining the name “Golden Ring”, Mr. Mirza said that the word “GOLDEN” comes from the fact that the five member countries possess approximately thirty percent (30%) of the total resources of the world. These five countries encircle Central Asia and Afghanistan by forming a kind of ring, and hence comes the “RING”.

Mr. Mirza then highlighted the mission and objectives of GREF as follows:

**THE MISSION:** *To Assist In Formulation Of Common Policy Framework For Developing Strategic Economic Interests Among Member Countries For Establishing A New Strategic Economic Bloc.*

The **objectives** are:

- i. Lobbying for a new strategic economic bloc*
- ii. Developing joint strategic economic interests among member states;*
- iii. Act as a bridge between policy makers and stakeholders;*
- iv. Assist member countries’ governments in developing policy framework, procedures, rules, regulations and joint customs regime for strategic economic cooperation;*
- v. Developing joint industrial groups in private sector; and*
- vi. Initiate and coordinate joint research programs for strategic economic projects in member states.*

Mr. Mirza also informed that GREF has linkages, in form of MoUs and agreements, with several universities, research institutes and think tanks in Pakistan and in China, Iran and Russia.

Towards the end he thanked the audience for showing interest and participating in the Seminar.

Mr. Mirza also introduced which GREF has planned and working on as follows:

1. The establishment for Joint Customs Regime/Union of China, Iran, Pakistan, Russia & Turkey.
2. The establishment for Golden Ring countries joint Investment & Trade Bank
3. The establishment for Golden Ring University for Advanced Studies in Engineering, Sciences & Technology, jointly by all five countries
4. The establishment for joint Media Association of Golden Ring Countries
5. The establishment for Regional Energy Grid.

## **Welcome Address by Executive Director PIPS**

Mr. Zafarullah Khan, Executive Director, PIPS, Islamabad



Mr. Zafarullah Khan welcomed the seminar participants and explained the role and association of Pakistan Institute of Parliamentary Services (PIPS) with GREF and CPEC. He said that the Institute was formally established as an exclusive and independent, first of its kind research and capacity building facility for the parliamentarians, through an Act of Parliament on December 15, 2008. Over the years PIPS had played a vital role in knowledge dissipation and training the parliamentarians. PIPS, as a research center for the parliament, assisted the parliament through timely, accurate and credible information and objective bipartisan analysis on the most sensitive of national matters.

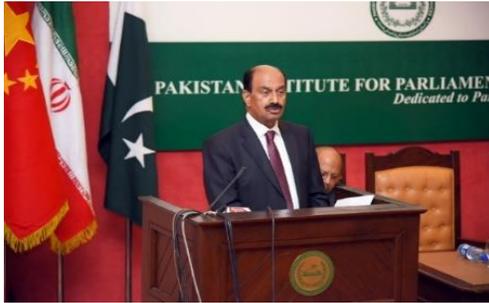
He said in that in 2017, the then Speaker of National Assembly who was also the Chairman of the PIPS Board of Directors, issued a directive to PIPS to join hands with GREF to become Parliament's window in GREF initiative of forming a new economic bloc. He shared his experience when he had a meeting with GREF Board of Governors in Lahore to discuss the details of mutual cooperation and to understand the initiative of forming Golden Ring Economic Bloc and GREF activities. He said that the task given to him by the Speaker National Assembly was to explore how this idea can be translated into reality through the participation of the parliament. He acknowledged that this was his first really constructive task after joining as Executive Director PIPS. That meeting gave him the futuristic insight on Geo-Economic/Geo-Political scenario in the region and the need of GREF initiative for Pakistan's national economic security. He said that from that meeting the idea of speaker's conference emerged and the first Parliamentary Speakers Conference of Golden Ring Countries plus Afghanistan was held on 24<sup>th</sup> December 2017 at Islamabad. Highlighting the fact that although GREF was not involved formally or officially as partner or member of the organizers of the event, but the event was the biggest achievement of GREF in a very short time for which he praised the GREF thinkers. During that Conference a lot of discussions were focused on issues of regional connectivity, peace, stability and regional trade as proposed by GREF.

Mr. Zafarullah Khan considered it to be an eye opener for our policy makers that how little the country is connected within its region in terms of trade and economic cooperation despite of being geographically so linked and so close. Referring to the Conference, he said that it showed that the idea floated by GREF has been endorsed by all other four countries and all of the participating countries have agreed make this Conference of Parliamentary Speakers a permanent forum. The 2nd Conference was therefore, held in December 2018 at Tehran,

I.R. Iran whereas, the 3rd will be held in Turkey this year in December. Towards the end he said that it is pity that our law makers sitting in the two Houses are not interested in national security affairs. According to him if we work dedicatedly towards using potentials of this initiative, we can easily convert this not only towards strengthening our national economic security but also as a mutually profitable venture for all the steak holders. He mentioned that there is so much appetite for regional cooperation.

## Welcome Address by Chairman GREF

Maj. Gen. Anis Ahmed Bajwa Chairman of Golden Ring Economic Forum.



Gen Bajwa proudly welcomed the chief guest, diplomates, parliamentarians and participants on behalf of GREF to the seminar. He proudly mentioned about the forum's achievements which were achieved in past couple of years. GREF has been established as an economic Policy Think-tank and lobbying group to assist and to advise governments on strategic economic security issues.

He explained the Idea behind formation of GREF as a bloc in this region for Pakistan is to find its rightful place in the emerging global order. The decay of a crumbling of the old order is now visible to everyone. The whole world can see it .The outline of the emerging global arrangement is coming clearer by the day ,the new Geo-political economic condition is likely to dominate the affairs of this world for both parts of this century and perhaps the next.

Geography has placed Pakistan in a location where it becomes an important piece in the emerging mosaic particularly within this region .It is now up-to us to take advantage of this strategic reality to bring peace, prosperity and a place of honor for Pakistan in the world. Mindful of the fact that the real engine for development which in turn brings about peace, prosperity social uplift and security is the strong economy.

The Golden Ring Economic Forum is of the view that Pakistan will greatly benefit by mutual and multilateral political geo-economic cooperation within this region. Unfortunately such cooperation had not been possible within the framework of SAARC because of the enduring trust deficit between Pakistan and India. Hence we thought of looking at the region south-Asia the region founded by China, Iran, Russia, Pakistan and Turkey is amongst the richest in natural and human resources with over a 1/3 of the world resources.

According to the Chairman it is time to revive our age-old relations, trade and political relations with these lands, which were our business partners in the days gone by, but one clarification is necessary .This proposed geo-political economic cooperation need not be at the cost of existing relationship with rest of the world .It is not a zero-sum game to damage our existing democratic and economic ties. We opt to learn to balance our foreign relationships, welcoming and building the stakes of other nations near and far to Pakistan through balanced external and internal affairs and foreign trade policies.

## **Concept of A New Strategic Economic Bloc of China-Iran-Pakistan-Russia and Turkey – the Golden Ring Bloc, for Regional Security and Economic Stability**

Dr. Shireen M. Mazari, Federal Minister for Human Rights, Pakistan



Dr. Shireen Mazari thanked the GREF Board of Governors and especially the Chairman GREF for inviting her and honoring her to be the Chief Guest. Presenting her views, she explained that this is an age of multi-lateral cooperation blocs. If you look at the present economic blocs, they have by and large emerged because of political compulsions. People tend to think of EU primarily as an economic bloc but in fact the European Coal and Steel community had its specific objectives behind it. France and Germany had gone to two major wars as coal and steel sectors were the cause of wars. Then some visionary leaders from both sides decided that the time had come to cooperate instead of fighting. Both countries started cooperation and soon figured out that it would be in the benefit the two if they pull in other smaller but rich countries surrounding them into some sort of joint political friendly grouping against their “big friend from across the Atlantic”. This grouping later emerged as a bloc today known as European Union (EU). Today the regional security and economic stability are the basis of this bloc. Today EU is strong enough that it takes its own political and economic decisions best serving their common interests which may not be in line with the US interests, creating of an SPV for trading with Iran is an example.

The Minister looked the idea of Golden Ring Economic Bloc in the light of “Community Empowerment” (an idea floated by her some time back) where the communities of people of countries involved in cooperation develop and prosper together by forming strong community to community bondages. Empowered communities are formed as a result of people of the community being enabled to increase the control over their lives. It is more than the involvement, participation or engagement of communities. Empowerment implies community ownership and action that explicitly aims at social and political change. Being a process of re-negotiating power in order to gain more control it recognizes that if some people are going to be empowered, then others will be sharing their existing power and giving some of it up. It necessarily addresses the social, cultural, political and economic determinants that underpin health, and seeks to build partnerships with other sectors in finding solutions. The common interests shared among the people is the improvement in the living standard and livelihood. She hoped that the idea and initiative of GREF of forming a new Bloc will evolve and be matured positively with the passage of time. It is expected that China and Russia, being the bigger partners will play an effective and vital role in strengthening the new Economic Bloc.

She further elucidated that we have to view the Golden Ring countries bloc as a community of power which refers to a chance to people to realize their own will to enhance their livelihood.

She also hoped that with the passage of time more countries of the region will be added in the bloc. This relation should rather be considered as not merely transactional instead as more of a community of member countries as it also gives us a chance to mingle into culture and values of each other.

She considered the vision and narrative of CPEC and BRI to be much wider, creative and substantively envisaged with a greater perspective. She suggested that motivation is the key for moving forward and now is the right time to move forward towards achievement of our mutual goals as member countries are fully motivated. She praised the pace and progress of CPEC and cherished that in many ways skeletal structure has already been created.

She also talked about the US sanctions on IRAN. According to her these sanctions have no basis under international law. The sanctions are imposed unilaterally which are totally one-sided. She emphasizes that there are ways to work around it and we have finally found one of the best way through forming Golden Ring Economic Bloc. She said today unilateral sanctions are on Iran and tomorrow they can be on Pakistan and Russia. Therefore, this Bloc is to be considered as an effective countermeasure to the US unilaterally imposed sanctions on the GREF member countries. She referred USA as the Bullying Super power of the world. The presence of China and Russia in the Bloc will help to counter bullying of US and other powers too. She said that we are also confident that Iran and Turkey being our brotherly Muslim countries and partners of RCD and ECO will also stand by Pakistan in formation of this Bloc.

