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**EXPANDING CROSS-LOC INTERACTIONS:  
A CONFLICT TRANSFORMATION  
APPROACH TO KASHMIR**

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# **EXPANDING CROSS-LOC INTERACTIONS: A CONFLICT TRANSFORMATION APPROACH TO KASHMIR**

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## **Introduction**

The India-Pakistan dispute over Kashmir is considered most intractable as it remains unresolved even some 65 years following the partition of the subcontinent. Traditionally, both countries have pursued policies that revolved around their concerns regarding territoriality and sovereignty over Kashmir. However, in the last few years of the dialogue process, initiated in 2004, after a ceasefire on the Line of Control (LoC) in November 2003, both countries are moving slowly to a people-centric approach encouraging movement of people, goods and ideas across the LoC. Important steps were taken between 2005 and 2008 and after resumption of the composite dialogue in February 2011 for facilitating cross-LoC travel and trade between the two parts of Kashmir. Some intra-Kashmiri dialogue has also taken place during this period but it has been more sporadic and less institutionalized. Cross-LoC interactions have been

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discussed both as a part of the composite dialogue as well as in the back channel set up at the official level from 2004 to 2007 when it was actively pursued in the India-Pakistan dialogue process. The ideas discussed in the Track II initiatives have also strengthened the official cross-LoC peace process.

The study examines the transformational value of the current patterns of cross-LoC interactions by using the conflict transformation approach that believes in changing the conflict structure from war system to peaceful system. It argues that expanding cross-LoC travel and trade has the potential to create transformational spaces which will help ease tensions over Kashmir and bring in its people to the centre in resolving the Kashmir dispute. It will eventually contribute to peaceful settlement of the conflict by transforming it from State-centric to people-centric solutions. Thus priority should be given to removing all operational difficulties blocking implementation of the agreed cross-LoC confidence building measures (CBMs), especially institutionalizing cross-LoC travel and trade linkages. It identifies major problems in cross-LoC interactions especially in the area of travel, trade and intra-Kashmiri dialogue and explores ways and means of removing the difficulties in the implementation of the steps agreed to by both sides. Further, people-centric interactions must be expanded to another two areas like cross-LoC tourism and educational cooperation that also hold great transformational potential and can contribute to strengthening the cross-LoC linkages and dialogue processes. Finally, it makes specific recommendations to India and Pakistan on how they can improve trans-LoC interactions.

### **Conflict Transformation approach to Kashmir**

Conflict Transformation is the third-generation approach in the peace and conflict studies which builds on concepts of conflict resolution and management.

Its primary objective is to resolve prolonged and intractable conflicts by initiating dialogue processes and interventions that in the long run changes the relationships and interests of the warring parties by addressing the underlying dynamics of the conflict. This is quite distinct from the conflict management approach that stresses “positive and constructive handling of difference and divergence.” It does not advocate methods for removing conflict but focuses on ways and means of dealing with it in a constructive way by bringing the parties into a cooperative process for the “constructive management of difference.”<sup>(1)</sup> The main thrust is on containing the conflict in a positive way so that resumption of hostilities is prevented. Thereby, it focuses on a top-down approach and short-term solutions. Conflict resolution approach too addresses the symptoms of the conflict with short-term interventions. Its main thrust is on helping parties in reframing their positions and interests that can foster new thinking and new relationships and explore creative solutions so they may identify win-win outcomes. It may temporarily solve the problem or stop the violence, but does not address the underlying causes of the conflict.

In contrast, the main assumption of the conflict transformation concept is that the potential for peacebuilding exists in a particular region or community and is rooted in its traditional culture. Conflict transformation is a process by which conflicts are transformed into peaceful outcome. It is a “process of engaging with and transforming the relationships, interests, discourses, and if necessary, the very constitution of society that supports the continuation of violent conflict.”<sup>(2)</sup> This approach suggests a different understandings-based conflict theory, human needs and non-violent action. It emphasizes support for groups within the society in conflict rather than for mediation of outsiders. Conflicts are transformed gradually, through a series of smaller or larger

changes as well as specific steps by means of which a variety of actors may play important roles.

Conflict transformation theory got impetus in the 1990s as an upsurge in nontraditional conflicts and 'New Wars', especially ethnic conflicts led to a shift to emphasizing broader definitions of security covering inclusive or human security. The leading theorists in the field like Edward Azar, Johan Galtung and John Burton who had been working with a frame of analysis based on "protracted social conflicts," "structural violence," "human needs" as opposed to the state-centric approaches played a pioneering role in laying the foundations of the transformative approach. John Paul Lederach and Raimo Vayrynen emerged as the leading proponents of conflict transformation theory. Lederach sees peacebuilding as a long-term "transformation of a war system into a peace system, inspired by a quest for the values of peace and justice, truth and mercy'. The process involves changes in the personal, structural, relational and cultural aspects of conflict brought over time and affecting different system levels at different times.<sup>(3)</sup> Raimo Vayrynen reinforces the argument by emphasizing that issues, actors and interests are dynamic and change over time due to social, economic and political dynamics of societies.<sup>(4)</sup> Building on Vayrynen's approach Hugh Miall identifies five types of transformation that can help peace builders in designing interventions. These include context transformations; structural transformations; actor transformations; issue transformations and personal/elite transformations.

The context of the conflict includes the society in conflict and the wider international and regional levels. Context transformation refers to changes in the context of conflict that may radically alter each party's perception of the conflict situation, as well as their motives. The structural transformations imply changes

in the basic structure of the conflict, involving set of actors, their issues, incompatible goals and relationships, or changes in the society, economy or state within which the conflict is embedded.<sup>(5)</sup> Asymmetric conflicts are less amenable to transformation than symmetric conflicts. Actor transformations include decisions on the part of actors to change their goals or alter their general approach to conflict including decisions to seek peace or to initiate a peace process. Changes of leadership are often crucial to securing transformation in conflicts. Changes in public constituencies and supporters of the respective political parties are equally important. This opens up avenues for specific conflict transformation work, as those who work within a party to bring about change in the party position are far more effective than Track I and Track II actors. Issue transformations relate to the reformulation of positions that parties take on key issues at the heart of the conflict as well as the way parties redefine or reframe those positions so as to reach compromises or resolutions. Finally, personal changes of heart or mind within individual leaders or the elite with decision-making power at critical positions may be crucial. This may include changes of perspective or gestures of reconciliation.

These transformers of conflict can play a pivotal role in designing interventions for peace building. Context transformation usually takes place in the regional or global environment while structural transformations mainly occur at the state/society level. Actor and issue transformations generally come about at the conflict party and elite levels while personal transformations depend on the competencies on the individual level. All the five types of transformers are interrelated. Structural and issue transformations affect the context while actor and issue transformations affect attitudes and memory, behaviour and relationships.

### Box 1: Transformers of Conflict

Type		Examples
1.	Context Transformations	Change in the international or regional environment
2.	Structure transformations	Change from asymmetric to symmetric relations Change of power structures Changes of markets of violence
3.	Actor transformations	Change of leadership Changes of goals Intra-party change Change in party's constituencies Changing actors
4.	Issue transformations	Transcendence of contested issues Constructive compromise Changing issues De-linking or re-linking issues
5.	Personal/elite transformations	Change of perspective Changes of heart Changes of will Gestures of conciliation

Source: See ref.2.

- The Kashmir conflict is going through all the five types of transformations in one way or the other. The changes in regional and international context, i.e. nuclearization of the region and emerging human security challenges combined with the end of the Cold War, the 9/11 tragedy, and globalization are slowly changing the perception of the parties about the conflict as they are trying to move away from traditional state-centric approaches, including unilateral military solutions, to search for common grounds or building on convergences.

