

# Peacebuilding and the Economic Potential of Cross-LoC Trade



## PERCEPTION SURVEY

Report on the first-ever opinion poll with cross-LoC traders from both sides of the divide in Jammu and Kashmir

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# INTRODUCTION

The initiation of trade and travel between the two divided parts of the Jammu and Kashmir State is considered one of the most significant initiatives taken by India and Pakistan in recent history. The Line of Control (LoC) was opened for limited travel between Srinagar and Muzaffarabad in April 2005 with an additional link established between Poonch and Rawalakot in June 2006. Subsequently, October 2008 marked another giant leap when the governments of India and Pakistan agreed to allow barter trade across the Line of Control (LoC).

Between 2009 and 2010, Conciliation Resources along with their regional partners, organised a series of consultation meetings focusing on the development and value of trade across the Line of Control (LoC) in Jammu and Kashmir and its relevance in the normalisation process between India and Pakistan.

From this process, 12 participants agreed to document their understanding and ideas. The resulting papers were published in March 2011 and provide in-depth practical descriptions detailing the achievements and barriers to cross-LoC trade.

Whilst building on the work of previous publications about the region, these papers were the first of their kind in presenting an analysis articulated by local authors from across the LoC on this issue. Most of the authors come from non-academic backgrounds, identified for their diverse and practical experience.

In June 2011, the regional partners met again in Dubai and decided to undertake a comprehensive survey to review 'Peacebuilding and the Economic Potential of cross-LoC trade'. Indus Research Foundation (IRF) in Jammu is an upcoming regional centre for research on issues of historical and contemporary importance in Jammu and Kashmir. Partnering across the LoC with the Centre for Peace, Development and Reforms (CDPR) based in Mirpur, the two organisations are leading this research project.

IRF and CPDR commissioned prominent economists from the region to undertake comprehensive research, to include input from key stakeholders in the field, to feed into a workable roadmap for realising the full economic and peacebuilding potential of the cross-LoC trade. Professor Dipanker Sengupta from the Department of Economics at the University of Jammu and Zubair Faisal Abbasi, a Development Consultant in Islamabad, led a group of researchers on either side of the LoC for this study.

**This Opinion Poll, the first of its kind, is part of a larger study report on Cross-LoC trade and is being presented to the public at this stage as an interim report, inviting wider public and policy debate on the issue.**

18 questions were posed to a selected sample of traders at the four trading centres: Chakan-da-Bagh, Tetrinote, Salamabad and Chakothei. KD Maini, a former civil servant, interviewed the traders at Chakan-da-Bagh while Saqib Bandey, a management professional, interviewed the traders at Salamabad in February 2012. In Azad Jammu and Kashmir (AJK), Sohail Dar conducted the same exercise at the Chakothei trading centre while Asif Asharif conducted interviews at the Tetrinote crossing point. The results have been jointly analysed by Ershad Mahmud, Zafar Choudhary, Dipankar Sengupta and Zubair Faisal Abbasi.

# BACKGROUND

The travel and trade across the Line of Control in Jammu and Kashmir, whilst a slow and tardy process, has changed the very definition of the line that was drawn not only across the land but also across the hearts of the people in the most unfortunate circumstances in 1947-48. In recent years, the LoC has begun to stand as acronym for new definitions such as the Line of Commerce and the Line of Cooperation. For millions of people living on both sides of the divide, April 7, 2005 was a significant day in history, with the introduction of a bus service between Srinagar and Muzaffarabad. October 21, 2008 was yet another day of historical importance when two traditional trade links were restored, albeit in a limited and controlled manner, arguably serving more as symbolic gesture rather than a practical purpose. However, this symbolism has withstood all tests, flourishing in its limited framework, thus demonstrating the need and practical possibility of a formal and institutionalised trade across the LoC.

When the problems and challenges of cross-LoC are talked about, it is important not to lose sight of the background. It took India and Pakistan nearly five decades to develop ideas on facilitating the reunion of people across the divide. However, at the same time it is important to seize the available opportunities and help create an atmosphere supportive of future opportunities.