She encouraged the GREF founders and advised that we should move beyond debating and involve decision makers into moving forward to achieve the objectives of GREF and formation of the Bloc. She said that she will also take this idea up with the Prime Minister.

## End of Geo-Strategy

Brig. Samson Simon Sharaf SI(M), (Retd.)



Brig. Samson after thanking the GREF management for inviting him as a speaker also acknowledged the presence of some of his colleagues and seniors present in the seminar hall. Starting to speak on his topic, he said that as economic and technological globalization takes shape, it shatters long held political and strategic beliefs and concepts. Geo-strategy, he said, is a subfield of geopolitics which is a type of foreign policy guided principally by geographical factors as they constrain, inform or affect political and military planning.

According to him geo-strategy, like all other strategies, is concerned with matching means to end in this case, a country's resources (whether they are limited or extensive) with its geopolitical objectives which can be local, regional, or global. This is the hypothesis which he had framed about ten years ago and he is still convinced that the geo-strategy which had played the world for the past 200 years can be reversed. If there is a determination and national will to do the right thing for the nation.

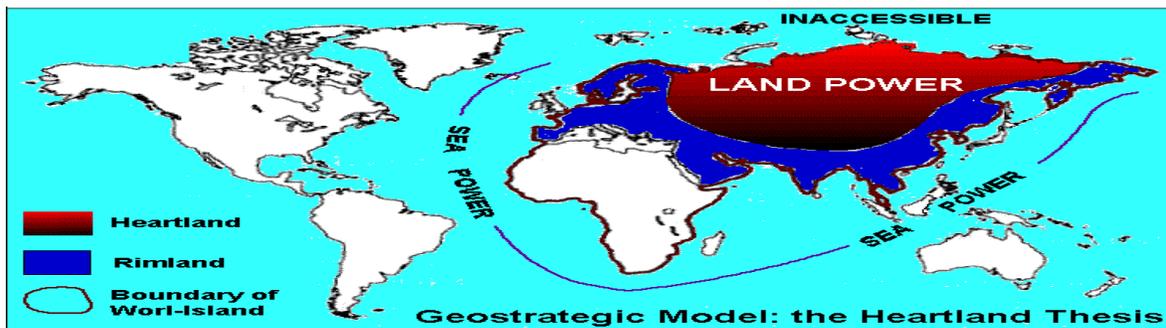
He further stated that in the past the widespread rail structure in Europe offered an opportunity to connect and convert beautiful countryside once battlefield of two world wars and landing conflicts within Europe. Post-cold war east and west allies and axis have eclipsed bad memories to lay an infrastructure of communication network through land, air and water channels for a bigger Europe liaison. On the eastern front the only unstable spot is "Krimia" where Russian interests have collided with NATO. While NATO expands eastwards a mini cold war under the Russian belly started and continues. Its tentacles spread to Afghanistan, Syria and Iran. To what I call "Devils Triangle".

According to him this is the triangle of instability, it is Syria in Middle East Krimia in Ukraine and Eastern Europe and Afghanistan, Pakistan at the confluence of west-Asia and south Asia and central Asia becomes automatically involved. The competing interests in the triangle will be the template for future balance. The world will change from a unipolar to multipolar world. Pakistan has the opportunity to become the fulcrum of development. It can and should play a crucial role in bring an end to a nearly 2 centuries of Geo-strategy built around negative image building of the other. Starting from 2016 onwards, Pakistan has blanching into very deep political and economic crisis. He said that most of the Pakistanis are optimistic that with China being aggressive with its BRI project, CPEC can give an excellent opportunity to Pakistan in changing those old concepts of geostrategy.

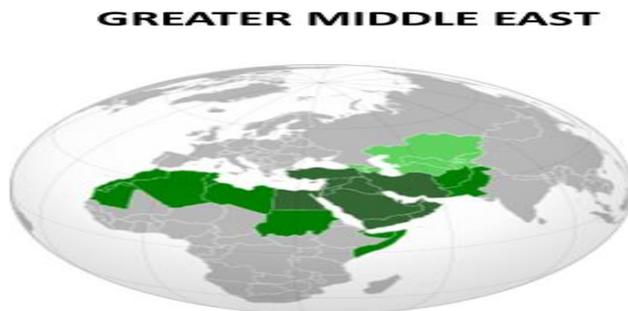
Brigadier Samson explained that the Central and southern fronts are dominated by Muslim countries comprising kingdoms and dictatorships is a stark contrast. North Africa to Middle East and parts of west central and south Asia is reflection of poor governance, proliferation of contending Islamic ideologies and social conflicts. Iran's isolation and instability in Afghanistan have acted as barriers to development.

He proposed the following points to look into:

- a. Western Interest is to confine China to epic curve that is the Pacific Rim and not let them open new highways that the West will have difficulty controlling. The West wants to insert themselves something like a mountain range which does not allow synergy to take place.
- b. For centuries Russia, USSR and then again Russia have worked tirelessly towards opening its corridors with Europe and Asia. What holds Russia back in Asia is poor infrastructure and poverty in Central Asia, which Russia itself created.



According to him in future USA is mapping a greater Middle east that could extend right into Central Asia combined with the eastward expansion of NATO. The objective is to reach deep into the Russian underbelly and create a land barrier between Russia and China. They want to keep Russia and China bifurcated. With this new Geo-Political scenario emerging Pakistan once again finds itself in the eye of the storm far more aggressive then the containment policy of the cold war. So, there is a new axis forming around USA, Israel, India and Arab Kingdom (Saudi Arabia).



He also analyzed in an elaborated manner the challenges on the way for successful implementation the idea of Golden Ring Economic Bloc as follows:

- a. To resolve the issue of unilateral sanctions on Iran;
- b. The Role of Turkey being Part of NATO;
- c. Indian and US influence in Afghanistan which is blocking Road and Rail Access between Central Asia and Pakistan; and
- d. Who will put CARS out of time warp?

At the end, Brigadier Samson conclusively suggested that Pakistan's threat assessment needs a new perspective. Pakistan needs an indigenous plan built around National interest to counter the world and regional Geo-strategy. Pakistan is in the window of vulnerability, the worst may have yet to come. So we should be prepared to counter that and while friends cannot be masters, beggars cannot be choosers GREF initiative is seems to be the only option.

## State Terrorism a Threat to National Security and Peace in the Region

Ambassador® Abdul Basit



Ambassador Basit after thanking the GREF for inviting him to speak on the topic of state terrorism said that his talk will mainly focus on Indian state terrorism in the held State of Jammu & Kashmir because he feels that till IHJ&K is a flash point it will pose a big threat to the implementation of GREF idea since it is a major threat to regional stability.

Starting his deliberations Amb. Abdul Basit said that the international community is still trying to build a consensus on the definition of state terrorism. He emphasized that the definition of state terrorism needs to be reviewed and its ambit should be widened in respect of what India has been doing to poor, unarmed Kashmiri Muslims of Indian Occupied Kashmir. He referred his meeting with Indian National Security Adviser Ajit Kumar Doval on the long pending issue of Jammu and Kashmir and state terrorism against unarmed Muslim population of Indian Occupied Kashmir. Ajit Kumar Doval completely denied it and insinuated Kashmir being integral part of India.

While the world has not yet been able to define terrorism as such because draft convention on terrorism is still pending with United Nations. The States are kind of more reluctant to defining state terrorism and this is specially the case since 911. The most shocking thing that we all had seen and remember that after the recent Pulwama attack on 14th of February 2019 not a single country barring perhaps Turkey stood by Pakistan in condemning state terrorism by India. The fact of the matter was that US national Security advisor in his tweet agreed to India's right to self-defense and to take action inside Pakistan as preemptive action against Pakistan in self-defense. Now that was quite a serious situation for Pakistan. When there is no consensus on “what State Terrorism is? For States defining state terrorism is far more difficult because states do not feel very comfortable to be criticized when they use violence against common/ordinary people. That absence of definition becomes more toxic and lethal to regional peace and peace in general and regional stability in any particular region.

He further explained that as we have seen in the context of our own region “South Asia”, India is adamant and stubbornly sticking to his position that Jammu and Kashmir is a dispute to the extent the territory which is in Pakistan and only that needs to be discussed. They call it Pakistan Occupied Territory (Pakistan Occupied Kashmir) they are not ready and open to consider “What does the international law says” and what are the international norms and principals. Hence, they are continuing with their oppression with impunity. Since 8-July-2016 we have seen how the atrocities in Indian Occupied Kashmir have intensified manifold.

Hundreds of Young People have been rendered blind because of the use of pellet guns. This will unfortunately continue because of the lack of definition of state terrorism and India does not presently seem willing to sit across table with Pakistan to resolve this long pending issue of Jammu and Kashmir and thus putting the regional security in danger. When you deny and refuse to resolve long pending issues then you cannot bury the hatchet. Problems cannot be resolved like this. This causes countries to be in perpetual war with each other and that kind of compels them to not only show aggression but also to defend themselves. This has been evident over the years between Pakistan and India due to which the whole region has become nuclearized. This nuclearization has added a new dimension in our region's security calculus.

He said that from Pakistan's perspective it is very obvious, after having suffered in 1971. Pakistan did not have an option particularly after 1974 (Nuclear tests by India) but to go nuclear in order to balance the imbalance of power. Moving forward he mentioned Uri attacks of 18th September 2016, where India staged "Phantom surgical strikes" on our side of Line of Control "LOC" and then again following Pulwama Drama India violates our air space in order to try to cry out some action in Balakot. India has continuously been trying to create certain space for some action through Preemptive strikes or surgical strikes against Pakistan. But one must think that how dangerous such an action can become in a nuclear environment.