- The structural transformations are also gradually becoming visible at the State and societal levels on both sides and more so across Kashmir. While the Kashmir conflict has become symmetric at India-Pakistan level, it continues to be asymmetric at Srinagar-New Delhi or for that matter Muzaffarabad-Islamabad levels that makes it far more complex as Kashmiris are yet not involved as party in the formal dialogues processes and lack of interactions between two parts of Kashmir constrains articulation of their narrative and capacity for peace building. The strategic symmetry in India-Pakistan dimension has, however, created a window of opportunity for cross-LoC interactions that may contribute to changing the conflict structure across divided Kashmir. With decline in militancy, the market of violence is changing but Delhi has not yet responded positively by reduction of troops and withdrawal of Armed Forces Special Powers Act (AFSPA), vociferously demanded by the Kashmiris. In a recent report, the DGP, Kuldeep Khoda, has stated that there has been 49% decline in militancy-related incidents this year and that people want stability and economic prosperity.<sup>(6)</sup>
- Actor transformations are discernible on the parts of both States' political actors to change their general approach to conflict and initiate peace process. This was evident in A. B. Vajpayee–Musharraf and subsequently Manmohan Singh–Musharraf engagements on Kashmir but the security establishments on both sides are still entrenched in the traditional position on the issue. The Indian Army is strongly opposing reduction of troops or

withdrawal of AFSPA from Kashmir. The decline in militancy and surge in peaceful protests in IHK indicates that new actors in the political community and cross-LoC trade are emerging and space is available for political dialogue and for specific conflict transformation work. Kashmiri civil society is also coming forward for peace and appreciating efforts for repairing inter-community relations. The moderates within pro-azadi leadership of the Kashmiri umbrella group, the All Parties Hurriyat Conference (APHC), are supporting a trilateral political dialogue with India and Pakistan and more institutionalized intra-Kashmir dialogue. The National Conference, and People's Democratic Party (PDP) and state Congress are respectively for greater autonomy, autonomy to self-rule, the BJP is for integration with India while Kashmiri Pandits follow a regional narrative.

- Issue transformation is reflected in the nuanced shifts in parties' traditional positions over Kashmir in the last few years. The dominant narrative in each state has been mutually exclusive and is embedded in contest over territory, ideology, self-determination; security including water security, sovereignty and regional aspirations. Pakistan's traditional narrative of *shahruq* (jugular vein), plebiscite; "unfinished agenda of partition," right of self-determination, and the "core issue" is giving way to aspirations of the Kashmiris and a mutual flexibility over the UN resolutions. India's traditional narrative — *atoot ang* (integral part), "accession to India final," autonomy, plebiscite outdated, opposition to third-party mediation, and Pakistan-sponsored

terrorism — is moving to making borders irrelevant with free movement of people across the LoC and cooperative and consultative mechanism between India and Pakistan to maximize the gains of cooperation and resolving problems of socio-economic development of Kashmir. The Kashmiri narrative continues to be fractured due to regional, religious and political complexities in Kashmir and is partly being influenced by the Indian and Pakistan narratives. The dominant narrative of pro-azadi groups like the APHC continues to be the exercise of the right of self-determination in accordance with the UN Charter/resolutions but it is also advocating Kashmiris inclusion in a trilateral dialogue process and has expressed their willingness to support alternative negotiated solutions acceptable to all parties to the dispute. So the parties are in the process of reformulating their positions on the conflict so as to reach compromises or resolutions.

- Personal and elite transformations are partly linked with the changing dynamics of issue transformation. On Kashmir, while there is a nuanced shift in the attitude of individual leaders who have been at the helm since 2004, the civil-military bureaucracies on both sides are still entrenched in state-centric approaches and hardliners including the right-wing parties and militant groups continue to live in bitter past memories characterized by hostile relationships.

The ensuing analysis will look into the changing context of the Kashmir conflict and transformational contribution of cross-LoC interactions in reshaping

the dominant narratives and promoting people- centric approaches in resolving the dispute.

### **The changing context**

The end of the Cold War and disintegration of the Soviet Union; the nuclear tests by India and Pakistan; the spread of globalization and domestic economic pressures; and the US war on terror in the wake of the 9/11 attacks are some of the developments that pushed the leadership on both sides to encourage steps that would promote cross-LoC interactions between the two parts of Kashmir. Pakistan that has had attached great sanctity to the UN resolutions on Kashmir showed its willingness to accept a win-win solution of Kashmir that accommodated the sensitivities of Pakistan and India and at the same time met the aspirations of the Kashmiri people. Under former president General Pervez Musharraf, Pakistan showed remarkable flexibility and imaginative thinking in offering different “out-of-the-box” proposals that could satisfy the “aspirations of the Kashmiris.” He made several statements identifying a number of potential options to resolve the Kashmir dispute. This included his four-point formula that envisioned “demilitarization and maximum self-governance” in Kashmir. In December 2006, in an interview with New Delhi Television (NDTV) he elaborated on his ideas saying: (i) Kashmir will have the same borders but people will be allowed to move freely back and forth in the region, (ii) the region will have self-governance or autonomy, but not independence. (iii) troops will be withdrawn from the region in a staggered manner; (iv) a joint supervision mechanism will be set up, with India, Pakistan and Kashmir represented on it.<sup>(7)</sup> The proposal gradually evoked positive response from India, especially in the area of free movement of the Kashmiri

people and goods across the LoC. The new democratic government in Pakistan has expressed commitment to taking the cross-LoC peace process forward.

On the other hand, New Delhi that had traditionally maintained that Kashmir was an integral part of India slowly moved towards the notion of “making borders irrelevant.” Prime Minister Manmohan Singh while rejecting “any redrawing of boundaries” or division of Kashmir on “religious lines” showed readiness to turn the LoC into a “Line of Peace”. On 16 July 2007, addressing the special convocation of the University of Jammu, he expressed the hope that “Jammu and Kashmir can, one day, become a symbol of India-Pakistan cooperation rather than of conflict.”<sup>(8)</sup> The “Line of Control” could become a “Line of Peace” with a freer flow of ideas, goods, services and people and the land and water resources of divided Kashmir could jointly be used for the benefit of the people living on both sides of the LoC.

This basic attitudinal shifts in Pakistan and India have provided a window of opportunity to promote cross-LoC interactions. This will not only address the sentimental needs of the divided families but also help ameliorate the socio-economic conditions of the Kashmiris, and allow Kashmiri leadership on both sides to come together to play their role as the main stakeholders in the resolution of the Kashmir conflict. As such the growth in cross-LoC cooperative relation can certainly help turn Kashmir from the bone of contention to a bridge for peace between the two countries.

### **Current trends in cross-LoC interactions**

Since 2005 Pakistan and India have demonstrated a more creative approach on Kashmir that involves incremental growth in cross-LoC interactions. The new people- centric approach has led to opening of cross-LoC

travel, economic exchanges and sporadic interaction between the Kashmiri leadership on both sides of the LoC. This has led to some symbolic softening of the LoC.

