

Trading for peace in Kashmir

Ayesha Saeed

Trade across the Line of Control (LoC) in Kashmir was resumed in 2008 as a confidence-building measure to develop economic links and development across the border. To date the economic impact of the initiative has been limited. But concrete cross-border structures have been established, like the Federation of Jammu and Kashmir Joint Chamber of Commerce.

Cross-border trade has also helped Kashmiri communities to start to rebuild severed relationships across the LoC – although so far this outcome has been limited by restrictions on movement of people across the border, and it is also somewhat coincidental, since peacebuilding is not a primary objective of the initiative.

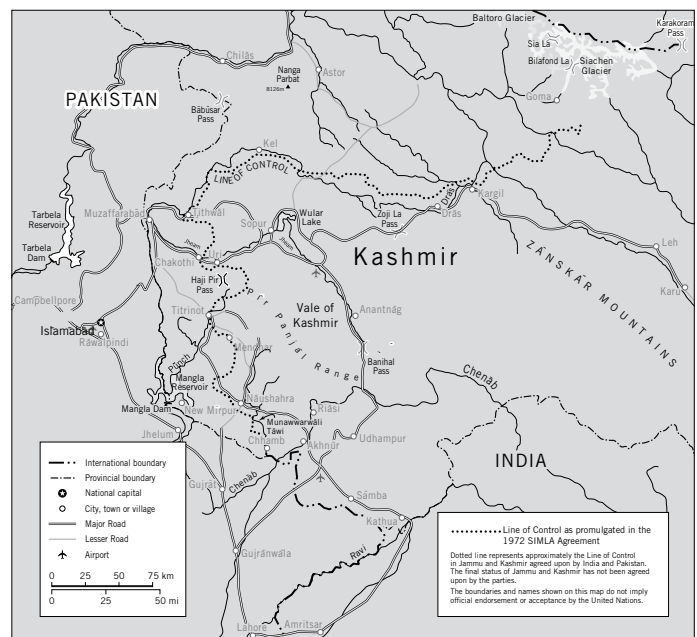
Nevertheless, cross-border trade in Kashmir may ultimately have potential to provide an entry point to help build confidence in the India-Pakistan peace process, and to strengthen Kashmiri capacity to contribute to peacebuilding in Kashmir.

Inter- or intra-state conflict?

The state of Jammu and Kashmir is a disputed territory between India and Pakistan. It is a major cause of the antagonistic relationship between the two South Asian nations and has been the source of four wars over the past 63 years.

The erstwhile state of Jammu and Kashmir was predominantly Muslim, with sizeable Hindu and Buddhist minorities. In 1948 it was divided between India and Pakistan. Pakistan-administered Jammu and Kashmir (PaJK) is wholly Muslim, while Indian-administered Jammu and Kashmir (IaJK) is ethnically and religiously heterogeneous.

PaJK includes territories of Azad Jammu and Kashmir and Gilgit-Baltistan from the former state of Jammu and Kashmir. IaJK refers to areas of Jammu, Kashmir valley and Laddakh. Throughout this paper the term ‘Kashmir’ is used to refer



Map No. 3828, Rev. 14, United Nations.

The boundaries and names shown and the designations used on this map do not imply official endorsements or acceptance by the United Nations.

collectively to both administrative zones. This does not reflect any political position, but is rather the most popular contemporary reference to the area. The term ‘Kashmiri’ is used to refer to inhabitants of the region.

Traditionally the Kashmir conflict has been deemed ‘inter-state’, not least by India and Pakistan themselves. Neither New Delhi nor Islamabad consider residents of the disputed region to be protagonists in the conflict system. Both states have claimed to speak on behalf of Kashmiris while largely ignoring their voice and capacity. Kashmiris have not been formal parties to bilateral discussions over the dispute and have had to mount their efforts for resolving the conflict outside of the bilateral setup between India and Pakistan.

Kashmiri peacebuilding has been severely hindered by the enforced restrictions on movement and interaction across the



LoC separating the two administrative parts of Kashmir. Until 2005 Kashmiris were unable to travel across the LoC to meet with family and friends. The conflict has prevented meaningful interaction between Kashmiri communities across the LoC and relationships, and exchange of ideas and perspectives, have suffered.

Cross-LoC trade: building business and peace?

Before partition, a trade route had existed from what is now IaJK into mainland Pakistan, via Jammu to Rawalpindi and beyond. This trade route was severed soon after partition as India and Pakistan launched their military campaign over Kashmir.

The massive Kashmir earthquake of 2005 acted as the catalyst for the governments of India and Pakistan to ease restrictions on movement across the LoC, bowing to the demands of many Kashmiris. Acting on humanitarian impulses, the governments agreed to launch a cross-LoC bus service for divided families. For many Kashmiris this was the first opportunity to meet separated relatives since the start of the conflict. The bus service was widely appreciated in Kashmir and added momentum to calls to allow the resumption of trade across the LoC.

