



REPORT

# Pursuing Economic Security within a Fractured Global Order





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## DISCLAIMER

The contents of this Post Event Report are Personal Views. The Statements, Facts and Opinions by the participants mentioned in Report do not imply the official policy of the National Defence University and Editors or the Publishers.

## INTRODUCTION

1. Pakistan faces unprecedented national security challenges from within and beyond its borders. Policymakers and strategists in Pakistan advocate for enhancing economic security through geo-economics, which emphasizes regional connectivity and expanding Pakistan's global economic presence.

2. However, Pakistan's economic security vision is hindered by a fractured global order marked by destabilization and uncertainty. Russia's war in Ukraine has altered international relations, with the global economy's interconnected infrastructure becoming a battleground. This struggle between Great Powers involves sanctions, divestment campaigns, and weaponized global governance institutions, largely dominated by the US and its Western allies.

3. Pakistan is highly vulnerable to global power dynamics, with its western border neighboring two heavily sanctioned nations, Iran and Afghanistan. The Russia-Ukraine war's spillover effects, such as record energy prices and soaring inflation, in addition to a global economic downturn further impede economic growth in Pakistan.

4. Many countries aim to remain neutral in geopolitical confrontations involving the US, China, and Russia. The current geopolitics landscape is increasingly transactional, with expedient deals in a fluid environment. This offers Pakistan unique opportunities to pursue an alternative economic paradigm centered on regional connectivity without explicit alignment with geopolitical blocs.

5. A roundtable session at ISSRA, NDU on March 21, 2023, engaged key stakeholders from public and private sectors. The session examined the strategic environment and discussed ways for states to navigate sanctions in a fractured global order while maintaining economic resilience and pursuing policies that ensure economic security.

## GLOBAL TRENDS

6. Based on the above, the following global trends are important to note when pursuing strategic alliances within this fractured global order:

- a. Sanctions and counter-sanctioning has resulted in limited space of engagement for the global south – however some new opportunities for trade and connectivity have also emerged which Pakistan can capitalize on.
- b. Despite the outbreak of the Russia-Ukraine War, a complete return to Cold War-era dynamics is unlikely. Economic growth and security remain priorities for all countries.
- c. Development within this fractured order will be focused around key regional nodes apart from a bimodal Russia/US dynamic. Other key nodes to develop regional connectivity with include: China, Iran, Saudi Arabia, Central Asian Republics and Turkey.
- d. Sanctioned countries (particularly Iran and Russia) are seeking further economic cooperation, with the tacit assent of China.
- e. There is a likelihood of a bloc of sanctioned countries (organized formally or informally) that would continue to work for further regional integration through enhanced overland and sea trade routes.
- f. Increasing dependency on multilateral instruments such as the UN TIR framework can be fruitful for Pakistan, particularly in enhancing connectivity with Central Asian counterparts through Afghanistan.
- g. Despite pursuing engagement with alternative alliances, it is essential to continue to engage with the West and utilize Western exemptions mechanisms. India's example of gaining exemptions for its trading routes through Iran from US sanctions is a key example in this regard.

#### KEY POINTS FOR PAKISTAN

7. For Pakistan, the need for an alternative economic paradigm centered on connectivity with its western neighborhood has now become a national security compulsion. However, the lack of operational and technical clarity amongst stakeholders has become a hurdle in achieving the outcomes of this new geo-economics vision. Strategic engagement within this competitive, if not combative, atmosphere requires the following action from Pakistan:

- i. Pakistan needs to diversify its trading partners and prioritize enhancing connectivity and trade relations with regional partners while carefully observing the limits imposed by multiple sanctions regimes throughout the world.
- ii. Developing a coherent economic policy on engagement with alternative trading regimes prioritizing economic security;
- iii. Consolidate understanding and interpretation of international sanctions law into one policy;
- iv. Align internal economic and legal policies with international trading regimes (particularly UNTIR and UNCITRAL frameworks);
- v. Ensuring all domestic stakeholders are on the same page and uniformly apply policies to promote trade through UNTIR frameworks;
- vi. Pakistan needs to pursue a dualist policy of engagement with the US and allies in pursuing exemptions while relying on multilateral system such as the UNTIR system for deeper trade with Central Asia and transit through Iran and Afghanistan.
- vii. Rapidly undertake efforts to develop advanced, indigenous technical capacity to effectively engage with international frameworks and institutions, navigate sanctions regimes, and scan the horizon for emerging threats and vulnerabilities.