### **Resuming travel across LoC**

The resumption of the bus services across LoC was the first major step in facilitating long disrupted human interaction between two parts of Kashmir. Its main purpose was to reunite the divided families across the LoC. In 1947 thousands of families living in the two parts of Kashmir were separated. After the ceasefire in Kashmir on 1 January 1949, a simple rahdari permit system was devised for travel between divided Kashmir but it was discarded a few years later and the bus service was suspended in 1965. After almost four decades of suspension, a bus proposal was floated by India in July 2001 and then revived in October 2003. On 16 February 2005, the two countries after intensive negotiations agreed to restart a fortnightly Srinagar-Muzaffarabad bus service from 7 April. The moot point was the modalities regarding travel documents. While India insisted on passport, Pakistan kept stressing on UN document. Back-channel diplomacy was used to work out modalities acceptable to both sides. It was agreed that travel across the LoC “will be by an entry permit system, once identities are verified. Application forms for travel will be available with designated authorities in Srinagar and Muzaffarabad.”<sup>(9)</sup> It was decided that permit will be the basis of travel while an entry permit will be issued by the other side. The application forms will be sent to the other side for its permission, which will notify it to the authority that sent them. The bus will not cross the LoC but will stop at the LoC. Passengers will get off, cross the LoC on foot carrying their luggage, and board the waiting bus on the other side, after securing an entry permit there.<sup>(10)</sup>

In April 2005, Srinagar-Muzaffarabad bus-service was launched with great fanfare. That initiated the process of restoring communication links between AJK and IHK. In January 2006, both countries agreed to start another bus service linking Poonch and Rawalakot which was launched six months later in June. Initially, the bus services operated only fortnightly and carried 20-25 people in case of Srinagar-Muzaffarabad and 50-50 in case of Rawalakot-Poonch. In 2008, they were converted into weekly services.

The resumption of cross-LoC bus services was welcomed by majority of the Kashmiris living on both sides of the LoC barring a section of APHC and Kashmiri militant groups. The Srinagar-Muzaffarabad service was disrupted for some time after the road was damaged in the 2005 earthquake. Despite procedural delays, divided families have regularly been crossing the LoC over the last four years. According to AJK official sources nearly 20,000 people have travelled since the bus services were resumed in 2005. Besides, mainstream political leaders as well as those from APHC and mediapersons were allowed to cross the LoC.

### **Opening of cross-LoC crossing points**

Fourteen months later, Pakistan and India agreed to open foot-crossings at five points across the LoC. The points were opened up mainly to provide relief assistance to quake victims and facilitate meetings between the divided families. The earthquake served as a catalyst in expediting the dialogue process to open the crossing points on the LoC. The five foot-crossing points were: Nauseri-Tithwal; Chakothe-Uri; Hajipir-Uri; Rawalakot-Poonch and Tattapani-Mehndhar. The parameters and procedures agreed upon for the Muzaffarabad-Srinagar bus service were to be used for additional crossings. Both sides agreed to make efforts “to expedite the clearance process, preferably within ten

days.”<sup>(11)</sup> It was further agreed that priority for crossings would be accorded to members of divided families on either side of the LoC. The first crossing point, Rawalakot-Poonch, was opened on 7 November 2005 to allow exchange of earthquake relief goods. There was lot of enthusiasm on both sides of the LoC and hundreds of Kashmiris on the Pakistani side surged towards the LoC to meet their relatives. In all, four points-Chakothi-Uri, Rawalakot-Poonch and Chilhana-Tithwal and Tattapani-Mehndhar are operational. Later, the two countries agreed to open two meeting points along the LoC including Chakan da Bagh and Chakothi, but they are still not operational.

Despite all the procedural difficulties and limited scope of the travellers, 19,071 people have been able to travel across the LoC from both parts of the divided territory. These include more than 12,000 from AJK and a little over 7,000 from areas across the LoC. Uri-Chakothi and Rawalakot-Poonch happen to be the major crossing points.

**The number of people travelling across the LoC from 5-crossing points:  
2005 up to 2011**

	From AJK to J&K*	From J&K to AJK	Grand total
<b>Chakothi-Uri</b>	5019	2655	7674
<b>Chilhana-Titwal</b>	403	665	1068
<b>Hajipir-Salli Kot/Uri</b>	-	-	-
<b>Rawalakot-Poonch</b>	2984	2844	5828
<b>Tattapani-Mehndar</b>	3647	854	4501
<b>Grand total</b>	12,053	7,018	19,071

Source: AJK Cross-LoC Trade and Travel Authority (TATA). Figures cover the period from April 2005 to 30 November 2011. Tattapani-Mehndhar and Hajipir-Uri crossing points are not operational at the moment due to poor road conditions.

\*Here India's official title for IHK is used without prejudice to Pakistan's position on the disputed territory of Kashmir.

### **Resumption of cross-LoC trade**

The cross-LoC travel initiative led to greater urge among Kashmiris on both sides for the resumption of cross-LoC trade. In 2006 an understanding was reached between the two countries to start cross-LoC trade in selected primary products of Kashmiri origin. In October 2008, three years after the resumption of cross-LoC bus service and after much protracted talks, a cross-LoC truck service for trade on the Srinagar-Muzaffarabad and Poonch-Rawalakot routes was put in place. In their 21 July 2008 meeting, the foreign secretaries of the two countries agreed to open the route for limited trade. The Working Group on Cross-LoC CBMS in its meeting on 22 September finalized the terms and conditions for the trade between the two parts of Kashmir, consisting of roughly 21 items. India rushed it through as one way of handling the crisis in the Kashmir Valley that erupted around the land-for-Amarnath controversy, and the subsequent economic blockade of the Kashmir Valley by the right-wing Hindu activists of the Jammu region. The blockade led to the demand for opening of Srinagar-Muzaffarabad road and “Muzaffarabad March” call that left a number of people including an APHC leader dead in the police firing.

Against this backdrop, on 21 October, after a 61-year breakdown of trade ties between the two sides of the LoC, trucks moved across the LoC between Srinagar and Muzaffarabad and Poonch-Rawalakot, which have been traditional trade routes. A convoy of 13 trucks carrying mostly apples set off from across the LoC for AJK and 14 trucks packed with fruits, onions and spices made the journey in the opposite direction. Generally, the goods traded include vegetables, fruits, rice, dry fruits and some major Kashmiri handicrafts. Under the agreement signed by Pakistan and India, the goods trucks were to cross at two points twice a week and no customs duty was to be imposed.

Traders on both sides of Kashmir were to conduct business through barter, as there was no banking facility available. Further, screening was to be done manually as X-ray machines were yet to be installed. When the trade started, the business community was assured that requisite modalities would be finalized soon.

The mainstream Kashmiri political parties on both sides of the LoC and majority of the APHC leaders supported the reopening of the Srinagar-Muzaffarabad road for trade as it would provide an alternative trade route to ensure uninterrupted flow of consumer items into the valley and for exporting fruit and other items from there. The business and trade community across the LoC welcomed the beginning of trans-LoC trade. They felt that trade would bring the people closer together across the LoC and reduce tension between the two countries while strengthening the peace process. Shortly, before the opening of cross-LoC trade a 19-member delegation of AJK Chamber of Commerce and Industry (AJKCCI) visited Srinagar from 9-16 October 2008. The delegation met their counterparts from Srinagar and Jammu region and discussed in detail the potential and volume of trade, modalities of the trade agreed and the problems faced the businessmen and traders involved in LoC trade. Their interaction led to the creation of a Joint Chamber of Commerce — Intra Jammu & Kashmir Chamber of Commerce & Industry (IJ&KCCI). As a goodwill gesture, Zulfiqar Abbasi, president of AJKCCI, was appointed president of the Joint Chamber for an initial one year-term upto October 2009.