That obviously created problems as to how two countries define their military doctrines and how they are going to apply it in real time situation. Following the Uri attack the surgical strike which was claimed by India was a sham, there was no actual surgical strike taken place inside Pakistan. But after Pulwama attack India did violate our air-space, did try to drop some bombs. If Pakistan had not taken some action then India would have thought that perhaps Pakistan does not have the ability to defend themselves. Had we kept silent on that day or the next day India would have been embolden and encouraged in the times ahead and may have carried out bigger actions against Pakistan in the false hope that Pakistan would not react. So Pakistan rightfully reacted, clearly showing the danger of nuclear escalation leading to a Nuclear War between the two countries. And then we saw how the world reacted about it and from everywhere people and the countries were counseling us not to escalate the situation but still not a single country talked or emphasized on resolving the core issue of Jammu and Kashmir. The root cause of destabilizing the region. So here lye the problem that if not totally stops but at least hinder in establishing an economic Bloc. We do have a serious situation in South Asia, the mistrust between the two countries seems unbridgeable unfortunately and with the current Indian Government lead by Modi is influenced by RSS (Extremists in India) the dangers have grown multifold because now the out of control extremists and terrorists are in the helm in India.

The matter of fact is that the world is not responding positively against state terrorism by India which in turn has given birth to indigenous extremists ready to destroy region peace and security. International community needs to be receptive about this issue. Best option for Pakistan in this situation remains that rather than talking about state terrorism in Kashmir our focus should be on Jammu and Kashmir's right of self-determination. The Western world has very little receptivity and realization even of violation of human rights and deprivation of self-determination in Indian Occupied Kashmir. Although the Human rights and self-determination rights are well defined and the world community can easily put pressure on India but purely

due to their political motives to keep the underbelly of China and Russia volatile they are not interested in resolving the Kashmir issue on permanent basis. Member countries of the Organization of Islamic Cooperation (OIC) announced unshakeable support for Kashmiri people besides condemning recent wave of state-terrorism by India in occupied Jammu and Kashmir during its 46th Session but again no practical measures to pressurize India.

While ending his talk Ambassador Abdul Basit suggested that:

1. We need to articulate our concerns to the world to create some traction towards poor Kashmiri people in Indian Occupied Kashmir. The International community must transcend its commercial interest and should make sure that the entire region should not become hostage to this permanent conflict. Pakistani authorities need to ramp up its efforts in order to create world awareness about inherent dangers in South-Asia because of this situation and conflict. India and Pakistan are spending billions of dollars in their defense whereas billions of people are living below the poverty line in both the countries.
2. He suggested that Pakistan must take up the resolution of issue of Kashmir for regional cooperation, peace and stability while discussing the formation of the Golden Ring Bloc with China, Iran and especially Russia since Russia still has quite an influence on India. Pakistan must try that this new Bloc, being regional Bloc, should also be able to find solution to the core reason of destabilization in the region for utilizing full potential of the region.

## Forming of a JOINT COUNTER TERRORISM COUNCIL OF CHINA, IRAN, PAKISTAN, RUSSIA and TURKEY

Lt Gen Sikander Afzal  
Vice President GREF



Mr. Ayaz Sadiq, Fellow Speakers, Excellences, ladies and gentlemen.

It is an honour to have been invited by GREF to speak on this important seminar today and share my views.

GREF is an advocate of **Regional Peace and National Economic Security**, and endeavours to create an environment that will bring these countries closer together in order to benefit each other especially in an age when the so called world power is becoming more and more abrasive and isolationist, turning away from dialogue, accommodation and acting more as a bully. Feeling threatened with the economic development and strength of countries like China and Russia.

Thus the need to develop closer economic ties within countries of Asia for greater dividends for the people of these countries, their development and connectivity in all spheres resulting in physical and economic security for each country and the region.

Terrorism is a miniscule part of the spectrum that threatens the security of a country. Till the late 19th century the threat was simple to identify and revolved around numbers and weapons capability of a country.

The same threat to the security now revolves around a wider spectrum and includes numbers and weapons, economy, space, control of raw materials, media, ideologies, religion to name a few and of course non-state actors.

Non-state actors are used in one form or the other by most world players to not only control their own populations but also extend their agenda into countries where they want to bring change covertly. The turmoil in the Middle East and Africa are examples that stare us in the face and yet we remain in a state of denial to this threat and attribute it to terms and circumstances coined by others who want us to believe what they want us to believe and do what they want us to do for fear of threat to our economic security.

What are these threats?

1. **IS Remnants.** To all the five countries the spillover of **IS** remnants from Afghanistan, Syria and Iraq into these countries and the neighbouring Central Asian States pose a

threat to the security of these countries. These constitute well trained, battle hardened, brainwashed and ideologically motivated individuals.

2. **Separatists.** This constitutes those groups which are attempting to create a separate state within the country. Like the Baluchistan Liberation Army and the Baluchistan Revolutionary Army in the province of Baluchistan in Pakistan. The leaders of these organisations are residing in foreign countries and manage to arrange large sums of money for funding the local misled youth with money and weapons. The handlers of these groups organise training in other countries or in remote border areas and then plan and supervise terrorist attacks against the Law Enforcement Agencies, civilians, ethnic minorities, or economic targets. Continued sheltering of the leaders in foreign countries belies their intent.
3. **Extremists.** These constitute groups like the Tehrik-e-Taliban, Pakistan and its affiliates who basically want an extreme form of **Islam** to be enforced. In simple words what they say is correct and all else is wrong. Therefore its members are totally and completely brain washed and indoctrinated.
4. **Traffickers.** Individuals and groups who are benefiting from the trafficking of Narcotics, weapons, individuals and goods. They work closely with all other forms of terrorists and end up making money and sharing the profits with them also.

Mechanisms to counter these threats by each country already exist and in some countries have signed MOUs, Agreements and mechanisms to counter these threats jointly or collectively.

Some of the existing mechanism between Pakistan and **GRAF** countries are:

1. **China** (Agreement), 05-04-**2005**, I (Working Rules), 09-06-**2009**
  - a. Exchange of Intelligence and Information,
  - b. Provide Police Training
  - c. Strengthening cooperation on Capacity Building
2. **Iran**, (MOU), 15-11-**2001**, (Agreement),18-02-**2013**,,
  - a. Establishment of joint working groups
  - b. Exchange of experts, experience, training courses for experts joint scientific researches
  - c. Management and controlling of border
  - d. **Apr 2019 – during visit of Pakistani PM Imran Khan**
    - i. It has been agreed to step up security cooperation between the two countries and their respective border security and intelligence forces
    - ii. while also forming a joint rapid reaction force on the shared borders to fight terrorism,
3. **Russia**, (MOU), 05-02-**2003**,
  - a. Exchange of expertise, consultations and seminars
  - b. Exchange of legislative and legal acts
  - c. Exchange on a mutual beneficial basis, scientific and technical literature

4. **Turkey, (Agreement),20-01-2004,**
  - a. Organizing joint meetings
  - b. Exchange of experts
  - c. Exchange of knowledge and experience in legislative and regulatory documents
  - d. In December **2018** Pakistan and Turkey agreed to expand bilateral cooperation at all levels and deciding to work in tandem to choke down terror-financing through all possible measures.
  
5. **Shanghai Cooperation Organization (SCO)**
  - a. As laid out in its charter, the organization functions as a forum to strengthen confidence and neighborly relations among member countries and promote cooperation in politics, trade, economy, and culture to education, energy, and transportation.
  - b. The SCO has two permanent headquarters, the secretariat in Beijing and **the Regional Anti-Terrorist Structure (RATS) in Tashkent.**
    - i. One of the organization’s primary objectives is promoting cooperation on security-related issues,
    - ii. During the 34th meeting of the RATS council held in Tashkent, Uzbekistan on 15 March 2019 it was decided that:
    - iii. That SCO member states China, Kazakhstan, Kyrgyz Republic, Russia, Tajikistan, Uzbekistan, India and Pakistan will participate in a joint counter-terrorism exercise ‘Sary-Arka-Antiterror 2019’ to be held in grasslands of Kazakhstan.
    - iv. The meeting also announced the holding of the first joint border operation Solidarity 2019-2021.
    - v. And a meeting of the heads of the border guard services of the SCO countries in 2019.
  
6. **Eurasian Economic Union**
  - a. Although the EEU represents only one GREF country, namely Russia however its decisions in relation to Counter Terrorism are important and will have an effect on all GREF countries.
  - b. On 4 February 2009, an agreement to create the Collective Rapid Reaction Force (KSOR): was reached by five of the seven members, with plans finalized on 14 June.
  - c. The force is intended to be used to repulse military aggression, conduct anti-terrorist operations, fight transnational crime and drug trafficking, and neutralize the effects of natural disasters

So what is GREF recommending?

We recommend that:

1. In addition to the existing mechanisms a council of the five GREF countries be established.
2. In case of Pakistan the MOI / NACTA should represent Pakistan.

3. This council should hold meetings every quarter focusing on sharing of information on evolving threats.
4. Share experiences of the member countries in dealing with the threat.
5. Establish a point of contact for sharing of immediate information.
6. Share measures being undertaken by each country to deal with the threat and prevent the spread of rumours about ethnic cleansing and population balancing.
7. Assist each other in case of a transnational threat.
8. Prevent the use of current structures like FATF and the 1267 Sanctions regimes as political tools.

With this I would like to thank you for a patient hearing

Thank you.

## **External and Internal Challenges to CPEC**

Senator Ms. Sherry Rehman NI,



Senator Sherry Rehman spoke as the key-note speaker at the first session of the Seminar. Her topic was External and Internal Challenges to China-Pakistan Economic Corridor (CPEC) project. After thanking the GREF management she said that China is the important and the largest member among the Golden Ring countries. Similarly, BRI is the biggest initiative ever therefore it is occupying everybody's mind all over the world, particularly the policy makers. Since, CPEC is the flagship of BRI and going to be implemented earlier, giving China, Russia and other land locked Central Asian states an easy excess to Indian Ocean, it has achieved a very critical and sensitive nature in emerging geopolitical scenario. Therefore, the subject requires to be understood correctly and clearly. She started with an emphasis on external challenges which have been and will continue to be addressed during discussions in many countries and especially in Golden Ring countries which we have been discussing here.

Senator, stated that China is now a Global Super Power. Unlike old imperial European systems it offers multi-polar system model. This aspect is very important as it is different than older models of the world and global orders. It also represents a new arc of global growth as well as a system of building infrastructure and protecting its investments.

She said that the future Golden Ring Bloc will be the pivotal because of the most vital trade-link between European bloc and Asia. Three economic power centers have been created i.e. Europe, America and Asia representing changing map of the economic globe. Formation of this bloc is actually a system of Building a massive cross border Infrastructure causing changes on Economic Globe. And change always brings anxiety externally which off course can become a challenge on the way to success. And because of this anxiety against change we are facing security threats from external sources, the ones who do not want prosperity in Pakistan and other countries of the Golden Ring.

