

JOINT STATEMENT
of the First Session of the Russian-Pakistan Inter-Governmental Commission on
Trade, Economic, Scientific and Technical Cooperation.

The First Session of the Russian-Pakistan Inter-Governmental Commission (RPIGC) (hereafter referred to as Commission) on Trade, Economic, Scientific and Technical Cooperation was held on 21 September 2010 in Moscow.

The Russian Side was led by the Minister of Sport, Tourism and Youth Policy and the Chairman of the Russian side of the Commission H.E. Mr. Vitaly Mutko. The Pakistani Side was led by the Minister of State for Finance and Economic Affairs and the Chairman of the Pakistan side of the Commission, H.E. Ms. Hina Rabbani Khar.

The composition of the Russian and the Pakistan delegations (hereafter referred as "the Sides") is at Annexure I.

The discussions were held in the spirit of traditional friendship and mutual understanding and the Sides decided the following.

I. The Sides noted that during the recent years 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 turnover by 2010. The bilateral trade turnover during 2008 year amounted US\$ 615.6 mln., thereby showing in 2006-2008 the positive growth of 1.75 times. At the same time global financial and economic crisis in 2009-2010 has made negative impact on volume of bilateral trade and economic cooperation, which has shrank significantly. Referring to the information of the Federal Custom Service of Russia the bilateral turnover in January-June 2010 decreased on 27,4% in comparison with a similar period of 2009 year and amounted to US \$197,4 mln. The export of Russia reduced on 72,9% (US \$52,0 mln.), the export of Pakistan increased on 82,8%(US \$145,3 mln.).

The sides have agreed to take the further measures to achieve the level of the bilateral cooperation corresponding to existing potential, and increase the volume of the Russian-Pakistan trade.

II. The Sides shall implement proactively the decisions taken during highest level meetings, within the frameworks of the Shanghai Cooperation Organisation (SCO), particularly meetings of the President of the Russian Federation H.B. Mr. D.A. Medvedev and President of the Islamic Republic of Pakistan H.E. Mr. A.A. Zardari in Yekaterinburg on 15 June 2009, Dushanbe on 30 July 2009, Tashkent on 10 June 2010, and Sochi on 18 August 2010 and Prime Minister of the Russian Federation H.E. Mr. V.V. Putin and Prime Minister of the Islamic Republic of Pakistan H.E. Mr Y.R. Gilani in Beijing on 14 October 2009.

III. The commission was pleased to note the expansion of contractual basis of the cooperation.

In particular during the visit of the Chairman of the Government of Russian Federation to Pakistan on 11-13 April 2007 the number of the bilateral documents was signed:

- The protocol of prolongation for 10 years the Agreement on cooperating in combating illicit trafficking and abuse of narcotics drugs and Psychotropic Substances (intergovernmental);

- The program of cultural, scientific and educational exchange between the Governments of Russian Federation and Islamic Republic of Pakistan for 2007-2009 years and also the protocol of intentions to develop the cooperation and organize the

joint enterprise for sales and after-sale service between OAO «Kamaz» and Pakistani company «Bibojee Services Private Limited».

The Commission noted that signing of the Memorandum between the Federal Service of veterinary and phytosanitary supervision of Russian Federation and the department for plant protection of the Ministry of Food, Agriculture and Livestock of Islamic Republic of Pakistan on 6 June 2008 was an important step. It allowed lifting restrictions on export of restricted production from Pakistan to Russia, which were imposed by Russian Side on 19 March 2007.

IV. The Sides noticed the availability of great potential for development of cooperation in the areas of power, oil and gas, telecommunications, metallurgy, machinery and automobile industry, banking and financial services, construction of highways and pipelines, air transport service, science and technology, tourism and underlined that there is 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 jewelry.

V. The Sides emphasized that the expansion and modernization of Pakistan Steel mill in Karachi city is the one of the important directions of interaction of the both countries, that was fixed on 6 February 2003 in the Memorandum of Understanding on economic and technical cooperation in stabilization, reconstruction, repairing and expansion of Pakistan steel mill capacity up to 1.5 million ton of steel per year and more. The realization of the project could promote the settling the variety of the Pakistan strategic economic and social problems, and could be a good example of the partnership in the field of industry and hi-technology, form the base for realizing new joint projects in the different fields of industry, including power, telecommunications and oil refinery.

The Russian side has notified of the readiness of VO TYAZHPROMEXPORT, being the part of State Corporation "ROSTEKHNOLOGIY", to cooperate with Pakistan Corporation PAKSTEEL concerning modernization and expansion of Pakistan Steel Mills in Karachi.

VO TYAZHPROMEXPORT is also ready to cooperate with concerned Pakistan Companies in the field of iron ore extraction and coal mining: carrying out exploration works, realization of the newest technologies, design and construction of mines, open pits and pits, supply of necessary technological equipment, providing services, training and preparation of specialist.

The main conditions of carrying out works and services are principal financing of all above mentioned projects by Pakistan side and also providing of security guarantees for Russian specialists on the territory of the States with unstable situation.

VI. The Commission was pleased to notice the willingness of CJSC «Gasprom Zarubezhneftegaz» to cooperate with Pakistani companies in oil and natural gas industries covering the spheres such as carrying out (implementation) of geological prospecting (exploration) in oil and gas prospective areas; engineering and construction of underground storage facilities; diagnostics and repairs of gas pipelines; supplying of oil and gas equipment; rendering of services; education and training of specialists on terms of targeted financing by Pakistani Side of all abovementioned projects.