When the trade began, the potential problems were anticipated and outlined by the business communities in both parts of Kashmir. In a meeting at Srinagar between the AJK delegation and state government representatives, Dr Haseeb A. Drabu, economic adviser, J&K government and chief executive of

J&K Bank, pointed out five basic networks that were necessary for the cross-LoC trade to become “a viable self-sustaining economic process”. They were banking relations, including mutual acceptance of letters of credit; a communication network in order to enable traders to know the rates prevailing on the other side; transport network, regulatory network to determine the composition of trade and a legal network for dispute resolution.<sup>(12)</sup> Indeed the success of cross-LoC trade will depend on how these five mechanisms are finally worked out. In addition, the Joint Chamber prepared a set of joint recommendations for the facilitation of trade and submitted it to the governments of India and Pakistan in October 2008. Some of the major recommendations included expansion of the list of items for trade, facilitation of travel and traders’ access to each other, infrastructure facilities, banking services, use of dual currency of both countries as the mode of payment with the US dollar as the reference point, inclusion of services sector and opening of more trade routes.<sup>(13)</sup> The Joint Chambers remained only on paper and could not be launched formally as a reciprocal visit by businessmen from the across the LoC could not materialize due to escalation in India-Pakistan tensions in the wake of the Mumbai attacks in November 2008.

**Formation of joint apex body: Jammu and Kashmir  
Joint Chamber of Commerce and Industry (J&KJCCI)**

The representatives of Chambers across the LoC did not give up and continued their efforts to iron out issues in the cross-LoC trade and institutionalize linkages between the respective chambers and emerging traders’ associations on both sides of the divide. After four years of struggle, in November 2011, in a meeting held at Istanbul, Turkey facilitated by the London-based Conciliation Resources (CR) — international organization in peacebuilding — the representatives of 10 major business organizations

including four major Chambers and Federations of Industries<sup>(14)</sup> from both sides of the divide formally launched an “inclusive and properly elected apex Joint Chamber of Commerce and Industry.”<sup>(15)</sup> This has revived and restructured the existing Joint Chamber of Commerce and Industry which was in limbo since 2008. The apex body will comprise 44 members equally drawn from both sides of the LoC. Eight members of the general body will be from the cross-border trading points of Tetrinot-Chakan da Bagh and Salamabad-Chakothi. A proper constitution and terms of association for the body will be drafted by a ten-member committee before 31 March 2012 and approved by the Executive Committee before 30 April 2012. The J&KJCCI will integrate the Joint Federation of Cross-LoC Traders after its formal establishment. The presidency will rotate between the two sides with a one-year tenure. The institutionalization of the Joint Chamber from both parts of the divide is a major step in putting in place formal structures of cooperation that could be extended to trade in services like cross-LoC tourism in due course of time.

Despite all the difficulties, the trans-LoC trade has been sustained by the divided families and there has been a steady rise in the number of the trucks crossing the LoC and in bilateral turnover. In the last three years trade worth PkR 15.18 billion has taken place while more than 29,000 trucks have crossed the LoC.

Cross-LoC Trade: Volume and Value from 2008 to 2011\*

	<b>From AJK side</b>	<b>From J&amp;K side</b>	<b>Grand total</b>
<b>No. of trucks crossed the LoC</b>	14,480	14,581	29,061
<b>Value of the trade</b>	8441.30	6,745.93	15197.34
<b>Volume</b>	8631.6 MT	15,558 MT	24,186.6 MT

Source: AJK Cross LoC Trade and Travel Authority (TATA). Data cover the period from 21 October 2008 to 30 November 2011.

\*The amount is in PkR millions.

### **Intra-Kashmiri dialogue**

Although intra-Kashmiri dialogue is central to the growth of cross-LoC interactions, it has been at the minimal and sporadic for the last seven years of the India-Pakistan peace process. Significantly, India allowed APHC leadership to visit Pakistan and AJK and meet Kashmiri and Pakistani leadership. This provided an opportunity to individual Kashmiri leaders from across the LoC to interact with their counterparts in AJK. Some of them in fact met Kashmiri militant leadership including Syed Salahuddin, head of the Hizbul Mujahideen and Chairman of the United Jihad Council, an umbrella group of Kashmiri militant groups now based in AJK, and urged him to give up the armed struggle. There were also a limited number of meetings between the Kashmiri leaders and stakeholders from different regions of Kashmir from both sides of the LoC. These were arranged by the different NGOs engaged in Track II dialogue, i.e. the Delhi-based Centre for Dialogue and Reconciliation (CDR), Washington-based Pugwash, the Islamabad-based Kashmir Institute for International Relations (KIIR) and London-based Conciliation Resources (CR). The participants of various meetings have been emphasizing the opening of all traditional routes of Jammu and Kashmir for the free movement of people and trade.

### **Major problems in cross-LoC interactions**

The benefit of the steps taken to promote cross-LoC travel, trade and intra-Kashmiri dialogue has, however, been limited due to a number of difficulties in the way of their operationalization.

#### **The issue of travel permits**

Travel across the LoC is constrained by procedural delays in acquiring entry permits. Invariably, it takes several months to get the travel permits from

both governments to cross the LoC. The processing of entry permit has been made so difficult due to clearance from various intelligence agencies that only a few people can make it and that also after long delays. Members of divided families complain that very few people get clearance from both the governments. Thereby the bus services remain underutilized while thousands of applicants remain on the waiting list. According to official records of AJK and IHK, over the first four years a total number of 45,863 people submitted their applications forms — 27,532 from AJK (till September 2009)<sup>(16)</sup> and 18,331 from IHK (until July 2009).<sup>(17)</sup> Of these only 12,681 were able to travel across the LoC- 7,316 from AJK (until September 2009)<sup>(18)</sup> and 5,362 from across the LoC (until July 2009).<sup>(19)</sup> The eligibility to travel being limited to divided families has also limited cross-LoC traffic. Only those with close relatives on the other side are entitled to travel. Moreover, officials from AJK cannot travel across LoC. Thus only a limited number of people have benefited from the bus services.

There has been concerted demand by the Kashmiris on both sides of the LoC to simplify the entry permit procedures. In the fourth round of the Composite Dialogue held in March 2007, both sides agreed to ensure implementation of the already agreed Kashmir-related CBMs including rationalization of five crossing points across the LoC.<sup>(20)</sup> Later, the Working Group on Cross-LoC CBMs that met on 19 July 2008 discussed effective implementation of existing cross-LoC measures which were then approved at the foreign secretary level talks held in New Delhi on 21 July 2008. A number of CBMs announced included: 1) introduction of a triple-entry permit for cross-LoC travel; 2) Simplification of procedures for getting the permit which at present takes at least two years; and 3) An increase in the frequency of the

Srinagar-Muzaffarabad and Poonch-Rawalakot bus services from fortnightly to weekly. (21)

As regards the triple-entry permits, a separate form has been finalized and all three entries will have to be from the same crossing point. The facility would be automatically available to senior citizens and accompanying spouses. Both sides also decided to take steps to reduce the processing time for applications, hold monthly coordination meetings of the designated authorities, with a provision to convene urgent meetings whenever needed. The designated authorities will also reconcile the data regarding crossings regularly. It was also decided to allow a maximum of 60 persons per crossing. The designated authorities would start exchanging applications for permits by e-mail that would require to be backed up by hard copies. Also, clearance would be processed within a week in case of emergencies like death of close relative across LoC, but the applicants' stay in such cases would be limited to maximum seven days.