## STRATEGIC ENVIRONMENT AND POTENTIAL IMPLICATIONS FOR PAKISTAN IN PURSUING ECONOMIC ENGAGEMENT WITH SANCTIONED COUNTRIES

### Strategic Paradigm

8. The Russian invasion of the Ukraine and its consequent fall-out registered deep fractures within the existing international order. The extensive range of unilateral sanctions levied by the US and other western allies, along with Russia imposing its own brand of sanctions on the West has resulted in a bifurcated international order dominated by the threat of economic penalties for engagement with any great power. Critical to note here particularly is the looming threat of attracting extra-territorial sanctions (imposed by the US) whereby third-party states would be subject to US sanctions (or other penalties)

if they chose to engage with sanctioned countries.

9. It is also important to understand that unfolding with the war in Ukraine are a host of economic concerns that have pushed many developing countries to the brink of an economic crisis. Spiraling global inflation due to surging food and fuel prices, fall in demand, supply-chain barriers and rising global debt, all signal towards a global economic recession. For developing countries, this necessitates strategic economic engagement and pursuing of alternative alliances to allow for trading opportunities that can cushion the impact from these external economic drivers.

10. Compounding on these above-mentioned concerns is Pakistan's geographical location. Bordered by heavily sanctioned countries to the West (Iran and Afghanistan), and with a hostile neighbor to the East (India), Pakistan's space for economic engagement is narrow and potentially costly.

11. For the purposes of this report, the roundtable discussion focused on Russia, Iran and Afghanistan.

## Afghanistan

12. The Taliban takeover of Afghanistan presents significant challenges to trade and commerce with the country. In effect, a designated entity is now the sitting government in Afghanistan, with multitudes of sanctioned individuals now in-charge of key ministers and the Afghan central bank. Engagement with such officials is directly prohibited under various international legal instruments United Nations Security Council Resolutions including Resolution 1363 (2001), 1333 (2001); and reaffirmed more recently in Resolutions 2593 (2021) and 2615 (2021). Additionally, the US froze close to USD 8 billion reserves of the Afghan central bank, preventing the Taliban from accessing these funds.

13. The harsh re-imposition of sanctions on the Taliban and the freezing of central bank funds resulted in a severe economic and humanitarian crisis for Afghanistan. Certain limited relaxations have been introduced in the imposed sanctions, essentially allowing for food, agricultural produce, medicine, etc. to provide relief in the crisis, which threatens to escalate to mass hunger. However, with the Afghan

Taliban continuing to pass policies that ban women from participating in economic or educational institutions, there is a chance that the West could end these exemptions and further ante up the sanctions regime.

14. Within this framework, there was lively debate at the roundtable event regarding the efficacy of strategically engaging with Afghanistan. While it remains clear that Pakistan will remain wary of engaging directly with the Afghan Taliban or any designated entity/individual for commercial trade, experts emphasized that using Afghanistan as a transit country under the UNTIR regime remains a safer avenue than transit through Iran. Transit through Afghanistan presents the closest route for commercial goods produced by Pakistan with destinations further in Central Asia and Turkey. Particularly, representatives of courier companies shared multiple anecdotes of being able to send goods to Central Asian countries such as Uzbekistan through Afghanistan successfully. Such models can be critical for Pakistan to develop regional connectivity while relying on multilateral mechanisms. The private sector in Pakistan needs to be facilitated in this regard.

## Iran

15. Prior to the Russia-Ukraine conflict, Iran was the most heavily sanctioned in the world. Iranian entities and individuals continue to face economic sanctions levied by the US and its allies on a myriad of issues ranging from terrorism, nuclear proliferation, accountability and human rights. Interestingly, Iran has adapted to these challenges and diversified its economy in a manner that enhanced self-sufficiency and reduced reliance on global trade and economic cooperation. However, economic sanctions in absolute terms do continue to negatively impact the Iranians, prompting them to continue investing in alternative methods that can aid in side-stepping sanctions.