BRI offers connectivity, economic and trade linkages that includes 1/3rd of the world trade as well as GDP growth covering 60% of the world's population. That is a huge foot print. During the last interaction in Beijing, which has also been attended by Prime Minister of Pakistan 125 countries and 40 international organizations have signed in. This model of economic interdependence runs counter to the new protectionism emerging in the muscular tariff regimes from America and other states.

CPEC is the biggest Jewel in the crown of BRI it naturally faces the huge regional competition as well as global anxieties about China's growing footprint across the Eurasian Land Mass.

More than 1 trillion dollars have already been allocated to BRI and about 60 to 70 Billion dollars can now be envisaged for CPEC subject to realization of its maximum potential by Pakistan, Iran and may be the Persian Gulf countries.

India is the most neuralgic player in the region which offers a vital challenge to CPEC. Indian suspicion of CPEC is neither couched in diplomatic gloves nor is it hidden. It is seen as a potential challenge to India's strategic dominance of the Indian Ocean region both in terms of supply chain value and broader plans for naval governance. India has been historic rival of China as well as of Pakistan and creation of stronger economic and strategic bonds between China and Pakistan bypasses India on the way to uniting the nations in some type of general system, which is political as well as strategic, causes therefore another anxiety. The connectivity dream that we all pursue is that we should consider all trade hubs as opportunities for complementarity instead of rising to rivalry and responding to them as threats.

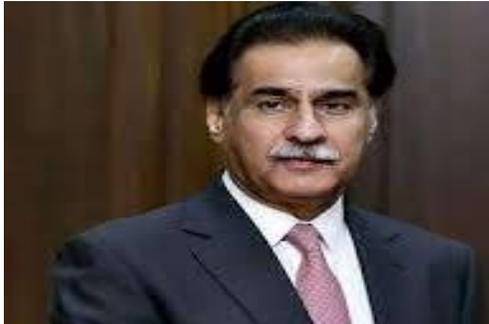
American Suspicion and hostility towards CPEC is another elephant in the room. Now this is another very complex situation because their tactics are very unethical and apolitical in managing geo-political tensions due to emerging blocs. She stressed that Pakistan also has to play the same game to counter them and this initiative of Golden Ring countries Bloc is a good countermeasure.

While discussing internal challenges Senator Sherry Rehman said that there are also several bottlenecks. They are bad and poor management, nonexistence of proper and strong systems, political will and priorities of the governments, lack of technical skills and the fore most no regulatory framework. She emphasized that first thing we need to do is to develop a proper regulatory framework and then from there we start working downwards. On the technical and social front she said that we have to educate and upscale the skills of the labor for getting maximum fruit out of CPEC. She suggested that for successful implementation and continuous fruitful execution of CPEC the government and the opposition needs to sit together and ensure the benefits of CPEC for Pakistan. She said that for proper implementation of CPEC at least there should be One Window Operation, (ii) enhanced and Improved coordination among federal and provincial departments and governments and (iii) clarity among stakeholders.

She said that she fully agree with the proposal by GREF that there should be a fully empowered administratively and financially autonomous Authority for CPEC directly under the PM. This Authority should also be given the task of preparing the CPEC policy framework, rules, regulations and SOPs in addition to other duties.

**Strengthening of Golden Ring Economic Countries through joint Parliamentary Forum for Mutual Cooperation Regional Peace, Security and Economic Stability.**

Sardar Ayaz Sadiq, MNA, Ex. Speaker, National Assembly of Pakistan



Mr. Sardar Ayaz Sadiq expressed his gratitude for inviting him to Chair the session and speak on his experiences and involvement with GREF. He said that his first contact with GREF happened in 2017 where he met the members of GREF Board of Governors. In that meeting they discussed in detail the initiative of GREF for forming of an economic bloc consisting of China, Iran, Pakistan, Russia and Turkey. He said that the idea was so pertinent and valid under current geopolitical scenario that he decided to give GREF full support of Speaker's Office. During that meeting the idea of calling a joint meeting, of Parliamentary Speakers of other four member countries, at Islamabad emerged. I asked my Speaker's Secretariat staff to issue a notification to appoint GREF as the Think-Tank for Speaker's Office.

Speaking on the role of parliaments in international relations, he said that he is a strong believer and supporter of parliamentary diplomacy which is far more effective than routine practices. He shared his previous experiences that how he managed to make parliamentary friendship groups with other countries among the parliamentarians.

Parliamentary Friendship Groups consist of parliamentarians who willingly and voluntarily organize themselves to promote parliamentary relations between their own Parliament and the parliaments of other countries. This encompasses exchanges of information and opinions. In addition to discussions with their peers, groups also arrange and organize meetings with governmental and civil-society representatives having the basic idea behind to improve communication. In return, these meetings bid numerous opportunities for the participants to discuss divergent worldviews and provide opportunities to learn from each other. Members of these groups try to meet as frequently as possible with politicians from their partner countries to discuss issues and problems in which they share a common interest. It also brings them to explain and communicate their positions on the current issues and problems. Apart from these contacts parliamentary friendship groups come together to hold meetings with their members, hear lectures and conduct discussions about the political situation in their partner states. There are also exchange visits. These trips help to foster better understanding as well as deepening existing contacts. Talks are almost marked by a very frank and informal atmosphere. Members of parliamentary friendship groups do not have to pay as much attention to the niceties of international diplomacy as government representatives. They can articulate their points of view clearly, even in difficult contexts or when discussing sensitive issues.

Presently to promote Parliamentary cooperation and with a view to strengthening the Inter-Parliamentary links, Senate of Pakistan has established 73 Parliamentary Friendship Groups on reciprocal basis. On the other hand National Assembly has also taken a number of steps for cementing relations with Parliaments of other countries by forming parliamentary friendship groups on the reciprocity basis with 93 Parliaments.

Giving an example of how much role these Friendship Groups can play in international relations he stated that a few years back he was approached by German Embassy to lead the delegation to Germany on civil-military dialogue. He selected members of the parliament from different ruling/non-ruling parties, officials of military agencies and Government Ministries for the delegation. The dialogue followed seven days on daily 9 AM to 9 PM. The Pakistani delegation talked about how terrorism was effecting them at that time. The delegation interacted with the German parliamentarians and different members of House Committees including Defense, Economic Development and Foreign Affairs. During the visit he realized that how important it was to form parliamentary friendship groups and forums in the Parliament. Germany and India were already partners of that friendship group since 1972. Germans at that moment, were reluctant to add Pakistan in any parliamentary group as they did not want to increase the no of members in the friendship group. After our long discussions and presenting Pakistan's point of view very effectively Germans agreed to include Pakistan. As a result of those discussions during different sessions our participants learned a lot not only about each other but also the intricacies of international relations. They also established personal relations with their counterparts.

In 2013, as Speaker he initiated steps to constitute 88 friendship groups with different countries. The reason to make parliamentary groups and forums was using the parliament as the base to establish relationships with different countries and to create ease of communication. It helped to keep the government and the opposition both on board so that mutual benefits can be achieved together for the country. Due to these groups Pakistani parliamentarians are now communicating with their counterparts all over the world.

Coming back to the Golden Ring Bloc he said that soon after our meeting at Lahore he modified his international visits program to include meetings with the Chinese, Iranian, Russian and Turk Speakers of respective Parliaments. To his surprise, he said that when he met the Speaker of China, current and former Speakers of Russia, Speaker of Iran, former and present Speakers of Turkey, they all fully and unconditionally supported to convene a joint meeting of Speakers which can then be converted into Parliamentary Speakers Forum of Golden Ring countries. Initially, the Pakistan's Foreign Office was not involved but when his Secretariat started working on the Conference arrangements they got involved. The Foreign Office then recommended to add Afghanistan also and make it Golden Ring plus Afghanistan. Their view was that since a stable Afghanistan is very important for the regional connectivity, peace and security, their involvement is important. Sardar Sadiq said that when he talked to the Chairman of Afghanistan Jirgah he was quite hesitant to join the Forum because India and the US were not in favor of this move. After long and hectic negotiations involving other Golden Ring countries the Afghanistan agreed to come to the conference at Islamabad. As a result the 1<sup>st</sup> Conference of Parliamentary Speakers from Golden Ring countries plus Afghanistan was held at Islamabad on 24th of December 2017.

He said that all six countries had agreed to make this Conference a permanent feature and convert it into a Forum. The agenda of the first Conference was mutually agreed upon by the five Golden Ring member countries but Afghanistan wanted the Kashmir issue dropped from the agenda. But all participants agreed that for ensuring global and regional peace and stability, the issue of Jammu and Kashmir needed peaceful resolution by Pakistan and India in accordance with UN Security Council resolutions. Mr. Sadiq mentioned that the Conference Joint Declaration was the success story of his personal efforts in parliamentary diplomacy. The Joint Declaration acknowledged that all participating countries of the Conference have historical relations with each other and almost all countries are facing, in one form or the other, the menace of terrorism. It was unanimously agreed upon that with mutual cooperation, dialogue, communication and connectivity the terrorism can be countered and parliamentary diplomacy can play a vital role in this. Speakers of all the five Golden Ring countries fully supported the Golden Ring Economic Bloc initiative of Pakistan and agreed to hold next Conference in Tehran in December 2018. The Tehran Conference did take place and now the 3<sup>rd</sup> Conference will be in Turkey in December this year.

Towards the end of his talk he also mentioned that how he managed to clarify the misunderstanding of Iran on the issue of killing of 26 Iranian border guards by terrorists in Iranian Baluchistan. He said that for this he is personally grateful to his close friend the Speaker of Iranian Majlis (the Parliament) who very patiently listened to his proofs confirming that Pakistan was not involved. He said that they both agreed that whenever the two brotherly countries try to come closer the forces who are against always manage to create some unpleasant incidence.

Concluding the session he said that it is very encouraging to learn that all of the speakers of the session also see the GREF initiative vital for regional peace and security and Pakistan's national economic security. He urged to the present government of Pakistan to also seriously work on this initiative and assured that the opposition parties will also support.