However, hopes for the implementation of these measures were dashed by the spell of high tension between India and Pakistan due to the Mumbai attacks in November 2008. In fact, in the post-Mumbai period, there has been considerable decline in the number of travellers across the LoC. When the dialogue resumed in February 2011, the foreign ministers in their review meeting in July took several steps suggested earlier by the Working Group on Cross-LoC CBMs to ease cross-LoC travel and trade. The frequency of the Srinagar-Muzaffarabad and Rawalakot-Poonch bus services was increased from fortnightly to weekly basis and it was decided to expand cross-LoC travel to include tourism and visits to shrines. The modalities would be worked out by both sides. It was agreed to expedite the processing time for applications within 45 days and exchange application forms for travel via email backed by hard

copies. Six-month multiple-entry travel permits will be allowed by the designated authorities. Further facilities like waiting area, terminal and clearing procedures at the operational crossing points were to be provided to cross-LoC travellers.<sup>(22)</sup>

A number of steps were also envisaged to facilitate cross-LoC trade. These included respecting the list of 21 permissible items for cross-LoC trade; review of trading list to expand the tradable items and provision of adequate facilities at the trade facilitation centres on each sides. The number of trading days were increased from two to four days a week and it was agreed that designated authorities would resolve operational issues concerning cross-LoC trade through their meetings to be held alternately at the terminal of the crossing points on both sides of the LoC, every quarter or as and when required.<sup>(23)</sup> It was also decided that the Joint Working Group would meet on a bi-annual basis to review existing arrangements and suggest additional measures for cross-LoC travel and trade.

### **Trade-related difficulties**

The opening of the trade was “more a symbolic affair.”<sup>(24)</sup> The modalities for smooth trade were not worked out. Thus presently the cross-LoC trade is marred by several infrastructural and operational problems. These include limited trade volume due to limited list of tradable items and barter system; inadequate infrastructure and trade facilities; lack of communication links, absence of banking facilities and restrictions on traders’ travel across-LoC. This has robbed the trade off its potential to make any impact on the economy on either side.

### **Limited items on the trade list and barter system**

The limited items on the trade list and the barter system are posing a great challenge to traders. Trade is restricted to only 21 items, all of which are primary products produced within Kashmir. There is also a ceiling on the number of goods limiting the transfer across LoC to the bare minimum. Further the goods on the positive list also do not correspond to market realities. “A number of items defy trade rationale as they are already available at lower cost within the importer’s market or the exporter has a more lucrative market available domestically.”<sup>(25)</sup> The trade is also being conducted on barter system as no guidelines have been framed by the governments of India and Pakistan on the use of currency. This has led to many problems in making payments. In fact, in less than a month after the cross-LoC trade was launched, it ran into trouble as traders from the Valley started grappling with how to obtain the money for the goods they sent across the LoC. They even threatened to suspend supplies if these problems were not sorted out.

### **Lack of communication links**

The absence of communication links is badly affecting the conduct of cross-LoC trade. There are no telephonic links or facsimile services between the two parts of Kashmir. In fact no phone call is allowed from the other side of the LoC to AJK or Pakistan. Traders from across the LoC can receive but cannot return the calls from AJK. They can communicate through e-mail, but they find this inadequate.<sup>(26)</sup> Moreover, no postal or courier service is available at the moment. On top of it, traders cannot meet regularly because businessmen face visa restrictions and cannot cross the LoC. In the absence of all kinds of communication, the cross-LoC trade is drifting to a halt. Mubeen Shah, former president of Kashmir Chamber of Commerce and Industry, stated that the

government had promised to lift the telecommunication barrier besides meeting other demands of traders, like multiple-entry permits, or a payment system.<sup>(27)</sup> There could not be any progress on the modalities, as India-Pakistan relations got strained after the Mumbai terror attack.

In a report published on 25 April 2009, Hamidullah Dar and R.S. Gull, correspondents of Kashmir Life, a Srinagar-based weekly, highlighted the dismal state of the cross-LoC trade, especially on the Srinagar-Muzaffarabad route. The report revealed that trans-LoC trade had lost most of its gloss, leaving it for divided families to sustain the process. Barring a few who visited Muzaffarabad personally and settled terms with their counterparts, most traders either deal only with their relatives living across the LoC or seek a counter guarantee from relatives of traders in Azad Kashmir living here.<sup>(28)</sup> Thus more than 80 per cent of the traders involved have blood relations across the LoC. However, trade at the Poonch-Chakan da Bagh crossing point presents a better picture, largely due to the same factor as most divided families are from Poonch. Here, too, primitive barter transaction prevails which imposes its own limitations. In a positive development, on 5 November 2009, district administrations of Poonch and Rawalakot allowed a meeting of traders from both sides at Chakan da Bagh–Tetrinot point so that they “could interact, establish their personal relations, know the rates of approved items on the other side and place the orders.”<sup>(29)</sup>

### **Lack of banking facilities and payment modalities**

The issue of transfer of money is the main obstacle which has in fact paralyzed the cross-LoC trade. There is no bank transfer facility. Neither the Jammu and Kashmir Bank on the other side nor the AJ&K Bank on this side has branches across the LoC. They also do not have direct correspondence and thus

do not allow cross-referenced transactions.<sup>(30)</sup> The chambers of commerce and industry on both sides had agreed that trade would be done on part-barter and part-remittance basis. But no arrangement exists to make these payments. Banks across the LoC are not in a position to accept remittances from AJK; neither can they send money to the other side, for security reasons. Absence of banking facilities has practically reduced the entire cross-LoC trade to a barter exercise.

### **Lack of infrastructure and trade facilities**

Trade is also adversely affected by the poor physical infrastructure. No more than 1.5 metric tons (MT) per truck load can cross the LoC due to infrastructural constraints on both sides. The small consignment size turns the transaction uneconomic due to high fuel, freight, handling, insurance and other costs involved.<sup>(31)</sup> Moreover, traders cannot transport their goods to their final destinations. Trucks are unloaded at checkpoints near the LoC and then reloaded onto local trucks which not only increases the cost but also terribly affects the perishable items. There is also no mechanism in place on either side of the LoC that can help traders in handling of trucks. Traders have to wait, some time for days for their turn which affects them badly, especially if they are dealing in perishable goods.

### **Possibility of Indian, Pakistani traders competing with Kashmiri traders**

Cross-LoC trade is also likely to be gravely affected by the possibility of competition Kashmiri traders might face from Indian and Pakistani traders. Mubeen Shah, former president of Kashmir Chambers of Commerce and Industry (KCCI), has stated that New Delhi is trying to discourage trade across the LoC. His reference was to the ban by New Delhi on items like ginger, garlic, dates, mung lentils, raisins and pistachios which are in great demand in IHK. He contended that these items were banned due to Indian traders being

forced to lower their prices to match those brought through the LoC. Mobeen observed that the “Indian and Pakistani businessmen trade through the Wagha border. They felt competition from Kashmiri traders when the LoC opened for trade.”<sup>(32)</sup> The ban notification that came through India’s agriculture ministry and not the commerce ministry caused heavy losses to Kashmiri traders, who had invested in these items. Whatever reason may be cited for banning these items, the fact remains that in the absence of a proper regulatory system the cross-LoC trade is on the verge of collapse. Besides, proxy trade is endangering the business of the small traders from Kashmir engaged in cross-LoC trade. Big businessmen from Lahore and Amritsar, who do not face communication or transaction problems, are hiring local traders as facilitators, thereby marginalizing the local businessmen.