16. While most oil-producing countries rely on merely oil exports, Iran has invested in scientific research and development, in turn enhancing its human development resources. As a result, innovative businesses and the private sector have flourished in Iran, allowing it to diversify its economy and become self-sufficient in a variety of low and mid-value goods, including agriculture and food items. This has further allowed Iran to shift towards an export-led model that prioritizes exports of domestically produced goods to alternative markets. Capitalizing on

its geographic location, Iran has opened doors for further economic engagement for countries that are sanctioned (Afghanistan, Russia) to upcoming economic hubs (Central Asia) and regional trading centers (India).

## MITIGATING THE IMPACT OF SANCTIONS: GLOBAL EXPERIENCES

17. As mentioned above, countries have responded to sanctions through certain mitigation strategies that prioritize domestic development. This includes a focus on developing domestic industry, alternate financial mechanisms and trading partners, engaging in regionalism. Priority remains to engage more with closer countries. Furthermore, both Russia and Iran have formally coopted digital currencies and other technological breakthroughs in formal trading mechanisms. Russia and Iran are particularly at the forefront of these developments, with the Russian central bank now in the process of creating legislation to enable operations and commercial trade to be carried out in cryptocurrencies.

18. The following two case studies highlight how Russian and Iran have navigated their response to sanctions.

### CASE STUDY: RUSSIA'S RESPONSE TO WESTERN SANCTIONS

Russia has responded to Western sanctions following the Ukraine war with a series of measures aimed at reducing dependence on the West and diversifying its economy.

#### Economic Diversification

- Import substitution and currency adjustments have made Russian exports more competitive.
- New markets, particularly for energy exports, have been developed.
- Ties with non-sanctioned countries have been strengthened.

## WTO Challenges

- In 2018, Russia initiated a dispute settlement procedure at the WTO to challenge US tariffs on steel and aluminum imports.
- This demonstrates Russia's commitment to addressing sanctions through international trade mechanisms.

## Special Economic Measures

- Russian exporters are required to sell a significant portion of foreign currency received from trade contracts.
- Prohibitions on lending in foreign currency, holding foreign currency in foreign bank accounts, and transferring funds without opening a bank account using foreign payment services have been imposed.

## Presidential Decree Flexibility

- The President has the authority to authorize the supply of crude oil and petroleum products, even if they meet the conditions for prohibition stated in the decree.
- This allows for flexibility in implementing the regulations introduced as a response to sanctions.

## Exploration of Barter Agreements

- Russia has engaged in talks with countries like Pakistan, Sri Lanka, and Turkey for goods bartering.
- This signifies Russia's pursuit of alternative trade partnerships beyond the Western sphere.

## CASE STUDY: IRAN'S PURSUIT OF ALTERNATIVE TRADE ROUTES

With the outbreak of the Russia-Ukraine war, Iran has sought deeper relations with sanctioned Russia. Reports suggest that between March 2022 and 2023, trade with Russia through the Caspian Sea increased by 70%.

Along with sea trade routes, Iran has also continued to invest in developing overland routes. The INSTC (International North-South Transit Corridor) has further been established, which connects India, Iran, Azerbaijan, Russia, Central Asia and Europe through a 7200-km multi-mode network of ship, rail and road routes. In July 2022, Russian company, RZD Logistics successfully completed its first transport of goods to India via INSTC - multi-modal, from Russia via rail to Bandar Abbas (Iran), via sea to Mumbai.

Apart from India and Russia, Iran is further seeking to co-opt Central Asian Republics such as Uzbekistan and Turkmenistan into its Chabahar Agreement. Additionally, Iranian authorities are also working on an economic plan with the Islamic Emirate of Afghanistan pertaining to commerce and transit.