## **SESSION-2: NATIONAL ECONOMIC SECURITY**

1. *"Major Issues and Their Resolution to Enhance Industrial and Trade Cooperation Between Golden Ring Countries,"* Mr. Almas Hayder, Member GREF BoG, President Lahore Chamber of Commerce & Industry.
2. *"Development of Barter Trade Mechanism with Golden Ring Countries to Release Pressure on Forex Payments,"* Mr. Zafar Ul Hassan, Chief Macroeconomist, Planning Commission, Government of Pakistan.
3. *"Creation of Special Purpose Vehicle in View of Economic Sanctions on Certain Golden Ring Countries,"* Dr. Raja H. M. Mohsin, Chief Coordination, Planning Commission, Government of Pakistan.
4. Views by H.E. Yury Kozlov, Trade Representative of Russian Federation at Islamabad.
5. Views by Dr. Sergei A. Baranov, Counsellor (Political), Embassy of Russian Federation, Islamabad.
6. Views by H.E. Mr. Zhao Lijian, Acting Ambassador, Embassy of People's Republic of China.
7. Views by H.E. Mr. Mehdi Honardoost, Ambassador of Islamic Republic of Iran.







## Major Issues and their Resolution to Enhance Industrial & Trade Cooperation with GREF Countries

Almas Hyder  
President, Lahore Chamber of Commerce and Industry



Trade is regarded as one of the most important drivers of growth and employment generation in the world economy. The economies which intend to enhance trade among themselves with minimal barriers form Trading Blocs which play an important role in contributing towards the development, industrialization and economic growth of the whole region. Some of the major Trading Blocs in the world are European Union (EU), NAFTA, and ASEAN

GREF countries consist of Pakistan, China, Iran, Turkey and Russia which have enormous potential to form a strong Trading bloc, owing to their comparable share in World GDP to EU and NAFTA. There lies a great opportunity of converting GREF into a common custom zone and then later on to a tariff free zone.

There are however some obstacles that confront the GREF countries in realizing this vision. The paper also presents a roadmap for enhancing industrial & trade cooperation and converting the GREF into a common market. The potential areas for enhancing trade have also been identified.

### 1. GREF Countries Global Trade:

- The GREF countries comprise of some important countries in the world trade. The combined exports of the GREF countries are around 17% of the total world exports of 19.2 Trillion US Dollars (Table 1).

	<b>Exported value in 2018</b>	<b>Imported value in 2018</b>
China	2,494.23	2,134.98
Iran	66.6	41.05
Turkey	167.97	223.05
Russia	449.35	238.15
Pakistan	23.63	60.16
<b>Total</b>	<b>3,201.7</b>	<b>2,697.4</b>

Source: UN Comtrade ITC World Trade Map

## 2. Pakistan Trade with GREF Countries:

- Despite the importance of GREF countries in the world trade, Pakistan’s exports to GREF countries are around 10% of its total export. If we exclude the exports to China, the exports to other GREF countries are only 2% of the total exports of Pakistan (Table 2).

	Exported value in 2018	Imported value in 2018
China	1,818.07	14,544.69
Iran	22.7	373.9
Turkey	302.76	357.86
Russia	157.09	375.06

Source: UN Comtrade ITC World Trade Map

## 3. Percentage Share of Pakistan in GREF Countries Global Trade:

- Pakistan is not a major trading partner of any GREF country. Although China is the second biggest export destination of Pakistan after the USA, our exports to China are just 0.09% of their imports. Similarly our exports to Russia are just 0.07% of their total imports. The trade with Iran does not present a rosy picture either as our exports to Iran are merely 0.06% of their imports (Table 3).

Countries	Exports	Imports
China	0.58	0.09
Iran	0.56	0.06
Turkey	0.21	0.14
Russia	0.08	0.07

Source: UN Comtrade ITC World Trade Map

## 4. Pakistan Trade Agreements with GREF Countries:

- Pakistan China Free Trade Agreement (FTA) operational from July 2007.
- Pakistan Iran Preferential Trade Agreement (PTA) operational from 1<sup>st</sup> September 2006.

## 5. Major Obstacles in Trade with GREF Countries:

- Absence of Common Channels for Financial and banking transactions between Pakistan and GREF countries like Iran and Russia.
- Gaps in the intra-regional connectivity between the GREF countries i.e. railway, road, air transport and cyber connectivity.

- Uncertain political and security environment in some of the GREF Countries.
- Prevailing Non-Tariff barriers (NTBs) i.e. the Sanitary and Phytosanitary (SPS), and technical barriers to trade (TBT).
- The domestic legal frameworks of GREF countries (complex regulatory mechanisms).
- Lack of harmonization in regulatory framework for cross-border energy trade between the GREF countries.
- Limited market access to Pakistani products in Turkey. Non issuance of GSP+ plus status to Pakistani products despite the Turkey’s obligation of doing so owing to custom union with EU.
- Frequently imposition of Anti-dumping and safeguard measures on Pakistani exports to Turkey.
- Problem of unsettled financial obligations between Russia and Pakistan on compensation and freight payments of the Soviet period.

#### **6. Roadmap for Enhancing Industrial & Trade Cooperation:**

- Agreements for Financial and Banking transactions between Pakistan and GREF countries
- Including opening and maintenance of correspondent and payable through accounts, investments, foreign exchange transactions and letters of credit
- Setting up barter rupee-payment mechanism for trade with Iran on the same model used by India for imports of oil from Iran.
- Signing of Free Trade Agreements between GREF countries.

Or

- A legislative multilateral Treaty between GREF countries that overrides the obstructing regulations within each country.
- Frequent exchange of Trade Delegations between GREF countries.
- Exhibitions of Pakistani Products in GREF countries and vice versa.
- Power regulators of GREF countries need to harmonize their regulatory frameworks for cross border energy trade.
- Friendly Immigration and Custom controls at the ports of entry through bilateral and multilateral agreements.
- Greater collaboration between the security establishments to ensure a peaceful security environment between the GREF countries.
- Market access for Pakistani exporters in Turkey should be similar to those offered by Turkey to Egypt & Jordan.
- Agreement between the Russian and Pakistan for the settlement of disputes.

### 6.1 Connectivity Through:

- **Railway:** Addressing gaps in railway connectivity (multiple connections, uniform gauge width and building the missing tracks) between GREF countries to ensure quick transfer of containers.
- **Road :** Need for a high speed road connectivity through the motor ways between the GREF countries
- **Air:** Direct flights from multiple locations in each GREF country to multiple destinations in other countries.
- **Cyber:** High quality cyber, digital and telecommunication connectivity within and between the GREF countries.

### 7. GREF Countries GDP:

- The share of GREF countries in the World GDP (19%) is quite comparable to that of European Union (21%) and NAFTA (26%) (Table 4). This indicates that there is enormous potential in the GREF countries to form a strong Trading Bloc.

	GDP	Share in World GDP
GREF Countries	15.18	19%
European Union	17.1	21%
NAFTA	21.1	26%
<b>World GDP</b>	80.27	

Source: CIA Factbook, World Bank Indicators.

### 8. Opportunity:

- GREF Countries have comparable share in World GDP to EU and NAFTA.
- GREF must be converted to common custom zone and then later on to a tariff free zone.
- Future is a Common Market, which needs a lot of work, great Understanding and a Grand vision.

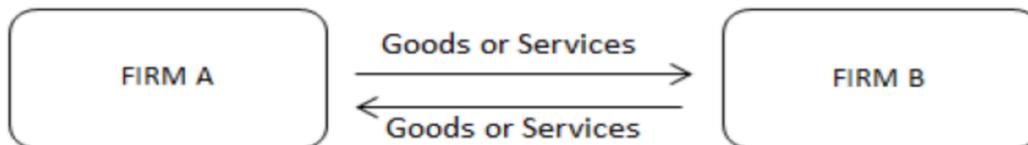
### 9. Potential Areas for Enhancing Trade with GREF Countries:

- Value Added Textiles (Trousers, T-Shirts, shorts, hoisery, vests)
- Rice (semi-milled, wholly-milled, broken)
- Surgical Instruments
- Vegetable Fats and Oils

- Paper and paperboard
- Footwear
- Leather (further prepared after tanning)
- Oil Seeds
- Organic Chemicals
- Pharmaceutical Products
- Plastic & Articles
- Fertilizers
- Energy (Electricity, Oil and Gas)
- Paints and Varnishes
- Manufacturing Sector (Automotive parts, Electronics & other Electric Equipment, Industrial & Commercial Machinery, etc.)

## Development of Barter Trade with Golden Ring Countries to Release Pressure on Forex Payments

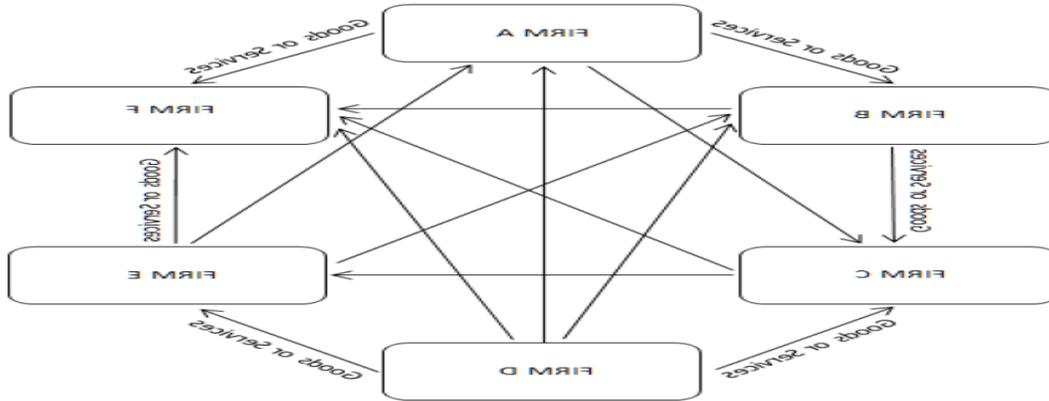
Mr. Zafar Ul Hassan, Chief Macroeconomist, Planning Commission Govt. of Pakistan



### Bilateral Barter Transaction

Mr. Zafar Ul Hassan explained how Development of barter trade with Golden Ring Countries work to release pressure on forex payments through Barter Trade. He insinuated that a barter economy is one that lacks a commonly accepted currency, so all exchanges must be made with goods and services because money does not exist in these economies. A barter transaction is the exchange of goods or services, in exchange for other goods or services. Bartering benefits companies and countries that see a mutual benefit in exchanging goods and services rather than cash, and it also enables those who are lacking hard currency to obtain goods and services.