### **Traders’ boycotts**

Kashmiri traders who have been persistently demanding that the governments on both sides provide essential facilities like banking, communication and infrastructure for meaningful trade have been frustrated by inordinate delays and have thereby resorted to trade boycotts to press the authorities to address their problems. In December 2010-January 2011 the Salamabad-Chakothi traders’ union went on indefinite strike in protest against lack of required infrastructure, especially covered storage facilities at Salamabad, that caused them huge financial losses. The traders’ leader Hilal Turkey, asserted that the extreme step of boycott was taken after several requests to the administration in Srinagar did not yield any positive result and goods worth Indian Rs 7 crore, including costly carpets and dry fruits in nearly 80 trucks were destroyed in rains as they lay in open fields at Salamabad facilitation point.<sup>(33)</sup>

Similarly, traders from Salamabad and Chakan da Bagh suspended trade for four months protesting against Srinagar's decision to levy sales tax and value added tax (VAT) on items being sold across the LoC. The traders went on strike on 8 March 2011 to press their demands which included revocation of VAT, expanding the list of approved items, setting up of banking and communication facilities, construction of covered godowns at Salamabad and regular meetings of traders at the zero-line on the LoC. Failing to get any positive response from the authorities, the traders decided to go on an indefinite strike. The traders association from Poonch also moved the high court, seeking a stay against the levy decision on the ground that the trade, being a major confidence-building measure between the two countries, had been a duty-free trade and should be respected.<sup>(34)</sup> The traders argued that the trade should be treated as an intra-state business. Over 374 traders involved in the Uri-Muzaffarabad and 164 from Poonch-Rawalakot boycotted the trade.<sup>(35)</sup>

Somewhat similar issues have cropped up for the AJK trading community engaged in cross-LoC trade. Trade was again intermittently suspended by the AJK cross-LoC traders when Pakistan central bureau of revenue (CBR) officials seized over a dozen loaded trucks in November 2011. The CBR and customs department officials maintained that the goods were illegal and smuggled from India. This led to protests and suspension of trade by cross-LoC traders from AJK. The Joint Chambers expressed serious concerns over the seizure of goods and imposition of customs duty. AJK prime minister took up the matter with Pakistan's prime minister who assured him smooth flow of cross-LoC trade. Finally CBR and Pakistan Foreign Office agreed that the CBR authorities would not seize their vehicles until next meeting of India-Pakistan Working Group on cross-LoC CBMs.<sup>(36)</sup>

Traders have also gone on strike several times in protest against the imposition of ban on key profitable items that are part of the 21 items in which trade was allowed. In the past officials across the LoC banned peanuts, ajwain and garlic while pulses especially dal moong and chillies were simultaneously banned by authorities on either side of the LoC resulting in suspension of trade for more than eight weeks in 2009 and 2010. Traders want that the list of tradable items should be expanded to 85 and the banned items immediately replaced with new ones. The traders on both sides of the LoC have also formed their associations to exert pressure on Srinagar and Muzaffarabad as well as Delhi and Islamabad to streamline the cross-LoC trade regime.

### **Transformational value of travel and trade**

The cross-LoC travel and trade have created transformational spaces that can help in improving local economies and trust building within and across the divided state of Kashmir, eventually bridging the trust gap between Delhi and Islamabad over Kashmir. It is creating a sizable constituency in the region that is developing stake in peace and development in all parts of Kashmir and is bringing in the human dimension ignored so long in the Kashmir narrative.

### **Trading for Peace**

The peacebuilding impact of the cross-LoC trade linkages on the local communities is becoming visible. Cross-LoC trade has created new economic opportunities for people living on both sides of the LoC that had borne the brunt of the conflict for so long. The trade that had a modest beginning is growing despite various obstacles and by 2011 generated employment and livelihood opportunities for nearly 10,000 people.<sup>(37)</sup> These include traders, drivers, loaders and many others engaged in allied services. The average weekly trade is reportedly to the tune of Rs. 20 crore.<sup>(38)</sup> With resumption of travel and trade,

the “entire fabric of LoC changed overnight, habitants living close to bunkers from Uri to Chakan da Bagh and from Chakothe to Tetrinot seemed to have gotten rid of suffocation in a new environment... Residents who had to flee homes due to heavy shelling and nightmares returned.”<sup>(39)</sup> The roads were reconstructed on both sides of the LoC and the people living along the Line began to reconstruct and rebuild their shops and houses. The revival of trade and travel linkages has great potential of improving the local economies in both parts across the LoC and increase trade connectivity between different regions of Kashmir. Kashmiris business communities have used the opportunity to build cross-LoC peace constituencies which is reflected in formalizing of cross-LoC traders associations and Joint Chamber of Commerce.

*Reconnecting families, bridging perception gaps*

Travel and trade have reconnected the divided families and can help build trust within and across the divided state of Kashmir. In fact, given the limited trade regime, the divided families have managed to sustain the trade, so it is emotions rather than facilitation that have saved the nascent linkages. Their argument is very clear. They do not want to provide any excuse to the authorities on either side that the trade has collapsed. Trade has also reportedly attracted some 40 former militants who have joined in, particularly on the Muzaffarabad route, which is not only developing their stakes in peace and making them emerge as new actors in intra-Kashmir peace dialogues. Trade is also closing the perception gaps that have widened owing to absence of movement and interactions across the LoC.

*Repairing relationships, building trust*

Cross-LoC interactions are improving relations between communities within and across the regions of Kashmir. Trade is cutting across religious lines

especially in the Poonch-Rawalakot region. The traders on the AJK side are entirely Muslim while their counterparts in the Poonch district are non-Muslims. This can make a very positive contribution to restoring inter-communal harmony that is under severe stress in Kashmir. Significantly, trade is changing local attitudes in the Jammu region that has historically held different perception and sentiments vis-à-vis the Kashmir Valley and Azad Kashmir. On trade, the Jammu region is on the same page with the Valley and AJK.<sup>(40)</sup> The formation of various cross-LoC trade associations and institutionalization of linkages between regional chambers of commerce is going to further bridge the perception gaps across the LoC divide.

*Bringing in human dimension to Kashmir narrative*

Cross-LoC interaction is changing the dominant narratives on Kashmir that were statist and ignored the voices and capacities of the Kashmiris for peacebuilding in Kashmir. The issue being treated as inter-state conflict, Kashmiris have not been formally accepted as party to the dispute, which has affected their lives fundamentally. Kashmiris have always complained about it but could not make their voices heard. Further, the conflict has “prevented any meaningful interaction between Kashmiri communities across the LoC and relationships, and exchange of ideas and perspectives have suffered.”<sup>(41)</sup> The trade and travel linkages have provided an opportunity to the people of Kashmir to throw up a bottom-up approach in peacebuilding in which they are the main stakeholders. The “intra-Kashmiri relationships established through trade can be developed into ‘cross-border partnerships for peace’ and used to build collective Kashmiri peacebuilding capacity.”<sup>(42)</sup>

The human dimension and peacebuilding potential of the intra-Kashmir connectivity is now increasingly recognized by the local political actors on both

sides of the divide. M.Y. Tarigami, Communist Party of India (Marxist) MLA from IHK, emphasized liberalizing the travel and trade regime and evolving commonalities for finding an amicable solution to the Kashmir dispute. He urged both countries to share the responsibility and initiate a visionary and credible peace process to put an end to the human tragedies in the state. He regretted that both countries had so far viewed the issue from territorial angle though it transcended territorial dimensions.<sup>(43)</sup> Similarly, People's Democratic Party (PDP) President Mehbooba Mufti views LoC trade as a positive step that “symbolized a change in the mindsets of India and Pakistan towards Kashmir and was an acknowledgement of the need to address the siege that the state had fallen into.” She felt that the trade had great potential of new possibilities of peace, development, growth and ultimate resolution of the Kashmir issue.<sup>(44)</sup>

#### *Bridging trust gap between Delhi and Islamabad*

The vision of nuclear rivals embroiled in the Kashmir conflict is still overshadowed by a state security rather than human security paradigm which is quite discernible in their security policies. Although they have allowed cross-LoC interactions, they have not practically done much to make its work hassle free, with the result that the full potential of these initiatives is still not realized. There is also not much realization of the need for consciously linking it with peacebuilding activities across the LoC. However, there are many peacebuilding organizations like CR and CDR as well as the emerging peace constituency in both parts of Kashmir that are taking advantage of the openings and using it to bridge the trust gap between Delhi and Islamabad over Kashmir. The fact that cross-LoC relationships of trust developed through trade showed resilience to political vicissitudes following the Mumbai attacks is encouraging and shows that a “bottom-up” approach to peacebuilding is taking shape in Kashmir.