## ALTERNATIVE AVENUES FOR PURSUING WESTERN CONNECTIVITY

### Alternative Trading Mechanisms

19. The widespread use of sanctions as a policy tool has accelerated the development of alternate trading mechanisms globally as countries scramble to find ways to trade in a multi-polar environment. The use of alternative currencies (e.g. yuan, rubles, rupees and euros) has increased significantly in recent years whereas the use of cryptocurrency to bypass USD trade restrictions is also gaining traction.

20. Other alternative trade mechanisms may require the establishment of some infrastructure. Vostro accounts are bank accounts that hold money on behalf of other banks to carry out foreign exchange transactions. Thus, a domestic bank may transfer money to an account held by a foreign company in another domestic bank. This bypasses foreign exchange restrictions which can be imposed via sanctions.

21. Similarly, the European Union developed INSTEX as a clearing-house mechanism like the US-held SWIFT system which facilitated international transactions with Iran and helped reduce the impact of US sanctions. However, this mechanism has recently been dissolved by the EU.

## CASE STUDY: ALTERNATIVE TRADING MECHANISMS FOR BILATERAL TRADE BETWEEN PAKISTAN & IRAN

Alternative trading mechanisms for bilateral trade have been considered by Iranian and Pakistani officials in recent years. These alternative trading systems include trade via barter, as well as the establishment of border sustenance markets. An MoU on barter trade was signed between Pakistan and Iran in 2021 to allow the import of goods from Iran in exchange for the import of goods from Pakistan. The MoU also provided for establishing border sustenance markets, allowing for the exchange of commodities in local currencies in six markets.

However, several challenges are impeding the efficacy of these alternative trading mechanisms. The Pak-Iran MoU does not establish a standardized, predictable, or binding barter trade system, which, coupled with an inadequate banking system in Iran, does not effectively incentivize trade. Furthermore, Iran is often restrictive in issuing visas to Pakistani traders and frequently implements changes in its import authorization system. There are also high costs associated with the trade routes, including taxes on Pakistani vehicles and quality certifications. The way forward would be to formalize a barter trade system between the two countries and establish a banking channel that would standardize transactions in a single currency, such as the rupee.

## ALTERNATIVE TRADE ROUTES THROUGH THE UNTIR REGIME FOR TRANSIT TRADE

22. The TIR transit system is an international customs transit system that facilitates trade and movement of goods between states. States have their own customs and transit rules, which can cause delays and costs during international transportation. The TIR system harmonizes national customs and transit rules, providing an international system that ensures security and efficiency in the movement of goods. It aims to balance customs authorities' needs with transport operators' requirements to facilitate cross-border trade.

23. The central pillar of Pakistan's geo-economics vision is to leverage

its geostrategic location for maximum connectivity with its neighbors and the region. The UNTIR system is therefore understood as being critical to Pakistan’s trade and transit objectives. Pakistan acceded to the TIR Convention in 2015 and significant efforts have been made by the public and private sector to operationalize the TIR regime in the country.

24. Legally, unilateral sanctions are not applicable on the UNTIR regime and all beneficiaries under it. If proven that goods in question are not destined for a sanctioned country, individual or entity, are not being processed by a sanctioned entity/individual and do not originate through a sanctioned country, then the TIR regime is applicable. This is particularly important to note given the threat of attracting US’ extra-territorial sanctions remains ever-present. Reliance on an UN-based multilateral transit system in this particular scenario offers protection against extra-territorial sanctions. For Pakistan, it is important to capitalize on further adopting the TIR framework to enhance regional transit trade to Turkey and Central Asia, with goods transiting through Afghanistan and/or Iran.

25. It is essential to note that for goods to qualify for UNTIR, Iran or Afghanistan cannot be the destination countries of Pakistani products – rather they are merely engaged in a transit capacity.

#### CASE STUDY: TCS TRUCKS ARRIVING IN UZBEKISTAN VIA AFGHANISTAN & NLC’S ENGAGEMENT WITH KAZAKHSTAN AND CHINA

In 2018, Pakistan’s leading logistics company, TCS, sent its first truck to Tashkent, Uzbekistan via Afghanistan. This landmark mission was achieved by TCS Private Limited in close coordination with the Ministry of Commerce, and the Pakistan National Committee of the International Chamber of Commerce (PNC-ICC), and the Uzbek International Forwarders Association (UIFA). Met with fanfare, celebrations and official recognition from the Uzbek government, TCS was heralded for its efforts and the need for deepened regional connectivity further emphasized.