He pointed out that according to US Department of Commerce, barter constitutes about 30% of total world trade in various forms. Today more than 900 barter companies are operating in various countries and more than 700 thousand companies actively trade barter (Toroslu, 2010: 68).



Multilateral Barter Transactions

He also presented a comparative analysis of Import vs Exports of GRCs with reference to Pakistan’s trade with Golden Ring Countries. It can be clearly see from the table below that there is huge negative gap between imports and exports

(Pakistan’s Trade with Golden Ring Countries)	Exports	Imports
Iran	17.6	0.064
Turkey	330.2	523.8
Russia	154.3	244
China	1744.6	11457
<b>Total for Pakistan (World over)</b>	<b>23,212</b>	<b>55,846</b>
<b>China alone (% Share)</b>	<b>7.5</b>	<b>20.5</b>
<b>Total Golden Ring Countries</b>	<b>9.68</b>	<b>21.89</b>

Mr. Zafar further shared comparative analysis of Imports Vs Exports of Golden Ring countries in absolute terms which is shown in below table

Golden Ring Countries ( Total Trade of GRC)	Exports	Imports

China	2263	1844
Iran	84	63
Pakistan	25	56
Russia	359	228
Turkey	157	234
Others	2888	2425
Size of World trade by GRC	5313	

While explaining benefits of Barter Trade Mr. Zafar I Hassan highlighted the followings:

- ✓ Barter trade can cause the liquidity to be increased;
- ✓ Barter trade provides interest-free goods and service credit and collection guarantee;
- ✓ It allows overstock to be moved;
- ✓ It provides competitive advantage;
- ✓ It offers free and effective advertising and promotion and
- ✓ activates the idle capacity

In comparison he as well shared the other side of the barter trade as follows:

- ✓ The cash flow Balance may be impaired;
- ✓ Debtor company cannot make a sale in the system;
- ✓ Collection from the debtor company may not be possible;
- ✓ Commission and membership fee are incurred;
- ✓ provide strong guarantees; and
- ✓ No special accounting standards have been established for barter system in Turkey.

Categorically, he suggested that the group countries should identify complementarities, make preferential trading arrangements among GRC, work out mechanism to dispose of transactions, show political will to creating enabling environment and Strengthen contract enforcement mechanism.

## Creation of Special Purpose vehicle in view of sanctions on certain Golden Ring Countries

Dr. Raja H. M. Mohsin,  
Chief Coordination, Planning Commission, Govt. of Pakistan



Special Purpose vehicle is a legal entity created to fulfill narrow, specific or temporary objectives. A special purpose vehicle (SPV) is a subsidiary of a company which is protected from the parent company's financial risk. It is a legal entity created for a limited business acquisition or transaction, or it can be used as a funding structure.

Dr. Raja H. M. Mohsin highlighted how registration of a SPV among GRCs can enhance regional trade, benefitting whole region. SPV creation can help mitigate the effects of (old or new, direct or indirect) sanction. He emphasized the need for opening and creation of banking channels which can help GRCs to enhance trade and investment by facilitating more capital flows reaping mutual benefits out of this arrangement.

He also shared Trade performance of GRCs (as of 2017) of Imports vs Exports, trade from and to major countries including the sector wise performance.

Countries	Exports	Imports	Exchange Rate
China	2216.0	1740.0	RMB 7.76
Iran	101.40	76.39	IRR 32,769.7
Pakistan	24.7	56.6	PKR 140 (2018 est.)
Russia	353.00	238.00	RUB 58.39
Turkey	166.20	225.10	TRY3.628

It is evident from the table above that Pakistan and Turkey have more of imports as compared to their exports as a result having a deficit current account. This needs to be improved with the help of Special Purpose Vehicle. The idea is to increase exports and control deficits in \$US in order to stabilize currencies. The countries of region may benefit with SPV by trade possibility, (at least in the necessary food and medicines) even during sanctions. The trade deficit of Pakistan in 2018 (31.8 bn \$US) stands highest in 10 years economic history.

#### **Trade performance of GRCs of Imports vs Exports**

<b>Countries</b>	<b>Exports</b>	<b>Imports</b>
<b>China</b>	US 19%, Hong Kong 12.4%, Japan 6%, South Korea 4.5%	South Korea 9.7%, Japan 9.1%, US 8.5%, Germany 5.3%, Australia 5.1%
<b>Iran</b>	China 27.5%, India 15.1%, South Korea 11.4%, Turkey 11.1%, Italy 5.7%, Japan 5.3%	UAE 29.8%, China 12.7%, Turkey 4.4%, South Korea 4%, Germany 4%
<b>Pakistan</b>	US 17.7%, UK 7.7%, China 6%, Germany 5.8%, Afghanistan 5.2%, UAE 4.5%, Spain 4.1%	China 27.4%, UAE 13.7%, US 4.9%, Indonesia 4.3%, Saudi Arabia 4.2%
<b>Russia</b>	China 10.9%, Netherlands 10%, Germany 7.1%, Belarus 5.1%, Turkey 4.9%	China 21.2%, Germany 10.7%, US 5.6%, Belarus 5%, Italy 4.5%, France 4.2%
<b>Turkey</b>	Germany 9.6%, UK 6.1%, UAE 5.9%, Iraq 5.8%, US 5.5%, Italy 5.4%, France 4.2%, Spain 4%	China 10%, Germany 9.1%, Russia 8.4%, US 5.1%, Italy 4.8%

He further explained and analyzed the Trade performances of GREF countries with the help of the table above. There is lot of potential and room for improvements in trade e. g Pakistan is exporting only 4.5% to UAE as compared to imports of 13.7%. Gaps in the performance have been identified i.e Australia, India and France markets needs to be explored for export of goods from GREF countries as only Turkey is exporting 4.2% to France. China has trade surplus with all the GREF countries except Iran. Pakistan has more than 20% trade deficit with China which needs to be improved. China must encourage buying from Pakistani market. USA is the only country with which trade surplus has been recorded though the volume needs to be increased by having more exportable surplus from Pakistan side which is only possible if the economy grows persistently in double digits.

**Trade from and to Major Countries Sector/Product Wise**

Countries	Exports	Imports
China	Electrical and other machinery, including computers and telecommunications equipment, apparel, furniture, textiles	Electrical and other machinery, including integrated circuits and other computer components, oil and mineral fuels; optical and medical equipment, metal ores, motor vehicles; soybeans
Iran	Petroleum 60%, chemical and petrochemical products, fruits and nuts, carpets, cement, ore	Industrial supplies, capital goods, foodstuffs and other consumer goods, technical services
Pakistan	Textiles (garments, bed linen, cotton cloth, yarn), rice, leather goods, sporting goods, chemicals, manufactures, surgical instruments, carpets and rugs	Petroleum, petroleum products, machinery, plastics, transportation equipment, edible oils, paper and paperboard, iron and steel, tea
Russia	Petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures	Machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron, steel
Turkey	Apparel, foodstuffs, textiles, metal manufactures, transport equipment	machinery, chemicals, semi-finished goods, fuels, transport equipment

The table above-shows the sector wise/product wise analysis of the trade performance of GREF countries showing a good potential to be utilized by pursuing SPV as a tool for the purpose of enhancing trade of GRE countries.

He concluded by stating that Imports needs to be rationalized by discouraging luxurious goods and similar item produced in Pakistan. The initiation of SPV and more currency swap agreements can offload pressure on Pakistani currency by partially curbing the demand of \$US. Furthermore, increasing exportable surplus and focus towards value addition must be pursued as a long term policy. Banking Channels need to be created to promote trade and investment facilitation among GREF. The banking sector cooperation and subsequent integration of capital markets require further monitoring of Non-Performing Loans. Trade Deficit needs to be monitored on bilateral basis. A detailed Cascading analysis is also required to have item wise optimal tariff necessary for improvement in trade balance as well as tax revenues.

## **Views by Mr. Yury Kozlov**

### **Trade Representatives of Russian Federation in Pakistan**



The Russian Federation and Pakistan have a long history of good-neighborly partnership. Relations between Pakistan and Russia were established on May 1, 1948. The trade relations of Russia and Pakistan are determined by the Agreement between the Government of the Russian Federation and the Government of the Islamic Republic of Pakistan on trade and economic cooperation, signed in Moscow in April 1999. The document provides the parties with the Most Favored Nation regime in trade, navigation and transactions in freely convertible currency.

Some power generation facilities in Pakistan were built with the assistance of former Soviet Union such as thermal electric power stations «Muzaffargarh» and «Guddu» as well as Pakistan Steel Mills which was the largest industrial complex vastly expanded in an enormous dimensions construction inputs, involving the use of 1.29Mn cubic meters of concrete and 5.70Mn cubic meters of earth work, and containing 330 000 tones of heavy machinery, steel structures and electrical equipment.

Russian-Pakistan relations recent years have got a sustainable positive trend. We are watching the dynamics of the development of bilateral ties, regular political and trade dialogue at the highest and high levels as well as signing the memorandums and intergovernmental agreements first of all in such spheres as energy sector, power, science and technology.

For the past recent years the following intergovernmental agreements have been signed:

- Intergovernmental agreement on cooperation in the sphere of liquefied natural gas supplies;
- Intergovernmental agreement on cooperation in the area of construction and operation of the gas pipeline "North-South";
- Memorandum of understanding between the Ministry of Energy of the Russian Federation and the Ministry of Energy of the Islamic Republic of Pakistan in the sphere of construction marine gas pipeline;
- Memorandum of understanding between the Ministry of Water and Electricity of the Islamic Republic of Pakistan and the Ministry of Energy of the Russian Federation on Cooperation in the field of power sector;

- Memorandum of understanding between the Ministry of Education and Science of the Russian Federation and the Ministry of Science and Technology of the Islamic Republic of Pakistan on Cooperation in Science and Technology.

