

ECC Approves Barter Trade Amendment

Afghanistan, Iran & Russia | October 2, 2025

\$13B

Combined Trade

4-5

120



Section 1: Opening Hook



30 seconds



© Key Opening Message:

"Just yesterday, on October 2nd, 2025, Pakistan's Economic Coordination Committee made a landmark decision that could reshape our regional trade landscape. They've approved crucial amendments to our barter trade mechanism with three neighboring countries—Afghanistan, Iran, and Russia. This isn't just about economics; it's about pragmatic survival in a sanctions-heavy world where traditional banking channels are blocked."

Talking Points:

- ECC approved crucial amendments to barter trade mechanism
- Three countries involved: Afghanistan, Iran, and Russia
- This is about pragmatic survival in a sanctions-heavy world
- Traditional banking channels are blocked for these countries

Hook Line:

"We're going back to ancient trade routes - but with modern economic necessities!"



Section 2: What Exactly Happened?

1 minute

© Key Message:

Finance Minister Muhammad Aurangzeb chaired the ECC meeting that approved a draft Statutory Regulatory Order (SRO)

Talking Points:

- Original mechanism introduced in June 2023
- This is an AMENDMENT fixing what wasn't working
- Why barter? Iran & Russia face Western sanctions
- Banking channels restricted, dollar transactions impossible
- Pakistan's own dollar shortage makes this necessary

Analogy for Audience:

"Think of it as exchanging our rice and textiles directly for their oil and wheat - no dollars involved!"



Section 3: The 5 Major Amendments

1.5 minutes



1 Product List Liberalization

X Before:

Only specific items on a limited list

✓ After:

Aligned with general Export/Import Policy Orders

Impact: Massive expansion - almost anything can now be bartered!

2 Private Consortia Allowed

X Before:

Single companies had to match full trade value

After:

2 or more Pakistani firms can form consortia

Impact: Small businesses can pool resources and participate



X Before:

Embassy approval required (took months)

After:

Self-undertaking that partner isn't sanctioned

Impact: From months of waiting to immediate processing

4 Simultaneous Trade

X Before:

Import first, then wait to export (sequential)

After:

Import and export can happen simultaneously

Impact: Better cash flow for businesses - game changer!

5 Quarterly Settlement

X Before:

Unclear settlement timeline

After:

Net off goods value every 120 days

Impact: Clear accountability - settle differences every 3-4 months



Section 4: What We Actually Trade



45 seconds



What Pakistan EXPORTS

Basmati Rice

High demand, especially in Iran

Textiles & Garments

Pakistan's strength

Surgical Instruments

Sialkot's global reputation

Pharmaceuticals

Quality medicines

Cement & Construction

For Afghanistan reconstruction



What Pakistan IMPORTS

Energy (Oil, LNG, LPG) 🐈



CRITICAL - solves energy crisis

Wheat 🌟



From Russia during shortages

Fertilizers 👚



Essential for agriculture

Fruits & Vegetables

From Afghanistan

Industrial Machinery

From Russia



IR Iran \$3 billion

Exports: \$684M (Pak exports) **Imports:** \$2.1B (Pak imports)

Balance: Heavy deficit - we need their energy

Target: \$10 billion target

🦻 Trade balance heavily favors Iran

AF Afghanistan

\$2 billion (FY 2024-25)

Exports: \$1.4B (Pak exports)

Imports: \$607M (Pak imports)

Balance: Surplus - they need our products

Target: Growing steadily

Strong demand for Pakistani goods

RU Russia

\$1.8 billion (July 2023-June 2024)

Exports: \$69M (2024)

Imports: \$632M (2024)

Balance: Large deficit - we need wheat & energy

Target: Aim to double

PRose 100% in 2023-24 due to discounted oil

Combined Total: ~\$6.8 billion in bilateral trade across three countries. With targets to reach \$13+ billion, barter trade mechanism becomes crucial!

Sound Bite:

"We're trading what we have plenty of for what we desperately need - energy and food security!"



Section 5: The Challenges

1 minute

(I minute

Sanctions Risk

HIGH

Walking a tightrope between economic needs and US sanctions

Mitigation: FBR requires undertakings confirming entities aren't sanctioned

Trust & Enforcement

MEDIUM

If Iran ships oil but Pakistan delays rice, who enforces?

Mitigation: No international court for barter disputes yet

Banking Hesitation

HIGH

State Bank reluctant due to US sanctions fears

Mitigation: Banks fear losing correspondent banking relationships

Valuation Disputes

How to price basmati rice vs crude oil with daily fluctuations?

Mitigation: No clear mechanism for fair value determination



▲ Reality Check:

"Pakistan needs Iranian oil and Russian wheat, but can't afford to violate sanctions and risk international isolation"



Section 6: Why This Matters



45 seconds

1. Energy Security

Common marketplaces in border areas could solve chronic energy crisis

Impact: Reduces dependence on expensive international markets

2. Dollar Conservation

Every barter deal saves precious foreign exchange reserves

Stat: Pakistan's reserves were just \$4 billion in 2023

3. Regional Integration

Strengthens ties with immediate neighbors

Impact: Less dependence on distant markets



Final Thought:

"This represents Pakistan's pragmatic approach to navigating complex geopolitics." We're not choosing sides; we're choosing survival and economic stability. The real test is implementation."

Anticipated Questions & Answers

Q Isn't this helping sanctioned regimes?

Pakistan ensures all transactions comply with UN sanctions. The undertakings required specifically confirm we're not dealing with sanctioned entities. Many countries trade with Iran and Russia within legal boundaries.

Q Will private companies actually use this?

That's the key question. The 2023 mechanism saw limited uptake because it was too bureaucratic. These amendments address exactly those pain points. If government builds confidence with clear guidelines, businesses will participate.

Q What about the US reaction?

Pakistan maintains strong US ties while addressing economic survival. The US understands Pakistan has legitimate needs. As long as we're transparent and compliant with international law, there's diplomatic space to operate.

How quickly will this be implemented?

The SRO has been approved and will be notified soon. Implementation depends on regulatory collectorate of customs and creating awareness among private sector. Expect 2-3 months for full operationalization.



Quick Reference Card

Date of Approval

October 2, 2025

Original SRO

642(I)/2023 (June 2023)

Key Ministry

Ministry of Commerce

Chairman

FM Muhammad Aurangzeb

Settlement Period

120 days (quarterly)

Type

B2B Barter Mechanism