**Initial Ideas:** Contrary to the opinion that cross-LoC trade was launched in peculiar political and security circumstances in October 2008, the existence of back and front channel talks on these ideas can be dated back to the early 1990s. Some non-paper exchanges are reported to have taken place between the Indian and Pakistani leaders, Narasimha Rao and Mian Mohammad Nawaz Sharief, during their respective tenures. When Benazir Bhutto replaced Nawaz Sharief, she also shared a similar approach of softening the LoC to allow movement of people and goods across the divide. It was under the leadership of Prime Minister Atal Bihari Vajpayee and President Pervez Musharraf where substantial work on these ideas led to practical action. April 7, 2005 was a historical moment for the divided families of Jammu and Kashmir, which saw the formal launch of a bus service on Jehlum Valley Road –Kashmir’s most important and only dependable link to the outer world in a pre-1947 era.

**The Essential Push:** Following on from the India-Pakistan peace process initiated by the Pakistan President Pervez Musharraf and Atal Behari Vajpayee in 2006, Prime Minister Manmohan Singh convened a roundtable conference in Srinagar which led to the formation of five Working Groups mandated to review and make recommendations on peacebuilding and economic initiatives in Jammu and Kashmir. One of the Working Groups headed by Ambassador M. Rasgotra noted with great satisfaction that the governments of India and Pakistan have already opened the LoC for travel but also strongly recommended an easing of the process to acquire the relevant permissions. The Working Group made five key recommendations, one of which included a 12-point proposal to open the LoC for trade.

In mid 2008, the J&K state government in India-administered Kashmir announced they would handover a piece of land to a non-Kashmir organization for the Amarnath Shrine. This announcement triggered mass agitation in the Kashmir Valley widening the existing

regional divide, particularly between Jammu and Valley. Consequently, the Valley's business and trade community strongly demanded the opening up of the Srinagar-Muzaffarabad road as an alternative trade route to gain access outside the J&K state. In September 2008, a summit level meeting took place between Prime Minister Manmohan Singh and President Asif Ali Zardari in New York, in which both leaders agreed upon facilitating cross-LoC trade by October 2008.

The Kashmiri people wholeheartedly welcomed the opening of trade routes between the two parts of Jammu and Kashmir. During a Joint Working Group meeting held in New Delhi on September 22, 2008, the ground rules for the cross-LoC trade were finalised and a list of items to be traded was agreed upon. Finally, the cross-LoC trade began on October 21, 2008 with 13 vehicles carrying goods from Salamabad to Chakoti and 14 vehicles coming in from Chakoti to Salamabad carrying goods from across the LoC. Similarly, three vehicles carrying goods from Chakkan-d-Bagh crossed the LoC to Rawalakot on the same day and four vehicles carrying goods from across the LoC came to Chakkan-da-Bagh. Until recently, the duty free cross-LoC trade only took place on Tuesdays and Wednesdays on both routes in 1-1.5 ton capacity trucks. In July 26, 2011, both sides agreed to increase the number of trading days from 2 to 4 days per week. The movement of the goods now takes place between Tuesday and Friday through both the Trade Facilitation Centers.

**LoC Trade Statistics:** Despite many shortcomings in terms of infrastructure and other facilities, the Cross-LoC trade has registered an impressive turnover. During 2010, the value of goods exported via the Salamabad-Uri route was Rs 143.92 crore and Rs 89.01 crore via the Chakkan- Da -Bagh LoC point. The value of goods imported via the Uri route was Rs 241.37 crore (Pak currency) while it was Rs 167.77 crore via the Chakkan-Da-Bagh during the same period. During 2011, the value of total goods imported via the Uri route was Rs 349.19 crore while the value of goods exported was Rs 221.21 crore. The value of goods exported via the Chakkan-da-Bagh route was Rs 68.21 crore and the value of imported goods was Rs 124.03 crore. However, during 2008-2009 the value of goods imported and exported via the Poonch route was higher than the Uri route. In this period, the value of goods imported via the Uri route was Rs 54.62 crore and via the Poonch route, Rs 88.04 crore. The value of exported goods via the Uri route was Rs 44.30 crore while through the Chakkan-Da Bagh it was Rs 49.16 crore.

**LoC Travel Statistics:** Between April 2005 and February 2012, 6270 Kashmiris from Azad Jammu and Kashmir (AJK) visited India-administered Jammu and Kashmir (IAJK) via the Poonch route; 4608 travellers used the Uri-Muzffrabad route and 487 visitors traveled via the Teetwal route. When looking at Kashmiri travelling from AJK to IAJK during the same period, 3624 visitors traveled via the Chakkan-Da-Bagh route, 2674 traveled via the Uri-Kaman route and 856 via the Teetwal route. Statistics show that the number of AJK residents traveling across the LoC is higher at 11494 compared to the 7288 traveling from IAJK.