In October 2008, after bilateral negotiations and persistent lobbying by Kashmiris from both sides, India and Pakistan officially opened the LoC for trade. Cross-LoC trade was set up as a limited trade regime designed to provide opportunities for economic growth and development for both IaJK and PaJK.

Revitalising the economic potential of the region is one of the objectives of the initiative. In IaJK, for example, there is a distinct impression that a fully liberalised trade regime with PaJK can have a very positive impact on the local economy.

Trade across the LoC also offers a low-cost and high-visibility measure to build confidence in the India-Pakistan peace process and to create an environment for the governments to move beyond stated positions. In official discourse, cross-LoC trade has been framed as a peacemaking step and marketed as a confidence-building measure. Cross-LoC trade is the only high profile confidence-building measure between India and Pakistan that has survived the disastrous impact of the Mumbai attacks in November 2008.

Cross-LoC trade is facilitated by the two governments' decision not to impose trade tariffs on goods. New Delhi and Islamabad have approved a list of 21 items (primary products originating from the region) for trade across the LoC that are intended to stimulate local economies on both sides. Currently trade takes place across two routes, Poonch-Rawalakot and Srinagar-Muzaffarabad. In the absence of banking facilities linking the two sides, trade takes place through barter. Consequently, accurate and reliable figures on the volume of trade across the LoC are hard to come by.

As described in more detail below, cross-LoC trade has so far had limited impact as a tool for economic development in the

region. However, it has provided some economic benefits, for example acting as a catalyst for economic invigoration in the towns serving as the crossing points for the trade routes, as contractors and labourers have been drawn in to assist the trade process, and local properties have been turned into storage units. Bit by bit, local economies are being strengthened.

The cross-border trade initiative has been supported in large part by Kashmiris on both sides of the divide. Kashmiri motivations for supporting cross-LoC trade are complex. At the very basic level, the initiative promised to reunite divided families and to establish regular contact with Kashmiris on the 'other' side. But in practice there has been very little people-to-people contact, as individuals are not allowed to cross the LoC with trade goods. Rather, trade takes place through intermediaries who switch goods at crossing points.

Kashmiri business communities have made use of the initiative as an opportunity to build cross-border peace constituencies. A major development has been the formation of the Federation of Jammu and Kashmir Joint Chamber of Commerce, the first official cross-LoC institution. The respective trade and commerce chambers from Muzaffarabad (capital of PaJK) and Srinagar (capital of IaJK) assumed an active leadership role in finalising modalities for cross-LoC trade. This relationship was formalised in the Joint Chamber, which now leads on cross-LoC trade and uniquely connects Kashmiri civil society and traders to governmental apparatuses on both sides.

PaJK civil society and traders feel that the AJK government has failed to facilitate trade effectively and they have consequently taken ownership of the trade initiative. There is hope within PaJK civil society that its involvement will help to move the initiative beyond trade and create momentum to democratise the peace process: that over time a successful cross-LoC trade regime can enable a voice for ordinary Kashmiris at the negotiating table and empower Kashmiris to influence the peace process.

There is evidence to suggest that trade has been able to provide alternatives to violence in PaJK and has created an 'incentive for peace', for example convincing a number of ex-combatants in PaJK to forsake violence and take up trade as a means to address the Kashmir dispute. Despite suffering economic losses, Kashmiri traders time and again emphasise that they are determined to continue the trade venture for its symbolic value.

Shortcomings of the trade regime

The Kashmir trade initiative has impressively survived the strain of its first two years. But it has not been allowed to realise its full potential, *vis-à-vis* both economic and peacebuilding objectives.

“ Intra-Kashmiri relationships established through trade can be developed into ‘cross-border partnerships for peace’ and used to build collective Kashmiri peacebuilding capacity”

The governments of India and Pakistan have adopted an unhelpful attitude on the practical dimensions of trade. Various bureaucratic and logistical hurdles have made trading difficult and economically unviable.

As mentioned above, cross-LoC trade currently takes place indirectly through a primitive barter system of exchange of goods between trading partners. Also, both traders and policy-makers lack the foundations of a thorough market analysis that would enable them to make trade a fully productive initiative. The lack of reliable market information and related difficulties in assessing the real impact of trade also make it harder to develop peacebuilding strategies in tandem with the trade effort.

The peacebuilding rationale behind cross-LoC trade has failed to coalesce coherently. Both official and informal discourses on cross-LoC trade include somewhat arbitrary references to the trade regime 'bringing Kashmiris closer together' or 'helping to normalise relationships between India and Pakistan'. However, there is no clear indication of the peacebuilding objectives that could or should be pursued through trade. It almost appears that any peacebuilding impact is an accidental by-product that has come as a pleasant surprise to Kashmiri traders.