During the recent years and nowadays the trade and economic cooperation between Russian Federation and Pakistan has had the positive trend, and emphasized the availability of the necessary preconditions for increasing of the bilateral trade. The bilateral trade turnover since 2015 year has increased almost twice and reached 732,4 mln. USD with export 418,8 mln. and import – 313,6 mln.

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Trade turnover	396,0	405,0	541,0	732,4
Export	97,7	133,0	261,0	418,8
Import	298,3	272,0	280,0	313,6

The main Russian exports goods to Pakistan are production of the chemical industry, metals, mineral fuels, newsprints, craft paper, machinery, vegetables and pharmaceuticals. The basic goods of the Russian import from Pakistan are agricultural and textile products, leather products and sports goods.

Let me note that present volumes of the Russian Pakistan trade and economic cooperation do not correspond to the actual potential. The following steps could strengthen trade and economic ties and investment cooperation between two our countries. First of all of course it is the settlement of indebtedness of Pakistan to the Russian Federation. Second step is signing the Agreement of «the security of investments» which will allow for both countries to protect their investments. And final step is maintenance of direct interbank correspondent relations.

Nevertheless there is also an availability of great potential between our countries for development of cooperation in the areas of telecommunications, satellite television, automobile industry, banking and financial services, construction of highways and pipelines, air transport service, science and technology. There is a considerable scope for cooperation in sectors such as minerals development, railway and water transport, information technologies, biotechnology, nano-technology, construction, fertilizers and chemicals, pharmaceuticals, agricultural and processed food products, ready-made garments and textiles, gems and jewellery.

I should say that there are some effective mechanisms in cooperation in economic sphere between Russia and Pakistan such as Shanghai Cooperation Organization along with Russia-Pakistan Business Council and the Russian-Pakistan Inter-Governmental Commission on Trade, Economic, Scientific and Technical Cooperation.

Summing up the results of the Fifth Session of the Inter-Governmental Commission which took place in November 2017 in Moscow, it is important to note that Russia and the Islamic

Republic of Pakistan have progressive developments in economic cooperation. This is a very positive trend, especially now when we are witnessing an extremely unstable situation in the global economy and the slowing down of growth in the major economies of the world.

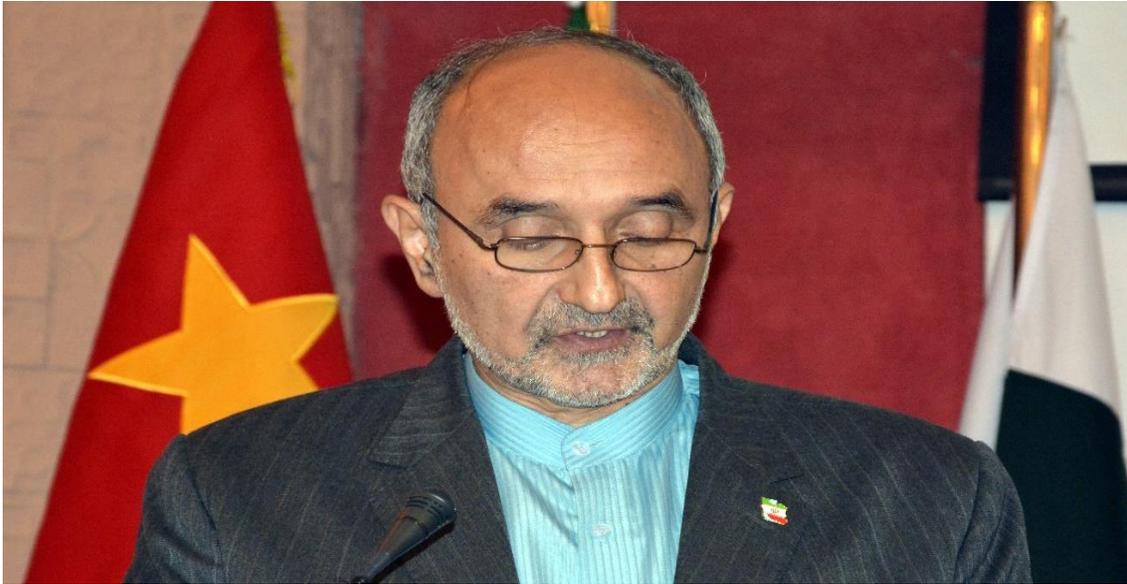
At present we are under preparations for the Sixth Session of the Russian-Pakistan Inter-Governmental Commission on Trade, Economic, Scientific and Technical Cooperation and it is proposed to be held in the fourth quarter of the 2019 in Islamabad.

For its part the Russian Side makes every effort in order to raise the level of cooperation in areas of people-to-people contact, business-to-business ties and economic and cultural relations.

In this regard it is very important to expand such humanitarian and economic cooperation on a wider range. So from this standpoint the activity in the frameworks of the Gold Ring Economic Forum is appreciable.

In conclusion I express my assurance for further fruitful multipurpose development and expansion of economic cooperation between the Russian Federation and the Islamic Republic of Pakistan.





## Views by Dr. Sergei A. Baranov

### Counsellor, Embassy of the Russian Federation



#### A Short Review of the Russia-Pakistan recent bilateral cooperation

(the talk at the GREF Seminar on "Golden Ring Economic Bloc for Regional Peace & National Economic Security", Pakistan Institute of Parliamentary Services, Islamabad, April 30, 2019)

Pakistan is an important partner of Russia, which significance is determined by its role in regional politics, its influence in the Muslim world and its geostrategic position. The potential of our partnership was significantly advanced when Islamabad became a full-fledged member of the Shanghai Cooperation Organization (SCO) in June 2017.

Both countries enjoy cordial relationship and during the recent years, our **political dialogue** intensified increasingly. The President of Russia, Vladimir Putin, met his counterpart the then President of Pakistan, Mamnoon Hussain, on the sidelines of the SCO Council of Heads of State meeting in Qingdao on June 10, 2018. They discussed matters of mutual interest including bilateral, contemporary regional and global issues.

The Chairman of the Government of the Russian Federation, Dmitry Medvedev, had a very good meeting with the Prime Minister of Pakistan, Imran Khan, on the sidelines of the China International Import Expo, in Shanghai on November 5, 2018. The meeting took place in a cordial and friendly atmosphere. The two Prime Ministers expressed satisfaction on the upward trajectory of the bilateral relations.

The Russian-Pakistani **parliamentary contacts** were given strong impetus during the official visit of the Chairman of the State Duma of the Federal Assembly of the Russian Federation, Vyacheslav Volodin, to Islamabad, where he participated in the Joint Meeting of the Speakers of Parliaments of Afghanistan, China, Iran, Pakistan, Russia and Turkey on challenges of terrorism and inter-regional connectivity on December 24-25, 2017.

On December 7-8, 2018 Vyacheslav Volodin met the Speaker of the National Assembly of Pakistan, Asad Qaiser, on the sidelines of the Second Conference of the Speakers of the said six countries on counter-terrorism and strengthening regional cooperation in Tehran.

The Deputy Chairman of the Senate of Pakistan, Saleem Mandviwalla, participated in the International Conference "The Role of Parliaments in Today's World. The Federation Council

of the Federal Assembly of the Russian Federation – 25 Years of Multi-Vector Development”, which was held in Moscow on December 10, 2018.

The Foreign Minister of the Russian Federation, Sergey Lavrov, met the Foreign Minister of Pakistan, Makhdoom Shah Mahmood Qureshi, on the sidelines of the 73rd Session of the UN General Assembly in New York on September 27, 2018. Their discussion focused on current bilateral and international issues, including the situation in Afghanistan. Both Ministers also had a very fruitful meeting in Moscow on December 26, 2018. They discuss the ways of Afghanistan political settlement and Makhdoom Shah Mahmood Qureshi highly valued contribution of the Moscow format consultations in this process.

We maintain dialogue with our Pakistani partners on a wide range of issues of regional and international agenda through relevant **consultative mechanisms between the Foreign Ministries** of the two countries. For example, the 7<sup>th</sup> Meeting of the Russia-Pakistan Joint Working Group on Counterterrorism was held in Islamabad on March 21, 2018 as well as the 13<sup>th</sup> Meeting of the Consultative Group on Strategic Stability took place in Islamabad on March 28, 2019.

Our countries cooperate on multilateral platforms, first of all, in the UN and its specialised agencies. Moscow and Islamabad are united by the aspiration for a multi-polar world order, respect for international law, denial of attempts of interference in domestic affairs of sovereign states including those under humanitarian pretext. We value the support that Pakistan gives to such Russian priorities in the UN as international information security, transparency and confidence-building measures in outer space and combat against glorification of Nazism.

**Interaction between regions** of Russia and Pakistan also gained momentum in several past years with a very important visit of the President of the Republic of Tatarstan, R.N.Minnikhanov, to Lahore and Islamabad in March 2017. The inter-regional cooperation was enhanced by signing the Agreement between the Government of Saint-Petersburg and the Government of Sind on Cooperation in the Trade, Economic, Scientific, Technical and Cultural Fields in October 2017 and the Road Map as the Annex to the said Agreement in April 2018.

The Pakistani delegation headed by the Chief Minister of Balochistan, Jam Qamal Khan, participated in the Introductory Meeting of the Heads of Region Forum of the Member States of the Shanghai Cooperation Organization in Chelyabinsk City of Russia, on December 4-6, 2018.

**Cultural, humanitarian and sport** interaction is being consistently strengthened. We welcome interest of the Pakistani youth to study in the Russian higher education institutions. We support the activity of the Pakistani Association of graduates of the Soviet and Russian higher education institutions that unites several thousands of people.

In 2017 a member of the Association Dr. Najam Ul Sahar Batt, the author of brilliant translations of the Russian classical literature in Urdu, was awarded by the Pushkin medal for his important personal contribution to promoting and advancing Russian language and culture abroad.

The Pakistani youth delegation, consisted of more than 50 persons attended the XIX World Festival of Youth and Students in Sochi on October 14-22, 2017. The President of Russia conferred commemorative medals with letters of commendation on the head of the Pakistani delegation Ms. Leila Khan along with two members of the delegation for their active participation in the Festival events.

The FIFA World Cup was hosted in Russia in July 2018. And I would like to remind that the footballs for the World Cup were produced at the factory in Sialkot.