# EXECUTIVE SUMMARY

- In 2011, supported by Conciliation Resources, the Indus Research Foundation (IRF) and the Centre for Peace, Development and Reforms (CPDR) created a framework for a joint study looking at Peacebuilding and the economic potential of cross-LoC trade. Zafar Choudhary and Ershad Mahmud organised two teams of economists and researchers in India-administered Jammu and Kashmir (IAJK) and Azad Jammu and Kashmir (AJK) respectively.
- The larger study on **the economic and peacebuilding potential of cross-LoC trade** looks at the political and economic feasibility of cross-LoC trade as a mechanism to increase interactions between the divided communities across the LoC. As part of this study, an opinion poll was conducted with a sample of cross-LoC traders to document their experiences over the last three years. The findings will feed into the larger study which is due to be published in the next few months.
- Ten percent of all the traders engaged in the four trading points on both sides of Line of Control were selected and presented with open-ended questions. The traders across the divide provided very similar answers, demonstrating the similarity in experiences and the difficulties they encounter, irrespective of their location and the political atmosphere they live in.
- There are 472 traders coming from ten districts of the Kashmir province and two districts of the Jammu province that are registered for trade through the Salamabad-Chakhoti sector (also known as Srinagar-Muzaffarabad route). There are 165 traders coming from three districts of the Jammu province and two districts of the Kashmir province who are registered for trade through the Chakan-da-Bagh-Tetrinote sector (also known as Poonch-Rawalakot road). In AJK, there are around 2200 traders registered but only 600 of them are reported active. Therefore, an equal number of traders were selected from each side to participate in the survey.

**This opinion poll is the first of its kind and brings more positive results than one would have expected. The majority of traders come across as highly optimistic of the cross-LoC trade initiative despite all the restrictions under which they are operating.**

- Whilst the last three years have seen considerable improvement of the Trade Facilitation Centres infrastructural facilities on both sides of the LoC, the key requirements for any business – access to markets, free travel, communication and banking – remain missing. Despite these critical lacunae and other procedural difficulties, many traders have sustained their interest in the trade.
- The survey reveals that at least six out of ten traders have relatives on the other side of the LoC, with many pointing to this as a major reason for joining the cross-LoC trade.
- Whilst the traders are unsure what will happen next, more than half believe that cross-LoC trade has a bright future. Others feel that in absence of access to markets, communication and banking, the trade will decline.
- A significant number of traders think that implementing confidence building measures (CBMs) which increase people to people contact across the LoC can help in paving the way for a resolution of the Kashmir issue. While the traders on Indian side

of LoC are still a little cautious about a peace dividend from such initiatives, those on the Pakistani side are more positive in this regard.