In 2022, TCS continued to transport another pharmaceutical shipment by road to Tashkent, Uzbekistan, following TIR (Transports

Internationaux Routiers) protocols, administered by the United Nations International Road Transport Union (IRU).

TCS Private Limited is the first Pakistani Company to have qualified for international operations with Pakistani trucks and drivers. Amongst the requirements for this qualification are an Electronic Customs User Interface and an international guarantee in favour of the 'World Customs Organization'. Successful ventures like these will continue to pave the way for further deepened cooperation with Central Asian countries.

Alternatively, the National Logistics Cell (NLC), which is a TIR operator is also making significant progress in its operations. NLC has expanded operations through the TIR framework to Kazakhstan as well as initiated a pilot operation through Sost/ Khunjerab to China to bring a Chinese pilot movement to Islamabad and beyond. Currently the NLC requires TIR connectivity at all airports in Pakistan, and it is recommended that the Pakistan Customs transit directorate and automation and reforms must be encouraged to expedite the matter.

Participants noted that customs facilitation of TIR still needs to keep pace with the programming within automaton and the customs WeBOC system needs to be further evolved. For instance, the cross-stuffing regime is not uniform for all transit agreements and needs to be as such because it saves transporters from unnecessary container detention cost. Moreover, recently it has been concluded and expected for non TIR cargo to arrive at ports in Pakistan to be then transported onwards by TIR. In this regard UAE and Chinese entities have been in discussion with TIR operators in Pakistan and further progress is awaited.

## CASE STUDY: IMPACT OF IRAN SANCTIONS ON PAKISTAN'S TIR REGIME

The implementation of the UN TIR regime in Pakistan is currently stalled because of the reluctance of commercial banks in Pakistan to issue letters of credit for financial transactions regarding shipments transiting through Iran. This is a key area of contention between different stakeholders in Pakistan and was identified as a priority policy intervention area.

The applicable US law is “Part 560: Iranian Transactions and Sanctions Regulations (ITSRs)” which fall under Title 31 of the Code of Federal Regulations (CFR). The ITSRs prohibit the sale and exportation of any goods or services from the US to Iran, or any third State that would sell and export products to Iran. The ITSRs also prohibit the transit of goods or technology through Iran to third countries. The crux of the ITSRs is to sanction any US-related trade activities that may benefit Iran, thereby prohibiting transit through Iran – even where Iran is not the ultimate beneficiary of trade activities – along with direct sale and export to Iran.

However, the ITSRs do not affect Pakistan’s ability to transit goods through Iran under the TIR Convention. This stance is shared by most key governmental actors in Pakistan’s trade regime, including the FBR, SBP, MoFA and MoC. This is because it involves no banking transaction with Iran on behalf of a United States entity or on behalf of a third party. Pakistani banks engaged in those transactions thus cannot be sanctioned under the US ISTR regime. Further, transit trade transactions not involving sanctioned items, persons or entities are not prohibited under US law; thus, trade that is merely transiting through Iran is acceptable.

Article 11 WTO Bali Trade Facilitation Agreement further guarantees freedom of transit with no restrictions or impositions from customs, or any monetary charges such as fees (except for administrative fees and transportation costs) during transit.

Nevertheless, banks are still reluctant to issue letters of credit to traders wishing to transit goods through Iran because of the fear of sanctions under the ITSRs. Although the ISTRs primarily target US

persons engaging in trade-related activities with Iran, there is still hesitation by Pakistani banks to approve these transactions for fear of secondary sanctions, i.e. being sanctioned for engaging in trade with a sanctioned country.

## Sanctions Exemptions

26. The US can exclude certain goods or countries from its trade regimes to discourage sanctioned countries' behavior. Section 301 of the Trade Act 1974 authorizes the Office of the United States Trade Representative (USTR) to investigate and enforce US rights under trade agreements and respond to certain foreign trade practices. However, countries can request waivers on trade with sanctioned entities based on economic grounds, and India was exempted from Section 301 to pursue energy trade with Iran.

