

Moscow's Russia-Pakistan Banking Proposal Hints at Big Things to Come

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Yuri M. Kozlov, the Russian Trade Representative in Pakistan, suggested that Russia and Pakistan establish a “reliable and mutually acceptable banking system”, which strongly hints at Moscow’s desire to improve its commercial trade ties with Islamabad in order to lay the basis for N-CPEC+.

Business Recorder [reported](#) earlier this week that Yuri M. Kozlov, the [Russian Trade Representative in Pakistan](#), suggested that Russia and Pakistan establish a “reliable and mutually acceptable banking system” during a meeting with the President of the Faisalabad Chamber of Commerce & Industry, which comes just weeks after the two countries [resolved their Soviet-era trade dispute](#) that now legally enables Moscow to invest in the South Asian state. This proposal strongly hints at Russia’s desire to improve its fledgling commercial ties with Pakistan, which has enormous economic potential by virtue of its geostrategic location as the [global pivot state](#) and the fact that it hosts the flagship project of China’s [Belt & Road Initiative](#) (BRI), the China-Pakistan Economic Corridor ([CPEC](#)). Russia therefore has a natural economic interest in wanting to tap into this lucrative opportunity, both in purchasing low-cost but high-quality goods from its new partner but also to export its own comparatively high-tech products there and/or use it as a base of operations for Russian companies to sell their wares further abroad along the New Silk Road.

None of that can happen without the establishment of a “reliable and mutually acceptable banking system”, so Mr. Kozlov’s proposal should be interpreted as the building block for more robust economic relations between both sides. It’s important to note that Business Recorder’s report also said that he suggested that the two parties conduct trade in national currencies, which demonstrates that Moscow has long-term strategic economic interests in Pakistan that it envisages ultimately improving the strength of both the ruble and rupee with time. Mr. Kozlov drew attention during his meeting to the two megaprojects that Russia is negotiating with his host state, the \$2 billion North-South gas pipeline between Karachi and Lahore and the \$3 billion Iran-Pakistan pipeline, both of which could prospectively come together to lay the basis for what the author previously described as [E-CPEC+](#), the forecasted CPEC-parallel pipeline connecting Russia’s offshore Iranian gas deposits and possibly also others’ with China. These projects are strategically important, but the Russian-Pakistani economic partnership requires much larger commercial trade ties in order to benefit more people.

Therein lays the logic behind Mr. Kozlov’s banking proposal and the author’s suggested megaproject of [N-CPEC+](#), which is the creation of a trade corridor through post-war Afghanistan linking Pakistan with Russia via Central Asia. This represents the most reliable

and cost-effective logistics route between the two countries, one which would complement Russia's Greater Eurasian Partnership by establishing a new economic axis in the supercontinent by strengthening integration between all of the transit states. Furthermore, it would also contribute to sustaining stability in post-war Afghanistan by giving its people an unprecedented opportunity to participate in this promising trade corridor. In addition, N-CPEC+ would accomplish President Putin's stated goal of [integrating the Eurasian Union with BRI](#), seeing as how the former would be indirectly linked with the latter's flagship project of CPEC, which would also fulfill his vision of establishing an [Arctic-Indian Ocean corridor](#) that he recently described during his [speech](#) at the Valdai Club in early October. Altogether, the strategic logic underpinning N-CPEC+ is self-evident, hence why Russia's Trade Representative in Pakistan is proactively taking the necessary steps to bring it about, slowly but surely.

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