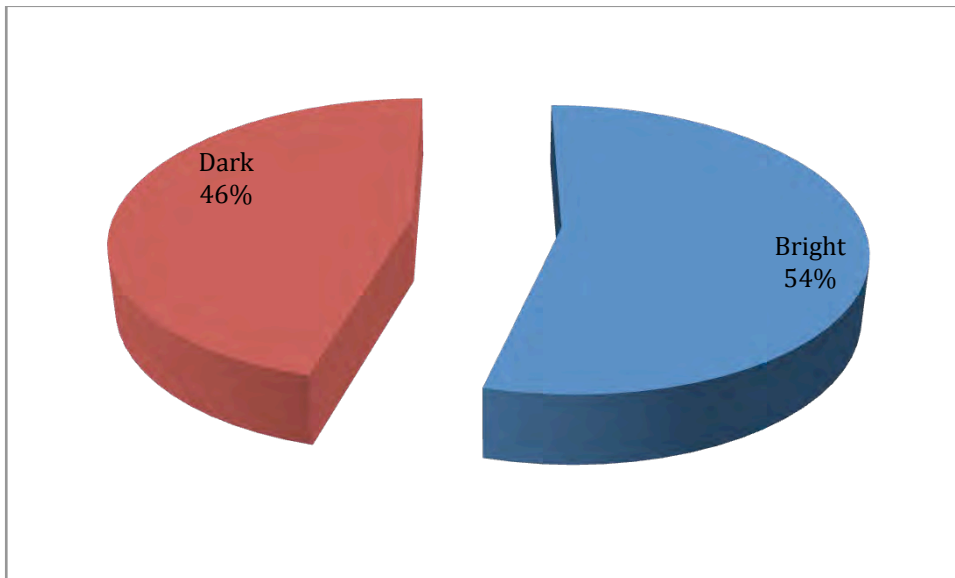
- The traders have identified unemployment as a major reason for joining cross-LoC trade. Other reasons expressed include traders desire to support the wider peace process as well as accessing an additional income.
- Despite an approved and agreed list of 21 items that can be traded in cross-LoC trade, the majority of traders have only traded in fresh fruits and vegetables (including onions), carpets, rugs and allied productions. Only 20% of the respondents have said that they have traded in almost all of the items on the approved list.
- 16% of all the respondents have confirmed that they either manufacture or grow the items that they trade across the LoC.. An overwhelming majority has called for the scope of items to include those produced anywhere in both countries. Additionally, there is a call for the current agreed list of items to be reviewed and expanded.
- Highhandedness and corruption of custom staff has been identified as the biggest problem facing traders during the barter trade. Whilst the majority of respondents have had no issue in realising a financial profit from their barter trades, 23% of traders have experienced difficulties. The survey findings also suggest that although the majority of traders are able to convert goods into cash within three weeks, 22% find the process can take up to two months or even longer.
- 84% of the respondents have said that they have access to suitable markets to lay off the goods procured from the other side. The survey findings show that this access is better on the Indian side compared to the Pakistani side.
- Nearly all the traders from the Indian side have said that they have quick and easy access to the suitable markets with a smaller number of traders from the Pakistani side agreeing. On both sides, there is a majority consensus that traders are able to make a fair projection of profits before they get into a deal across the LoC. Again, traders on the Indian side seem to be better at this with 83% claiming they have the ability to accurately project profits compared to the 63% of traders on the Pakistani side.
- There is a varying level of complaint regarding the quality of goods that are exchanged in the barter trade. Overall, 46% of traders across the divide unhappy with the quality. With this dissatisfaction much higher on the Pakistani side.
- All respondents proposed specific measures to formalise the cross-LoC trade initiative, which included the following: allow more vehicles; increase the number of items on the approved trade list, provide tourist or business permits to traders so they are able to visit the other side; ease the access to and across the LoC; create a common banking or sale purchase system; install full body scan x-ray machines at the Trade Facilitation Centres, provide free telecommunication services to the registered traders; develop a clear and well defined policy in terms of taxation and other security rules to govern the cross-LoC trade; and establish local markets near to the crossing points.

# Opinion Survey: Key Observations

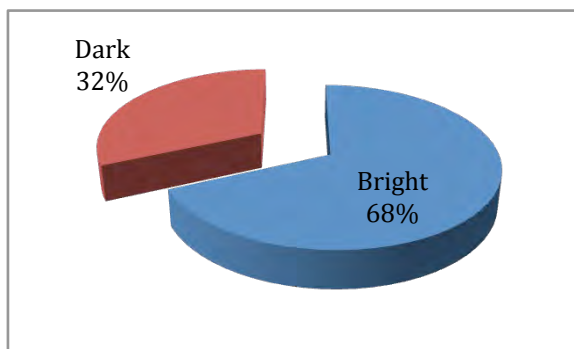
## 1. The future of cross-LoC trade

Traders engaged in the cross-LoC trade on both sides of the LoC since October 2008 are cautiously optimistic about the future of this barter trade. Whilst they are unclear about what is going to happen next, 54% of all traders see a bright future for the initiative. This positive outlook is more prevalent in IAJK with 68% of respondents believing there is a bright future for the trade compared to 40% of the respondents from AJK indicating the same optimism.

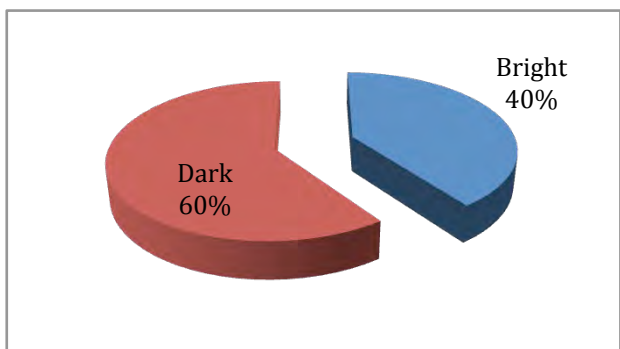
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### LoC East



