

**JOINT STATEMENT OF THE 5TH ROUND OF TALKS ON
COMMERCIAL AND ECONOMIC CO-OPERATION BETWEEN
COMMERCE SECRETARIES OF INDIA AND PAKISTAN**

The 5th round of India-Pakistan talks on Commercial and Economic Co-operation was held on 27-28 April 2011, in Islamabad.

2. The Indian delegation was led by Commerce Secretary, Rahul Khullar and the Pakistan delegation was led by Zafar Mahmood, Secretary, Commerce.

3. Both sides agreed that increase in trade and economic engagement would help not only in the mutual quest for national development, but also contribute to building trust between the two countries. The discussions were guided by the mutual desire to realize the full potential of bilateral trade. To facilitate this objective, they agreed to make efforts to create an enabling environment for trade on both sides. The two sides also agreed to encourage greater engagement between the private sectors of the two countries.

With this in view, the following decisions were taken:

- (i) To build confidence, dispel misunderstandings and allay any misapprehensions, it is essential that governments in both countries support the business communities in promotion of bilateral trade. Further efforts would be made to make the bilateral trading environment more business friendly. Necessary outreach activities would be

undertaken to bridge information gaps relating to the trade environment and economic opportunities.

- (ii) To promote trade, both tariff and non-tariff barriers (NTBs) need to be reduced/removed. It was decided to establish a Working Group (WG) specifically dedicated to address and resolve clearly identified sector specific barriers to trade. The WG would comprise technical experts and representatives of regulatory bodies directly concerned with the clearly identified barriers. The first meeting of the WG shall be held by September 2011.

- (iii) Both sides appreciated the significant progress made in developing physical infrastructure for trade through the Wagah-Attari land route. Closer coordination needs to be ensured to open the second gate and a new dedicated road for passenger and freight traffic. The Indian side intimated that its new Integrated Check Post is expected to be fully functional by October, 2011. To facilitate the coordinated effort of both sides, it was agreed that the Joint Technical Group for promotion of trade and travel would meet in June 2011 and thereafter every month to ensure adherence to the October 2011 timeline on both sides.

- (iv) Both sides agreed to expand trade through Wagah-Attari by *inter-alia* (a) increasing trading hours taking advantage of the new infrastructure (b) expeditious clearance of cargo and (c) facilitating movement of large vehicles and containerized traffic.

- (v) It was also agreed that Pakistan side would remove its present restrictions on trade by land route as soon as the infrastructure to facilitate mutual trade is completed. The timeline for this purpose would be before October, 2011.

- (vi) It was noted that an informal and effective Customs Liaison arrangement is already operating at Wagah-Attari. It was decided to formalise the arrangements in the form of a Customs Liaison Border Committee which would meet at least once in two months to resolve any operational issues at the field level.

- (vii) For harmonization in customs procedures, facilitation of trade consignments, exchange of trade data and information, both sides agreed that the Sub Group on Customs Cooperation would meet in New Delhi before 15th June, 2011. Nodal officers shall be notified by both sides before 15th May, 2011- to establish regular direct contact by email/fax/telephone on all matters relating to delay in clearance of trade consignments, trade document requirements, and other customs

cooperation. It was agreed that Pakistan would send a draft Customs cooperation agreement within a month.

- (viii) It was decided to undertake a new initiative to enable trade of electricity between both countries. To this end, a group of experts from both sides would examine feasibility, scope and modalities of such trading. *Inter alia*, the group may also address itself to issues such as suitable site(s) and routes for transmission lines, funding mechanisms and other related issues. The composition of the Group would be finalised before the end of June 2011 and the first meeting would be scheduled by October 2011.

- (ix) Both sides also agreed to work out how to initiate and substantially expand trade in all types of petroleum products. A group of experts from both sides would be set up for this purpose before 15 June 2011. The Group would *inter alia* discuss trade arrangements, building of cross border pipelines and use of road/rail route, including the Munabao-Khokrapar route. The Group's first meeting would be held before September 2011.

- (x) A new initiative to promote bilateral trade in Bt. cotton seeds was identified. This would help Pakistan's farmers and its textile industry by

significantly raising cotton yields and ensuring better cotton security. It was agreed to take this process forward by enabling Business-to-Business contact and governmental regulatory clearances.

- (xi) Cooperation in the Information Technology (IT) sector would be encouraged through the private sector route.
- (xii) Pakistan recognized that grant of MFN status to India would help in expanding the bilateral trade relations. Both sides agreed to remove the NTBs and all other restrictive practices which hamper bilateral trade.
- (xiii) It was informed by Pakistan side that it would take immediate necessary steps to ensure that non-discriminatory trade regime is operationalized at the earliest. The consultative process in this regard has been set in motion and information from all stakeholders including business chambers and trade bodies is being collected to replace the present "Positive list" with a "Negative list". It was agreed that this process would be completed by October, 2011.
- (xiv) Both sides expressed the intent to explore the possibility of entering into a mutually agreed

preferential trade arrangement to further promote bilateral trade by extending tariff concessions on products of export interest to both countries.

(xv) Both sides agreed that facilitating grant of Business Visas was essential to expansion of trade. It was noted that during the recent meeting of the Home Secretaries, it was decided to set up a Joint Working Group to look at the Visa regime. Suitable inputs would be provided by both sides to this JWG, to realise the goal of easier access to Business Visas. In this regard the possibility of effective involvement of private sector through officially recognised joint chambers would be explored.

(xvi) While appreciating the need for business- to-business contact, both sides desired to create an enabling environment and encourage Chambers of Commerce and Industry on both sides to form officially recognised Joint Chambers at the apex and regional levels.

(xvii) Both sides agreed on the desirability of promoting bilateral investments and removing any impediments for such investments.

(xviii) On opening of bank branches in each other's countries, both sides agreed that banking

channels are important and the process needs to be fast tracked.

- (xix) Trade Development Authority of Pakistan (TDAP) and its counterpart organisation, India Trade Promotion Authority (ITPO) will collaborate on trade promotional activities. TDAP will send a draft MOU to ITPO for mutual cooperation by June 2011.

A Joint Working Group on “Economic and Commercial Cooperation and Trade Promotion” will be co-chaired by the Joint Secretaries of the respective Departments of Commerce. Implementation of decisions taken in this round and any other trade promotion issues that may arise from time to time will be reviewed by this JWG.

Commerce Secretaries of both countries would meet bi-annually to oversee the functioning of this JWG.

The talks were held in a very cordial and constructive atmosphere.