27. India was able to benefit from this exemption from US sanctions for the Shahi Beheshti Terminal developed by India at Chabahar port in Iran – allowing it to participate within the INSTC. Additionally, the first intermodal digital TIR-based pilot transport along the INSTC corridor from India to Iran was flagged off from Nhava Sheva port, Mumbai in August 2022. These developments serve key examples of how deepened regional connectivity can be pursued while maintaining adherence to international sanctions law and domestic sanctions law of sanctioning countries, particularly the US.

28. Pakistan should appropriately interpret its economic needs and approach the US for exemptions. Understanding the efficacy and applications of US OFAC Regulations 560.204, 560.206, and 560.208 is critical. Further legal clarity is needed to determine if Pakistan can send goods through sanctioned countries in transit without attracting US extraterritorial sanctions.

## KEY INTERNAL CHALLENGES

29. Numerous factors have hindered Pakistan's trade relations with its Western neighbors, but the most significant challenge lies in the country's inability to make effective decisions on crucial matters. Political instability, bureaucratic inertia, and an unwillingness to explore alternative mechanisms have resulted in substantial economic

consequences and a lack of direction in trade policy.

30. Pakistan faces a critical question: which global economic model should it align with? The options include:

- i. Maintaining ties with the current US-centric financial governance system, complying with existing sanctions and the global financial system. Pakistan has demonstrated a commitment to this approach by completing the FATF Action Plans and successfully exiting the grey-list in October 2022.
- ii. Exploring alternative economic models led by China and Russia, such as trading in non-US dollar currencies and engaging with sanctioned countries like Russia for cheaper oil.
- iii. Adopting a dual approach, participating in the traditional global financial system while cautiously exploring economic cooperation with sanctioned countries.

31. However, there is neither consensus nor clarity among governmental authorities and the private sector in Pakistan regarding which option to pursue. The State Bank of Pakistan and the Securities and Exchange Commission Pakistan seem to favor the first option, but their circulars provide no clear guidance on the official stance regarding trade relations with sanctioned countries. Commercial banks refuse to process Letters of Credit (LCs) for transactions involving sanctioned countries, even in transit capacities, based on hesitancy of their correspondent banks, which are international clearing banks for forex clearance.

32. This overly cautious regulation by the banking sector contrasts with other government sectors that aim to promote trade with sanctioned countries through the private sector. The Ministry of Commerce and the private sector maintain that trade or transit with sanctioned countries is permissible under international law. They argue that commercial banks and the State Bank are too risk-averse to promote trade. Amid this confusion, the private sector lacks legal, logistical, or diplomatic support from the government, leading to missed trading opportunities with Central Asian landlocked countries.

33. Complicating the situation further is the lack of internal expertise on

interpreting international sanctions law and trade law. Private sector members report interactions with various authorities who were unable to identify or resolve the issue. The State Bank, Ministry of Law and Justice, and Ministry of Foreign Affairs each deflected responsibility for the matter, leading to a bureaucratic deadlock. This indecision has resulted in significant opportunity costs for the country. As noted by an important stakeholder during the roundtable discussion, “Pakistan remains paralyzed, incurring huge economic costs, due to its failure in interpreting two lines of US sanctions law.”

34. Clearly, there is a disconnect between authorities on how to address and resolve the issue at hand, primarily due to the lack of capacity within the government to understand the core challenges facing transit trade.

#### CONCLUSION AND ASSESSMENT ON WAY FORWARD

35. Pakistan finds itself in a challenging position due to its economic vulnerability and political division, making the pursuit of regional connectivity with its western neighbors a complex endeavor. The country's economic crisis leaves it susceptible to pressure from international financial institutions, including those influenced by the United States. Moreover, internal political divisions further complicate the formulation and execution of a coherent strategy. Considering these circumstances, Pakistan must exercise caution and subtlety in engaging with alternative trading partners.