### Chakothi and Tetrinote

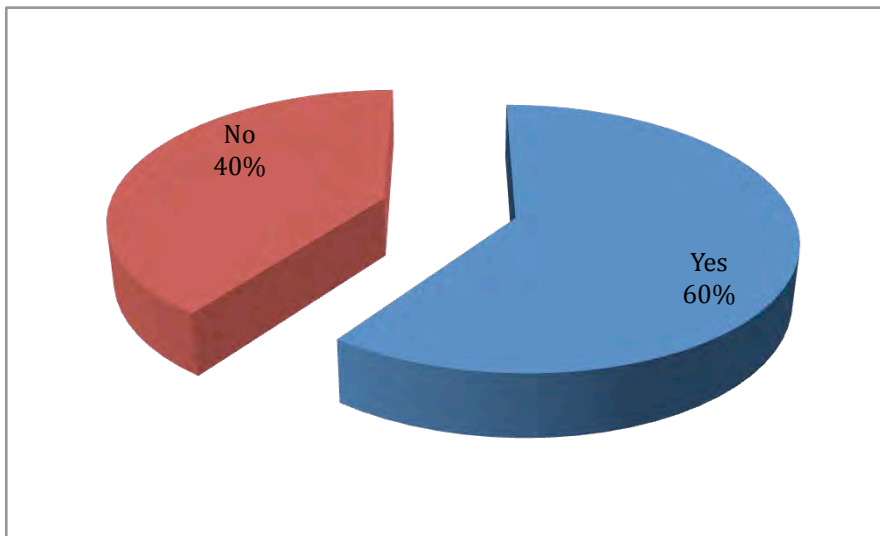




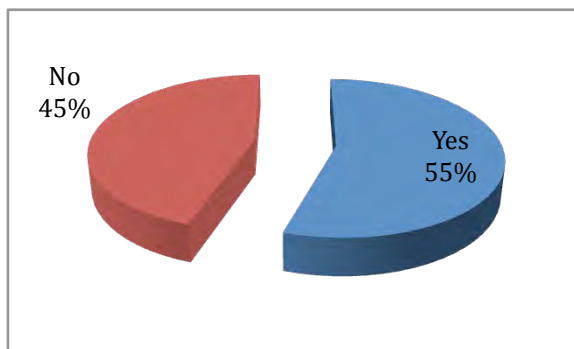
## 2. Can cross-LoC trade and travel pave the way for a resolution on political issues?

Overall, a significant majority of traders think that confidence building measures (CBMs) such as cross-LoC trade could change a political situation and pave the way for a peaceful resolution. This sentiment is more predominant with traders on the Pakistani side where 65% of respondents agreed on this as a value. However, traders on the Indian side are still a little more cautious about the end result of such initiatives.

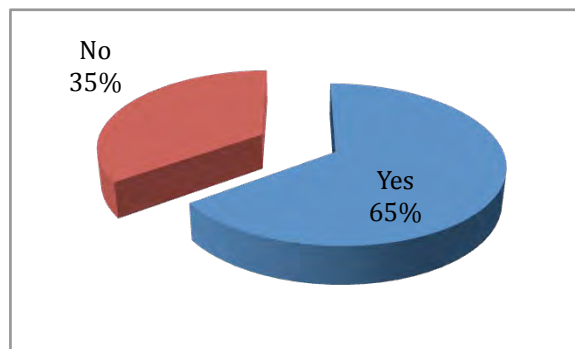
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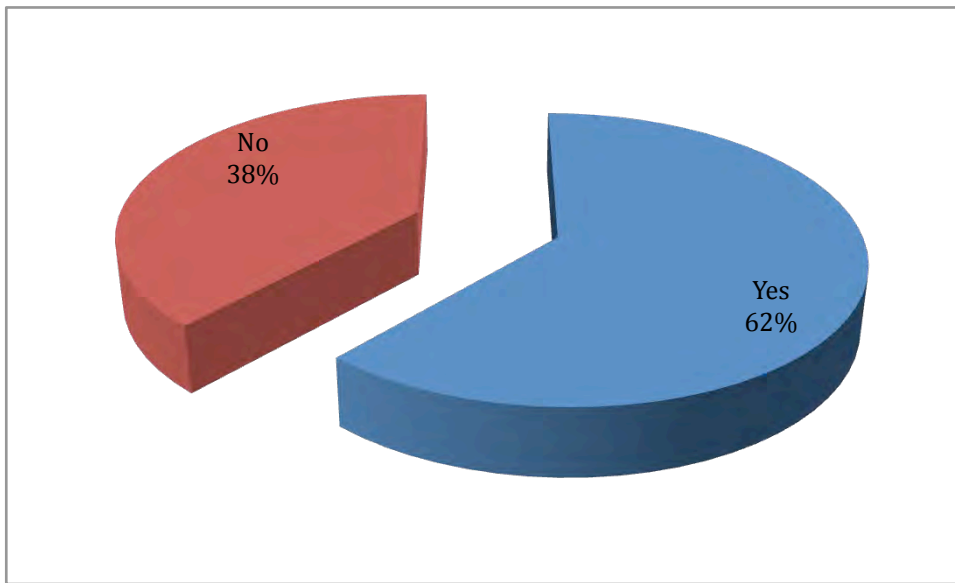
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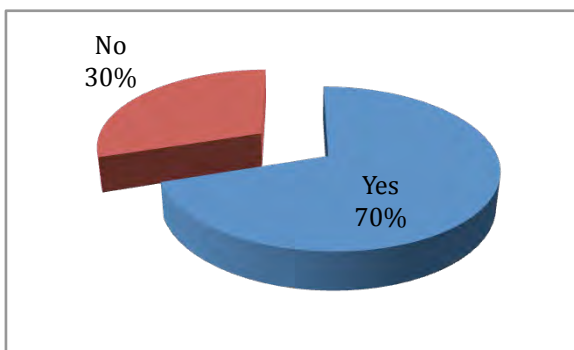
### 3. The case of divided families