Although intra-Kashmir trade cannot resolve or dilute underlying political disputes, it nonetheless offers a platform for reconciliation and broader understanding.<sup>(45)</sup>

### *Building educational linkages & cross-LoC tourism*

Transformational spaces can be expanded by extending cross-LoC interaction to other areas especially building educational linkages and extending trade to services sector like tourism. Cross-LoC educational cooperation will benefit both parts of the disputed territory. A recently conducted first ever joint study on the possibilities of cross-LoC educational cooperation has explored the opportunity structures and has come up with a number of short-term, medium-term and long-term steps that can enhance such cooperation, especially in the sphere of higher education. These range from formation of cross-LoC Vice Chancellors' Consortium which has recently been established<sup>(46)</sup> to scholarly exchanges, vocational training and human resource development.<sup>(47)</sup> The institutionalization of educational cooperation would further concretize the people-to-people interactions across the LoC. Cooperation in higher education can bridge the perception gaps within and across different regions of Kashmir that underlie many stereotypes sustaining negative mindsets. It can also act as a catalyst in bringing the younger generations of Kashmiris together that have been kept apart by the conflict.

Tourism is an equally important area for enhancing cross-LoC trade ties. It has lot of economic potential and will allow interaction between members of larger civil society of Kashmir, going beyond the divided families. It can also play a crucial role in bridging the divides between different communities as both parts of Kashmir are dotted with shrines that are symbol of interfaith harmony.

## **Intra-Kashmiri dialogue on the back burner**

Kashmiris are central to cross-LoC interactions, but intra-Kashmiri dialogue is yet to take a concrete shape especially at the Track I level between the two parts of Kashmir. For instance, parliamentarians or government officials cannot go across the LoC, which if allowed could remove lot of operational difficulties in the implementation of the CBMs relating to trade and travel across the LoC. It appears that India and Pakistan suffer from a trust deficit not only against each other but also vis-s-vis the two parts of Kashmir. If this continues, it is likely to undermine cross-LoC interactions.

Growth in intra-Kashmir dialogue is also very important for evolving a consensus amongst Kashmiris regarding their common position on the resolution of the Kashmir dispute. Currently, Kashmiri narrative is largely fractured, divided along regional and religious lines. This is partly the result of the territorial division of Kashmir which also divided the people. There are diverse regional narratives within and across the three regions — the Valley, Jammu and Ladakh — ranging from *azadi* (freedom) to autonomy to integration of parts of Kashmir with India. There is also division within the Hurriyat ranks between the moderates and the hardliners. On this side of the LoC, there are perception gaps between AJK and Gilgit Bartistan on the future of Kashmir. The personality clashes and leadership rivalries have further fragmented the Kashmiris' narrative. Then there are perception gaps across the LoC that need to be addressed. The regional and communal divides need to be bridged and it is not possible unless there is intensive intra-Kashmiri dialogue among and within the different regions of Kashmir and across the LoC.

The inclusion of the people of Kashmir is also critical for the success of the India-Pakistan dialogue on Kashmir. They are the direct stakeholders and their involvement would help both in evolving and implementing a solution acceptable

to all the three parties to the dispute — India, Pakistan and the people of Kashmir. Kashmiris have been very supportive of the Composite Dialogue and the Kashmir-specific CBMs but have been demanding their own inclusion in the process making it a trilateral rather than a bilateral dialogue. They firmly believe that a solution of Kashmir will be durable only when the Kashmiri people from both sides of the LoC are taken into confidence, their voices are heard and they are given an opportunity to express their wishes. Keeping the intra-Kashmiri dialogue on the back burner would never help in finding a solution acceptable to all the three parties.

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### **The road ahead: Overcoming the problems**

There is an urgent need to remove bottlenecks in the way of operationalization of the measures that the two countries have agreed regarding cross-LoC trade and travel and institute more CBMs to expand the free movement of the people, goods and ideas across the LoC.

#### **Liberalizing travel regime**

Of foremost importance is the easing of the administrative and security procedures relating to the entry permit system for travel, simplifying its format and process and expanding its scope to include all citizens of Kashmir living in

the two parts of Kashmir as well as the Kashmiri diaspora. Kashmiri traders should not only be added to the eligibility list but also be issued special multiple-entry Trade Pass as suggested by the Joint Chamber. The Trade Pass can be issued on the recommendations of the respective Chambers of Commerce and Joint Chambers and should be valid at least for two years. It would be much desirable for the Kashmiris if the powers to issue the travel permits is delegated to the respective state governments and local officials.<sup>(48)</sup> There is also a desire among Kashmiris for the restoration of the procedure followed during the 1950s. It was based on a letter of identification from the district commissioner which served as a travel document. This remained in force until 1953 in the rahdari system.<sup>(49)</sup> A certificate of “permanent resident” of the state should be considered sufficient for issuing travel permit. This may appear difficult under the prevailing environment of distrust between the two countries, but it would be essential if both sides want to make cross-LoC travel a success. In the meantime, the decision regarding triple-entry permit should be implemented as soon as possible. Additionally, special category permits may be introduced to enhance exchanges of students, faculty members from universities, journalists, lawyers and cultural or religious tourist groups from both sides of the LoC. This will also enhance civil society linkages between the two parts of Kashmir.

### **Opening more bus services & trade routes**

There is great need and urge among the people of Kashmir for opening more roads across the LoC to improve the mobility of people and promote economic interaction between the two parts of Kashmir. Opening of more road links is key to enhancing trade especially barter trade across the LoC. The Joint Chambers has recommended the reopening of all historical trade route within the state of Kashmir. These include the routes of Mirpur-Nowshera,

Chhumb-Pallanwalla (Jammu), Kotli-Rajori and Sialkot-Suchetgarh on priority basis.

There is a strong desire among Kashmiris in both parts of the state to expand cross-LoC mobility. In a meeting held on 27 August 2009, the leaders of AJK political parties urged the two governments to open without delay all points on the LoC and all roads and paths, including the Kargil-Skardu and Mirpur - Jammu (Mnawar-Akhnur) road for traffic and commerce.<sup>(50)</sup> Similar sentiments have often been expressed by the political leaders across the LoC. In a letter to the Indian Home Ministry, Srinagar has asked for opening of the Suchetgarh-Sialkot, Nowshera-Mirpur and Chhumb-Pallanwalla trade routes. In its report issued in January 2007, the Working Group on Strengthening Relations Across the LoC, established by New Delhi as one of the five working groups given the task to explore “particular issues relating to J&K,” identifies seven roads that could be opened to cross-border traffic: Kargil-Skardu, Jammu-Sialkot, Turtuk-Khapulu, Chhamb-Jaurian-Mirpur, Gurez-Astore-Gilgit, Tithwal-Chilhan, and Jhangar (Nowshera)-Mirpur-Kotli.<sup>(51)</sup>

Additional routes and meeting points along the LoC have been part of the ongoing India-Pakistan Composite Dialogue. A number of cross-LoC CBMs on the table include sports events on both sides of Kashmir, starting of a helicopter and postal service between Muzaffarabad and Srinagar, bus service between Skardu and Kargil and exchanges of students and cultural troupes. Given the across-the-board desire of the people in both parts of Kashmir, both India and Pakistan need to demonstrate political will to facilitate increased interaction between the two parts of the state.