36. Given the increasing great power rivalry between the United States, China, and Russia, it is crucial for Pakistan to avoid conveying the impression of aligning exclusively with any one power, including China or Russia. Broad-based engagement with heavily sanctioned countries like Iran and Afghanistan can potentially attract countermeasures from the United States. To counter such resistance, Pakistan must adopt a careful approach in its foreign policy and diplomacy. This entails seeking sanctions exemptions when applicable and signaling its intentions to the United States while engaging with alternative trading partners.

37. Overtly, Pakistan should issue carefully crafted statements emphasizing the positive impact of trade relations on regional stability and the global economy. Simultaneously, diplomatic channels must

remain open, with Pakistan continually framing these trading relations as beneficial for the United States' own regional interests, thereby fostering an environment conducive to dialogue and cooperation.

38. In the competitive atmosphere of sanctions and counter-sanctioning Pakistan should prioritize diversify trading partners and focus on developing trading relations with regional powers apart from the Russia/US dynamic. Other key actors to develop regional connectivity with include China, Iran, Saudi Arabia, Central Asian Republics and Turkey. The adoption of a subtle approach, coupled with emphasizing the mutual benefits of trade relations, can help Pakistan forge new avenues for regional cooperation while maintaining an open dialogue with all stakeholders involved.

39. It is imperative to ensure that Pakistan aligns its trade and transit regimes so that maximum benefit can be realized from mutual trade agreements. Reviving the ECO framework given the centrality of Iran and Turkey and aligning TIR frameworks accordingly can be critical in ensuring regional connectivity. This could encourage deepened engagement with CARs such as Turkmenistan, Kazakhstan and Uzbekistan, who are some of the largest users of the ECO Corridor.

40. The integration of Pakistan's domestic legal framework with regional and international frameworks relating to transit and trade is a necessary pre-requisite for opening the Pakistani market to the world. This would require harmonizing and simplifying laws, policies and administrative procedures with global and regional standards and model frameworks which are nevertheless contextualized to ground realities, and which augment political will amongst regional partners.

41. An increasingly multi-polar world is likely to see powerful States resorting to unilateral and bloc-driven lawfare maneuvers such as sanctions, increased reporting, and technical standards to promote their strategic objectives. These factors mean that Pakistan's geo-economics vision is acutely susceptible to lawfare and connectivity wars, especially given its increasing proximity to China and weak economic base. Meanwhile, Iran remains embroiled in US sanctions whereas trade and financial connectivity with Afghanistan also remains frozen since the Taliban victory in August 2021. Pakistan's lawfare vulnerability in this realm should provide policymakers in the country with the impetus to rapidly develop advanced, indigenous technical

capacity to effectively engage with international frameworks and institutions, navigate sanctions regimes, and scan the horizon for emerging threats and vulnerabilities.

## ANNEXURES

### Annexure A—Participants

1.	Maj Gen Muhammad Raza Aizad	Director General, ISSRA
2.	Mr. Ahmer Bilal Soofi	Advisor, CEIL, ISSRA
3.	Mr. Jamal Aziz	Director CEIL, ISSRA
4.	Amb (r) Fauzia Mazhar Sana	Director, Global & Regional Studies, ISSRA
5.	Lt Gen (r) Aamer Riaz	Former President, NDU
6.	Amb Modasar Chaudhry	DS, NDU
7.	Amb (r) Muhammad Sadiq	Former Pakistan's Special Envoy to Afghanistan
8.	Mr. Khalid Nawaz Awan	Chairman, TCS
9.	Mr. Ahmed Zafar	Head Central Asia, TCS
10.	Mr. Bilal Khan Pasha	Joint Secretary, Ministry of Commerce & Industry
11.	Brig Muhammad Yousaf	Director Plans, National Logistics Cell (NLC)