The emotional dividend of cross-LoC trade bringing together members of divided families has always been a tremendously positive element of this CBM. The survey reveals that at least six out of ten traders have relatives on the other side of LoC with 62% of the respondents confirming this. For some, this factor contributed to their decision to join the cross-LoC trade initiative. The survey further reveals that 70% of the traders on the Indian side of the LoC have relatives on the Pakistani side compared to 53% of traders from the Pakistani side with relatives on the Indian side.

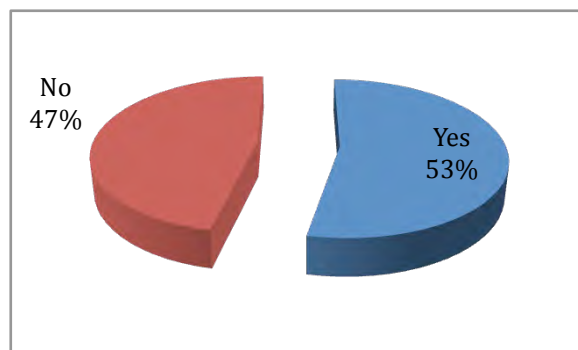
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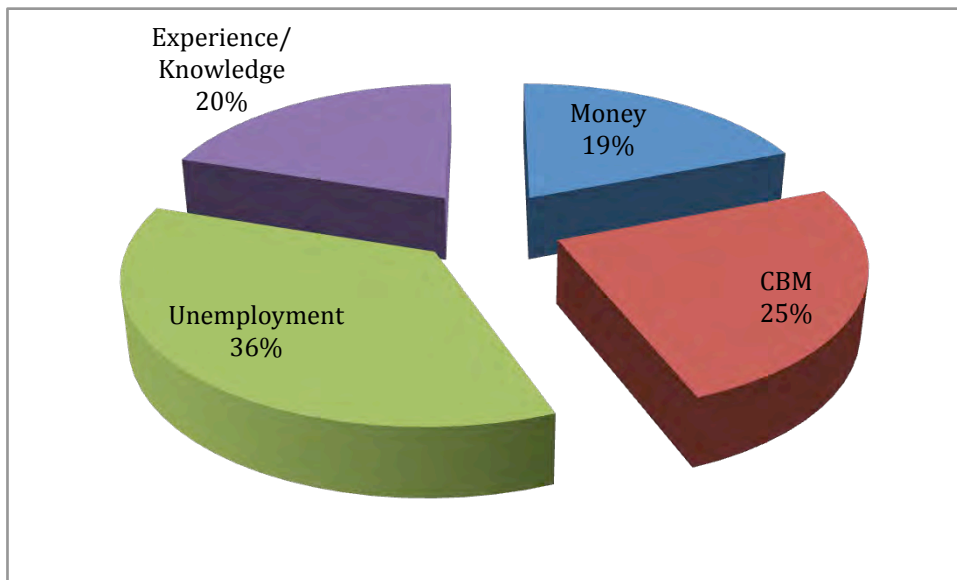
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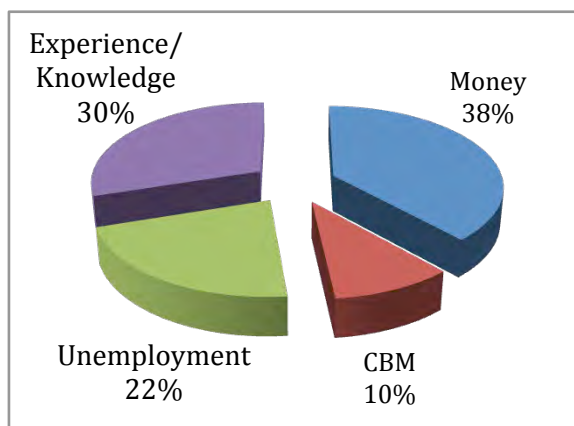
#### 4. The basic attraction of Cross-LoC trade