On July 31, 2018, Pakistani military helicopters rescued Russian mountaineer Alexander Gukov, who had been stranded for several days without equipment or food at a height of 6,200 metres on Latok I in the northernmost administrative territory of Gilgit-Baltistan. His climbing partner, Sergey Glazunov, fell to his death. Alexander Gukov was airlifted to a military hospital in the town of Skardu and then transported from Islamabad to Russia.

Russian Side expressed its heartfelt gratitude to the authorities of the Islamic Republic of Pakistan and the Pakistani pilots for rescuing our compatriot. The President of the Russian Federation conferred the Order of Friendship on these four helicopter pilots.

**Views by H.E. Mr. Zhao Lijian,  
Acting Ambassador of People's Republic of China**



H.E Mr. Zhao Lijian thanked GREF for inviting him to speak at this Seminar. He said it is encouraging to have such seminars to discuss solutions to vital issues. He said he had met the GREF Office Bearers previously at the Chinese Embassy so GREF is known to him. Explaining the Chinese perspective on the initiative of Golden Ring Economic Bloc he emphasized on the need to prioritize the economic cooperation between People to People more than between governments to government. He said that economic prosperity of the people of these five countries of Golden Ring is most important purpose of the BRI and CPEC. He said that the Golden Ring initiative also complements the narrative of BRI and therefore, we also support it. The proof of our support is, that a large Parliamentary delegation had been sent from China to participate in the first Golden Ring Parliamentary Speakers Conference in December 2017 which was held here in Islamabad. Then again in December 2018 Chinese representatives had also been sent for the second Conference held in Tehran, Iran. As next Conference has planned to be held in Turkey, he confirmed that representatives from China will also be attending that in coming future.

Elaborating further on Golden Ring Economic Bloc he said that China considers it as a very decent idea as China is in favor of Multilateralism as this is an innovative idea. He proposed that this platform should be used to bring together the Chambers of Commerce of all five countries of Golden Ring to brainstorm and formulate more innovative ways to improve and implement economic projects and new business ideas.

He also proposed to hold a joint meeting of Ministers of Commerce and International Trade of five Golden Ring Countries to discuss and prepare guide lines for the policy frame work to implement Golden Ring Economic Bloc initiative. He said that we need to be very careful in using words like "Security" and "Strategic" at this stage (although we may be working on these lines) because the opponents of this Bloc will use them to damage the initiative. He suggested that for the beginning we may avoid these words and rather use words like "Stability" and "Long Term" instead. The Acting Ambassador also offered to GREF to facilitate its meetings with Chinese counterparts.

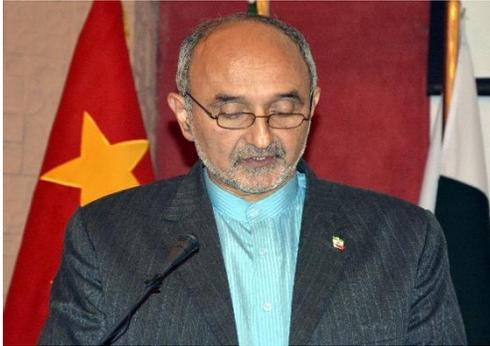
Concluding his speech Mr. Zhao Lijian put forward the following proposal as a way forward to establish the Golden Ring Economic Bloc:

1. Economic Cooperation needs to be prioritized such as People to People exchanges and economic activities;

2. Words like "Security" and "Strategic" should be avoided at this stage.
3. The idea should be push forward among the academic organizations, think-tanks, business chambers, policy makers and all other stakeholders for its acceptability and constructive inputs.
4. Arrange B2B conferences among member countries to explore and identify early harvest economic opportunities.
5. A joint meeting of Ministers of Commerce and International Trade of member countries be called as soon as possible to formulate common policy framework and to discuss other formalities for establishing this Bloc.
6. To hold a joint meeting of Chambers of Commerce and Industry of member countries, before the Ministerial meeting, to prepare proposals for the governments of all five countries for maximum mutual economic benefits.
7. More seminars and workshops be organized in all member countries to materialize the subject bloc.

He once again assured his full support to GREF in connecting it to its Chinese counterparts.

**Views by H.E. Mr. Mehdi Honardoost,  
Ambassador of Islamic Republic of Iran**



Ladies and gentlemen, honorable audiences;

I am grateful to the GREF chairman and also for the coordinators of today conference from PIPS for the privilege to speak in this eminent seminar about the important issues of regional peace and national economic security.

As I am informed, from the morning you have heard a lot about the potential and challenges for cooperation between Golden Ring area countries. So I don't want to repeat them and I just to add some more elements:

1. The desire for cooperation , not important in which field, exist between our countries but this willingness faces many impediments:
  - Sanctions
  - External interference
  - Fabricated crisis (especially terroristic ones that cause misunderstanding and mistrust)
  - Lack of self confidence in our countries to rely just on each other capabilities,
  - Not having structural complementary infrastructures,
2. Peace in Afghanistan: although Afghanistan is not in the GR area, but it has direct effect on our countries. The more we be able to work together for the betterment of our region, the less our brothers in Afghanistan need extra regional powers to help them.
  - Refugees,
  - Drugs,
  - Insecurity,
3. International double standards in defining terrorism have forced us to be suspicious at each other. Let me tell you about the recent decision by the US administration about foreign terrorist calling of IRGC. On February 8, 2019, Donald Trump president of the U.S announced in another irresponsible and preposterous move the designation of Iran's Islamic Revolution Guards Corps (IRGC) as a "foreign terrorist organization." This action

which is considered for most of the international community as a senseless, provocative and inconceivable one, could open a Pandora's box and result in a more complicated situation in Middle East. People and government of Iran who have a long history of resistance and defiance towards bully approaches of US, reacted to this decision furiously. US action was mainly recognized as another form of **Interventionism and Unilateralism**. US decision in proscribing IRGC is totally illegal, **illegitimate, and a great violation of Iranians Rights**.

4. Unilateralism: I don't need to list the extensive, unlawful unilateralist policies of U.S. Administration towards my country or our region, but here is just a glimpse: extraterritorial imposition of domestic legislations; flouting of international accords and ICJ orders; arbitrary designation of armed forces of a sovereign state as "terrorist"; breeding radicalization through reckless and pointless forever wars; shielding of terror-sponsoring clients from their war crimes; and recognition of illegal and racist annexations. As if this lawlessness is not enough, the U.S. also punishes those who seek to fulfill their obligations under Security Council Resolution 2231—which calls for normalization of economic relations with Iran. We are exposed to these unfair behavior while, 14 IAEA reports validate our commitment to the Joint Comprehensive Plan of Action, a multilateral accord that is enshrined in UN Security Council resolution 2231. We have kept our word in spite of the failure of the western participants of JCPOA to provide the promised economic dividends to our people following the unlawful U.S. withdrawal.
5. Teaching from history: 40 years of resistance and sometimes compromise toward western countries, especially US has taught us that the problem is not our nuclear dossier or our revolution, the problem is originated from a fact: We should be kept undeveloped that their development be guaranteed. So, Iran, Pakistan, Russia, China and Turkey should work together to make their future themselves.





## **QUESTIONS AND ANSWERS**

After the deliberations, different participants and experts from the audiences raised a few questions. Some of the questions were just clarifications regarding certain statements. Whereas, some were related to explanations by speakers. Here below only a few selected questions and their answers are as follows:

**Q1** .Regarding Non-Performing Loans, how we should see the close link of NPL with expanding the trade in GREF Countries? And why is it important for whole business regime?

**A1.** Dr. H.M Moshin explained that monitoring the Non-Performing loan ratio is very important in finance because it is linked with financial crisis management. As NPL ratio gets higher it means banks are issuing risky loans which in turn increases the probability of default. Monitoring of NPL is very prudent to avoid bankruptcy.

**Q2.** What kind of trade basket we have in terms of using barter and SPV among GREF Countries, especially in terms of Pakistan is our Basket of Goods to be bartered acceptable and in demand by other member countries of GREF?

**A2.** Mr. Mirza replied that the analysis of current import items of China, Iran, Russia and Turkey show that from 58% to upto 80% of line items being imported by these countries are also being exported by Pakistan to the other countries of the world but not to these countries. In certain cases our products are repacked and re-exported from third countries as their products at a very high prices. Analysis shows that Pakistan can easily achieve a target of US\$ 20 billion of exports to these four countries. The total world trade of these four countries is over US\$ 5 trillion. What we need is banking links, direct, short and fast transportations link and market information's for our producers. TDAP can atleast help in getting actual market information through their Commercial Attaches at Pakistani Embassies and provide it free of cost to the exporters and also conduct awareness sessions for exporters in different cities.

Out trade diplomacy needs to be improved a lot.

**Q3.** Considering the current sanctions which IRAN is facing presently what kind of options Pakistan and Iran has to enhance trade with each other in the absence of banking channels? How cumbersome the process will be if Pakistan decides to go for National SPV with Iran for this?

**A3.** Dr. H.M Moshin answered that this question is very important and of practical nature and explained we have three options

1. Barter Trade
2. Local Currency
3. Regional and National SPV

One way is to get help from Instrument in Support of Trade Exchanges (INSTEX) and to do what they are doing to understand and adopt it. Second, is to see overtime, it may open for

non-European countries after they introduce it for Europeans. With China and Iran we have a long border and barter trade can work the best. With reference to Iran, we can offer agricultural produce leather, sports, surgical and textile items and they can provide us with Oil and Gas. We do not have any common borders with Russia but we can also use transit facilities through China and Iran after an agreement with them under CPEC etc. Pakistan can also use on preferred basis the Russian Black Sea port instead of St. Petersburg which takes approximately 45 days. In past, Pakistani trade with Russia was through barter, same can be re-initiated. Steel Mills and thermal plants came from Russia against barter.

Dr. Mohsin emphasize that we should understand one thing very clearly that US has put unilateral sanctions on Iran and Russia. There are no Sanctions from the UN on Iran.

Dr. Mohsin said that it is now the high time that a SPV to work between them without involving any foreign currencies like US\$, Euro, etc. EU countries, Russia, China, Turkey, Japan, India are doing trade with Iran through their SPVs.

## **NOTES**