The Joint Chamber has been unable to build upon the proactive leadership it displayed at the onset of cross-LoC trade. In its charter, the Joint Chamber has avowed goals of creating 'bottom-up' pressure for normalising relationships across the LoC and promoting sustained economic interdependence. But it has struggled to establish its relevance as a confidence-building measure, has failed to develop consensus on its future role and has been unable to engage proactively to set either the trade or the peace agenda. The recent cooling of Indo-Pak relations has further undermined the Joint Chamber's productivity.

Making trade matter

Why should cross-LoC trade matter in the broader scheme of peace in Kashmir, and between India and Pakistan? Cross-LoC trade provides a concrete opportunity to transform the dominant narrative on the Kashmir conflict: a narrative that has for the large part ignored Kashmiris' voice and capacity, and

that has strictly controlled the nature of interaction between people on both sides of the LoC.

Cross-LoC trade provides an opportunity to repair relationships severed by the LoC. Through this initiative Kashmiris are already re-establishing links between divided families, trading communities and civil societies.

Re-established relationships can be developed into partnerships for long-term peacebuilding and the transformation of the Kashmir conflict. These 'cross-border partnerships for peace' can be forged within communities in IaJK and PaJK and across the LoC to build Kashmiri peacebuilding capacity. This sort of relational change can fundamentally alter the conflict dynamics by strengthening Kashmiris' collective agency to contribute to conflict resolution.

Restructuring relationships in Kashmir should be guided by the need to construct platforms for proactive Kashmiri ownership and involvement in peace processes, both within the broader Kashmiri region and in the context of bilateral relations between India and Pakistan. A platform for change in this context would imply thoughtful and strategic networking among agents for change in both societies across the LoC. It would also require nurturing the technical capacity for peacebuilding as well as the parameters of a shared vision for change, so that traders and trade leaders have an understanding of peacebuilding, conflict transformation and conflict-sensitive trading techniques.

For these processes to gain traction, peacebuilding objectives need to be clearly infused into and articulated in the cross-border trade initiative. This will ensure that communities are purposefully working towards particular goals and not hoping for accidental gains. To work, this must be developed by all three parties involved: Indian and Pakistani governments and Kashmiri traders. Kashmiri traders need to define the peacebuilding objectives that cross-LoC trade can serve.

But can cross-LoC trade be leveraged to achieve this 'wish-list' for transformational change? Cross-LoC trade already incorporates objectives of normalising relationships between the two parts of Kashmir and assisting their economic growth. The trade regime is also recognised as a confidence-building measure in the India-Pakistan bilateral framework. Some recommendations for policy to develop cross-LoC trade into cross-border peacebuilding in Kashmir are outlined below.

Recommendations for policy

- All three parties – India, Pakistan and Kashmiris – need to identify, plan and calibrate their peacebuilding agendas.

At the very least, Kashmiris need to develop an internal consensus and not wait for India or Pakistan to take lead on the matter.

- Peacebuilding objectives need to be clearly articulated in the cross-LoC trade initiative, so that Kashmiri communities on both sides of the divide can work purposefully towards achieving stated goals, rather than hoping for accidental gains.
- The cross-border trade effort should focus on empowering Kashmiris' voice and capacity. Such transformational change can fundamentally alter the conflict dynamics by strengthening Kashmiris' agency for conflict resolution. Intra-Kashmiri relationships established through trade can be developed into 'cross-border partnerships for peace' and used to build collective Kashmiri peacebuilding capacity. A liberal cross-LoC trade regime can create opportunities for meaningful interaction between Kashmiris.
- Relations of mutual dependence from the cross-border trade regime should be cultivated such that the resulting interdependence makes cross-LoC trade economically and politically valuable. Success with cross-LoC trade can encourage the Indian and Pakistani governments to soften the border between IaJK and PaJK, making it 'less relevant' and thereby contributing to conflict resolution in Kashmir.
- The Federation of Jammu and Kashmir Joint Chamber of Commerce provides a mechanism to develop and make coherent the economic and peacebuilding functions of the cross-LoC trade initiative: to build grassroots pressure for normalising relationships across the LoC; to support sustained economic interdependence; to develop collective Kashmiri strategies; and to mainstream peacebuilding objectives. Kashmiris need to maintain political momentum to support the Chamber and to build consensus on its future role. The international community should work with the Indian and Pakistani government to create a political atmosphere conducive for a Kashmiri-led trade regime to function and thrive.

Ayesha Saeed teaches at the NUST Business School, National University for Sciences and Technology, Islamabad. She received an M.A. in Peace Studies from University of Notre Dame, USA, and has interacted at formal and informal forums with cross-LoC traders from Azad Jammu and Kashmir.