12.	Mr. Shoaib Ahmed Khan	General Manager Analytics, National Logistics Cell (NLC)
13.	Mr. Touseef Alam	Chief Finance Officer, National Logistics Cell (NLC)
14.	Mr. Karam Elahi	Chief (FATF), Federal Board of Revenue (FBR)
15.	Mr. Adeel Mumtaz Khokhar	Director UN, Ministry of Foreign Affairs
16.	Dr. Kabir Ahmed Sidhu	Sr. Consultant (Research), Ministry of Law & Justice
17.	Mr. Sarjeel Mowahid	Partner, Ahmer Bilal Soofi & Co. Lahore
18.	Barrister Umer Shahid	Partner, Orr, Dignam & Co.
19.	Dr. Huma Baqai	Rector, Millennium Institute of Technology & Entrepreneurship, (MiTE)
20.	Dr. Rabia Akhtar	Director, Centre for Security, Strategy and Policy Research, University of Lahore
21.	Dr. Sikandar Shah	Associate Professor, Sheikh Ahmed Hassan School of Law (SAHSOL), LUMS
22.	Mr. Salman Zaidi	Director Programs, Jinnah Institute
23.	Mr. Amer Zafar Durrani	President, Reenergia
24.	Mr. Oves Anwar	Director Research, Research Society of International Law

25.	Ms. Noor Fatima	Senior Research Associate, Research Society of International Law (RSIL)
26.	Mr. Suleman Chawla	Senior Vice President, Federation of Pakistan Chamber of Commerce & Industry (FPCCI)
27.	Mr. Nasser Hyatt Mago	Immediate Past President, Federation of Pakistan Chamber of Commerce & Industry (FPCCI)
28.	Mr. Junaid Makda	Director, Pak-Afghan Joint Chamber of Commerce
29.	Mr. Shahid Hussain	Senior Vice President, Sarhad Chamber of Commerce & Industry (SCCI)
30.	Dr. Asif Ali via Zoom	Director, Exchange Policy Department (EPD), State Bank of Pakistan
31.	Mr. Sulaiman Bin Shah via Zoom	Former Deputy Minister of Commerce & Industry, Afghanistan
32.	Mr. Zahid Jamil via Zoom	Partner, Jamil & Jamil

## Annexure B—Programme

1000 – 1030	Registration of Guests	
Session I: Strategic Environment and Potential Implications for Pakistan in Pursuing Economic Engagement with Sanctioned Countries		Moderator: Muhammad Oves Anwar, Director, Research Society of International Law
1040 – 1055	Overview of strategic environment and the implications of economic engagement with Pakistan’s western neighbours	Ambassador (R) Mohammad Sadiq, former Special Representative of Pakistan to Afghanistan
1055 – 1105	Perspective from Afghanistan	Mr. Sulaiman Bin Shah, Former Deputy Minister of Commerce & Industry via Zoom
1105 – 1115	Contemporary global responses to multilateral and unilateral sanctions regimes	Dr. Rabia Akhtar, Director, Centre for Security, Strategy and Policy Research, University of Lahore
1115 – 1125	Role of private sector in mitigating the impact of sanctions	Mr. Amer Zafar Durrani, President, Reenergia
1125 – 1245	Participants Discussion	
1245 – 1345	Lunch & Prayer Break	ISSRA Lounge
Session II: Contemporary Legal, Financial, and Operational Avenues for Navigating Sanctions		Moderator: Jamal Aziz, Director CEIL

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1345 – 1400	Operational avenues for navigating sanctions and alternative trade mechanisms: challenges & opportunities for Pakistan	Mr. Bilal Khan Pasha, Joint Secretary, Ministry of Commerce
1400 – 1410	Financial and technical considerations in pursuing alternative trading mechanisms	Dr. Asif Ali, Director, Exchange Policy Department, State Bank of Pakistan via Zoom
1410 – 1420	TIR Operation through Iran and Impediments	Mr. Shoaib Ahmed Khan, General Manager Analytics, NLC
1420 – 1430	Legal Case Study: Pakistan's experience with Iran	Mr. Sarjeel Mowahid, Partner, ABS & Co.
1430 – 1440	Legal Case Study: Russia's response to Sanctions	Mr. Umer Shahid, Partner, Orr, Dignam & Co.
1440 – 1600	Participants Discussion	
1600 Hours	Vote of Thanks	Major General Muhammad Raza Aizad, DG ISSRA

Annexure C—Gallery