In a true reflection of diversity of the traders in Jammu and Kashmir, there is no single factor that can be attributed to them joining the cross-LoC trade. However, analysis of individual responses show several reasons prompted the traders to become engaged with the trade including: unemployment and the desire to support the CBM. 36% have said that they view cross-LoC trade as an avenue of addressing unemployment, 25% claim to have made a careful decision in supporting the peace process while for 19%, the cross-LoC trade provides an additional income source. Again, these reasons vary across both sides of the LoC. An overwhelming 40% of traders on the Pakistani side have listed support to the peace process as their primary reason in contrast with the 10% on the Indian side.

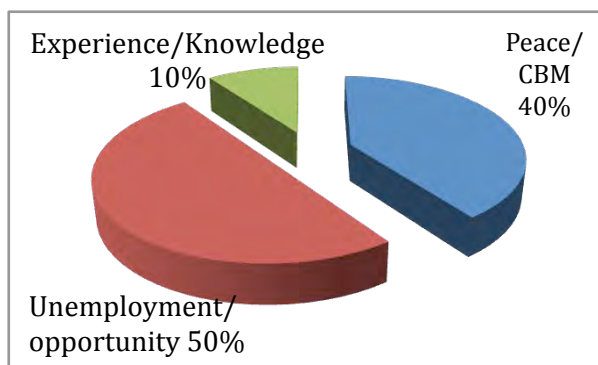
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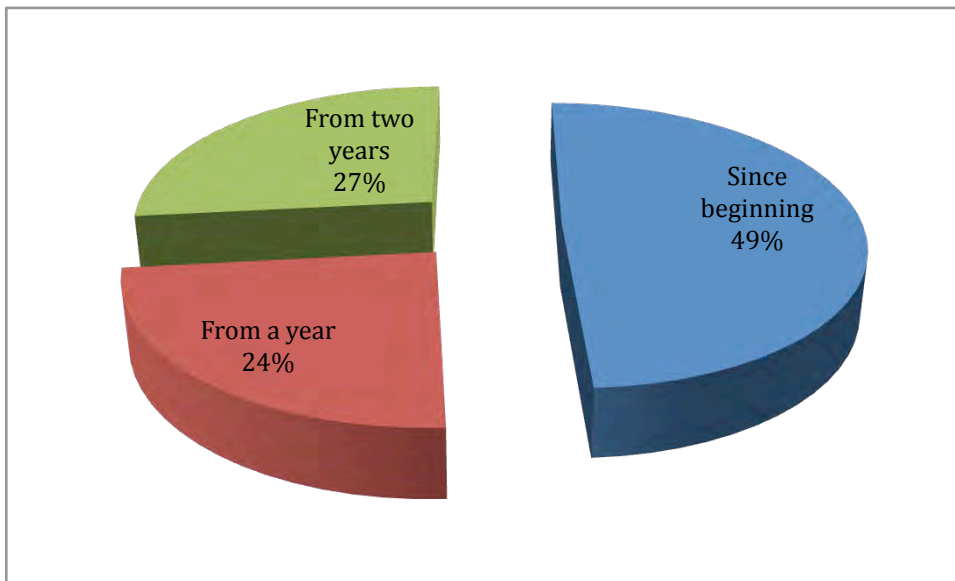
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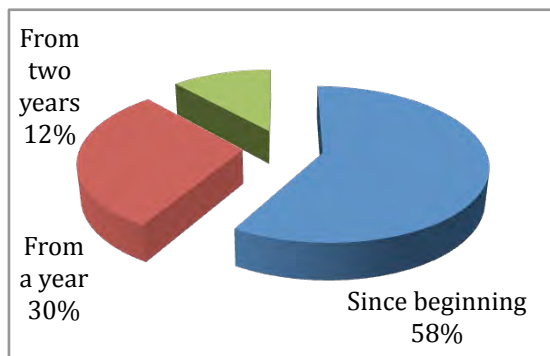
## 5. Prospects of sustaining the process