VII. The Commission recommends to concerned Companies of Russia and Pakistan continuing searching of possible mutually beneficial joint projects for the purpose of developing bilateral cooperation in the sphere of energy.

Russian and Pakistani Sides express interest in the development of cooperation in supplying of Russian equipment, material and spares and also in rendering necessary technical assistance during the modernization and construction of power facilities of Pakistan.

The Commission supports the intentions of the Ministry of power of Russian Federation and the Ministry of Petroleum and Natural Resources of Pakistan to sign a Memorandum on mutual understanding of the cooperation in the sphere of power and energy;

The Sides noted mutual interest in developing cooperation in the sphere of power industry.

The Sides emphasized mutual interest in analysis of possibilities of supplying electricity to Islamic Republic of Pakistan, which is generated on the power plants of Central Asia; mainly for those, the participant in which capital is JSC "INTER RAO UES".

VIII. The Russian Side informed about the readiness of JSC "Foreign Economic Association "Technopromexport", a part of the "Russian Technologies State corporation", to develop bilateral cooperation with Pakistan in following directions: to continue the cooperation between JSC "Foreign Economic Association "Technopromexport" and the Pakistan electricity generation corporations WAPDA and PEPCO in the field of construction of power stations, including thermal power stations, hydropower stations and transmission facilities; in cooperation with WAPDA repair, reconstruction and modernization of thermal power station Multan-2, Guddu (block 3); the expansion of equipment, materials and spare parts supply, and also providing of necessary technical assistance for realization of power projects in Pakistan.

IX. The Sides agreed to encourage activation of the work on matching and promoting projects of bilateral cooperation like the project of joint manufacture of trucks «Kamaz», tractors, including in the framework of functioning in Russia and Pakistan governmental programs of developing sectors of economy. The Russian side noted positive dynamics of relations of the companies of Open Society "KAMAZ" (Russia) and «Bibojee Services Private Ltd.» (Pakistan) in the plan for development of manufacture of cars "KAMA3" in Pakistan, as well as expediency of development of the project of creation of manufacture of city buses with the gas engine on the basis of chassis "KAMAZ" on the company areas «Bibojee Services Private Ltd.». The Russian side suggested That Pakistan side should consider possibility of participation of the company «Bibojee Services Private Ltd.» In the state and municipal purchases of city buses, bolster-type tractors and the other automobile technics «KAMAZ».

X. The Commission noted the interest in running projects for machinery deliveries to Pakistan, which LLC «Chelyabinsk Tractor Plant (CTZ) - Uraltruck» expressed.

XI. The Sides noted the availability of great interest of the Privolzskiy and Uralskiy Federal Districts of the Russian Federation for the development of economic cooperation with Pakistan and called upon the other regions of Russia and Pakistan to activate mutual contacts for further development of interregional cooperation.

XII. The Sides recommended that the interested organizations should establish informational exchange on investment opportunities of the regions in Russia and Pakistan.

XIII. The Russian Side proposes aiming the development of science-technical cooperation carrying out customers science-technical researches with the assistance of Russian science-technical organizations.

XIV. The Sides attach importance for activity of CCI of the Russian Federation and FPCCI and recommend to use more actively the potential of chambers of commerce and industry of the both countries for the further development of the Russian-Pakistan trade and economic cooperation, including the organization of joint business arrangements, the exchange of businessmen delegations, carrying out of thematic seminars and exhibitions, development of contacts at regional level.

XV. The Sides stressed the inadmissibility of implementation of the protective measures to prevent the developing of the bilateral trade, and agreed co assist the overcoming and preventing the existing and rising disputes among the trade partners of the both countries, and the possible groundless restrictions on the imports.

XVI. The Pakistan side proposed that in view of the large scale destruction caused by the flood and the urgent need to revive the economy for quick rehabilitation of the flood affects the Russian Federation may consider co lower the tariff on some of the products of Pakistan on the pattern of the recent decision of the European Union Council. The Russian side will consider this proposal.

XVII. The Sides agreed to accelerate the completion of the negotiations on settlement of the mutual financial obligations.

XVIII. The Sides called upon the banking and financial institutions of the two countries co increase their activities and presence for facilitating conditions for the proper banking services of the raising volumes of trade and economic cooperation.

Russian Side expressed its willingness co render assistance to the Bank of Pakistan in establishing a branch in Russia.

The two sides agreed to raise the level of cooperation in areas of people-to-people contact, business-to-business ties and Government-to-Government relations.

Toward that end the Sides decided to chalk out a road-map for future bilateral cooperation, considered establishing of joint working groups for resolving outstanding issues and developing industrial cooperation especially in the fields of energy, metallurgy including renovation of Pakistan Steel Mill and transportation. Furthermore, they agreed to set up a joint business council, initiate student and faculty exchange programs between the educational institutions of the two countries and cultural exchange programs. The Second Session of the Commission shall take place in Islamabad in 2011. The dates and agenda of the Session would be agreed upon through diplomatic channels.

This Joint statement was signed in Moscow on 21 September 2010 in Russian and English languages.

For the Russian Side (V.L. Mutko) Minister of Sport, Tourism and Youth Policy, Chairman of the Russian side of the Commission

For the Pakistan Side (H.R. Khar)
Minister of State for Finance and Economic Affairs, Chairman of the Pakistan side of the Commission