## **Measures to improve cross-LoC trade and economic activity**

### *Expanding tradable items*

The cross-LoC trade can flourish only if it moves beyond primary goods. The trade list needs to be expanded and items selected on the basis of market realities. The Federation of Chambers of Commerce in Kashmir (FCIK), based in the Valley, has already urged Srinagar to allow that export of manufactured products. It has submitted a list of 52 items that it wants to be included in the approved list.<sup>(52)</sup> The Joint Chambers has suggested inclusion of tourism and software industries in the cross-LoC trade. Traders on both sides are also interested in adding industrial items to the import-export list. To facilitate trade in manufactured items across the LoC a mutually acceptable Rules of Origin framework specific to Jammu and Kashmir needs to be put in place. Besides, it is necessary to work out legal framework for dispute resolution.

### *Improving trade infrastructure*

Cross-LoC trade cannot take off without improving trade infrastructure including roads, power supply and telecommunication services. To make trade viable, full truck load of 12 to 15MT should be allowed for cross-LoC trade. This will reduce per unit cost for the traders. To avoid extra cost and hassle, trucks should also be allowed to carry goods to their final destinations. Security checks could be ensured to address concerns of the respective state authorities on both sides of the LoC as well as national governments. The work on trade centres and truck terminals needs to be expedited at each LoC crossing point. Periodic trade fairs and industrial exhibitions should be organized by both sides. Further, trade should not be restricted to only two days a week. It must be open all the seven days a week and all the required arrangements need to be made for this purpose.

### *Banking services*

The lack of banking services is a big hindrance in the way of cross-LoC trade. The governments of India and Pakistan need to put in place proper guidelines for the use of currency and open bank branches on both sides. The Joint Chamber has asked Indian and Pakistani governments to allow J&K Bank to open three branches at Muzaffarabad, Mirpur and Rawalakot and AJ&K Bank to open its three branches at Srinagar, Jammu and Poonch. Islamabad and Delhi should expedite the process of providing banking services to the traders on both sides. In the meantime, corresponding banking arrangements need to be kept in place to support this trade.

### *Improving telecommunication links*

Restoration of telephonic and electronic communication links is a must to enhance connectivity between the two parts of Kashmir to facilitate mobility of people and conduct of trade. The governments on both sides should consider early restoration of telephone landlines that were cut off in 1965 and the expansion of mobile telephone services. Early introduction of facsimile, courier and postal services is also very important for the growth of cross-LoC trade and travel.

### *Possibility of joint ventures*

The possibility of joint venture projects for promoting tourism across the LoC should be examined to explore the maximum potential of this sector. There is also keenness among the business community across the LoC to move from the “to” to “through” arrangement with the AJK which can be studied by the Joint Chambers. Given the similar nature of economies on both sides of the LoC, trade in goods is useful as a starting point. The prospects of real long-term gains lie in eight service sectors: tourism, forestry, waterways, power

generation, information technology, education, anti-poverty programmes, and disaster management.<sup>(53)</sup>

There has been some thinking going on internationally as well as in various business, political and policy circles on both sides of the LoC that the entire state of Jammu and Kashmir or part of it like the Kashmir Valley be declared a Special Economic Zone (SEZ). In 2005, Teresita Schaffer proposed a SEZ that could include J&K, AJK and the-then Northern Areas (now renamed Gilgit-Baltistan) or restricted to a more limited area. The region would enjoy free trade and joint investment.<sup>(54)</sup> More recently, Dr Mubeen Shah, the former president of KCCI, has advocated that Kashmir be declared SEZ on the same pattern as the Hainan province in China. It seeks to combine declaring the Valley as SEZ with cross-LoC trade to change the Valley's economy for the better.<sup>(55)</sup>

## **Conclusion**

The resumption of cross-LoC interactions through travel and trade is as yet symbolic and needs to be streamlined and institutionalized. The growth of cross-LoC communication, commerce and dialogue has largely become hostage to the vicissitudes of India-Pakistan relations. The intermittent tensions and distrust between India and Pakistan, especially the aftermath of the Mumbai attacks, badly hampered progress regarding operationalization of the modalities to facilitate trans-LoC travel or trade. With the resumption of the Composite Dialogue, it is hoped that both sides would focus on the implementation of the agreed measures and institute new ones where required to enhance cross-LoC linkages and remove anomalies impeding the growth of such interaction. Some of the measures may include easing travel permits, restoring telephonic communication, building trade infrastructure, expanding tradable items list,

instituting trade mechanisms like banking services, trade pass, opening of traditional routes so as to make cross-LoC mobility of people and goods meaningful.

Development of cross-LoC linkages holds great transformational value in humanizing the Kashmir conflict and involving the people of Kashmir into informal and formal dialogue processes on Kashmir. For the last over six decades, Kashmiri narrative was missing and their aspirations were viewed through the prisms of Indian and Pakistani states' dominant narratives while their voices remained unheard and their peacebuilding capacities and role stunted. The cross-LoC interactions provide an opportunity to the Kashmiri people to bridge their perception gaps and narrow down regional divides deepened by the communication barriers. In the process the State of Jammu and Kashmir can develop its human and natural resources, and provide trade access to outside world through the revival of the old silk route. This will certainly contribute to addressing the trust gap between India and Pakistan and help in projecting and utilizing the human dimension of Kashmir in a more creative manner.

The transformational value of the trans-LoC linkages cannot become substantive, unless intra-Kashmiri dialogue within and across-LoC is institutionalized at the informal and formal levels. The political leadership of all hues and from all regions, including the hardliners and those who have been involved in the armed struggle, should be involved in the dialogue process. There has been some sporadic intra-Kashmir dialogue but that is not enough to take the Kashmiri peace process forward. Cross-LoC trade and travel is bringing the two parts of Kashmir closer and is helping in de-freezing the Kashmir issue in a more constructive manner. It is time that India and Pakistan

showed political will and vision to involve the Kashmiris in the dialogue process and address the political dimension of the conflict. Kashmir can certainly become the bridge of peace between India and Pakistan.

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**Traded Items**

	<b>ITEMS TRADED FROM AJK SIDE</b>		<b>ITEMS TRADED FROM IHK SIDE</b>
1.	Rice	1.	Carpets
2.	Ja-e-namaz & Tasbis (rosaries)	2.	Rugs
3.	Precious stones	3.	Wall hangings
4.	Gabbas	4.	Shawls and Stoles
5.	Namdas	5.	Namdas
6.	Peshawari leather chappals	6.	Gabbas
7.	Medicinal herbs	7.	Embroidered items
8.	Maize & maize products	8.	Furniture including walnut furniture
9.	Fresh fruits & vegetables	9.	Wooden handicrafts
10.	Dry fruits including walnuts	10.	Fresh fruits and vegetables
11.	Honey	11.	Dry fruits including walnuts
12.	Moongi	12.	Saffron
13.	Imli	13.	Aromatic Plants
14.	Black Mushrooms	14.	Fruit plants
15.	Furniture including walnut furniture	15.	Dhania, moongi, imli & black mushrooms
16.	Wooden handicrafts	16.	Kashmiri spices
17.	Carpets and Rugs	17.	Rajmah (red beans)
18.	Wall hangings	18.	Honey
19.	Embroidered Items	19.	Papier mache products
20.	Foam mattresses, cushions & pillows	20.	Spring rubberized, coir/foam mattresses, cushions, pillows & quilts
21.	Shawls and stoles	21.	Medicinal herbs