Whilst the last three years have seen considerable improvement of the Trade Facilitation Centres infrastructural facilities on both sides of the LoC, the key requirements for any business i.e. access to markets, free travel, communication and banking remain missing. Despite these critical lacunas and other procedural difficulties, a good number of traders have sustained their interest, staying in the trade from the beginning and with many new traders are joining. Of all the respondents for this survey, 49 % have stayed on in the trade from inception, 27% have been actively engaged in the last two years while 24% are relatively new to the trade having joined in the last 12 months.

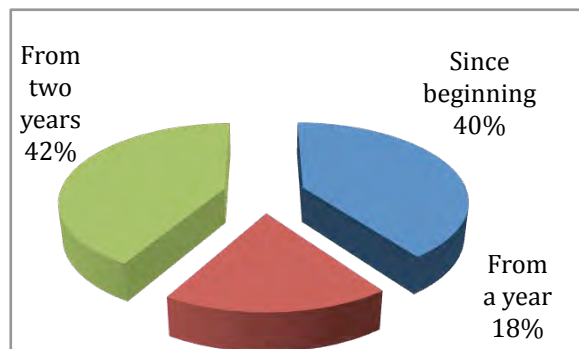
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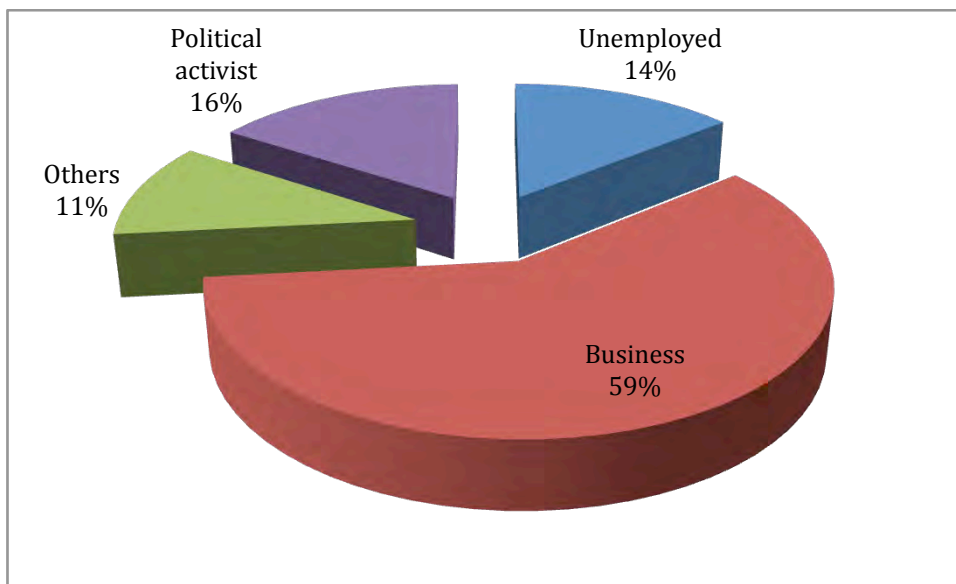
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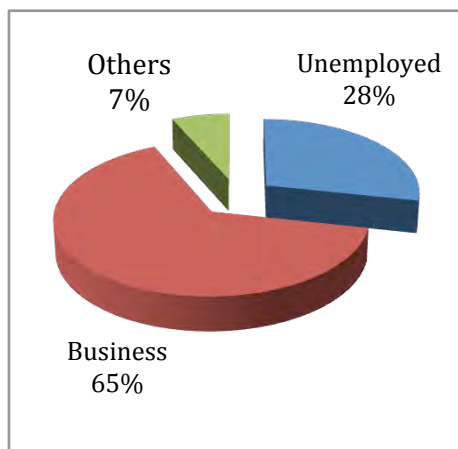
## 6. Life before Cross-LoC trade

Despite many traders listing unemployment as a major reason for joining the trade, survey results show that 59% of all respondents were already involved in some form of business before their involvement in cross-LoC trade with only 14% of respondents actually unemployed. Interestingly, when comparing the background of traders, there is a stark difference between the traders across the LoC. While 32% of the respondents from the Pakistani side of LoC have stated being political activists before joining the trade, no traders from the Indian side have labeled themselves in this way. 53% of traders from the Indian side and 65% from the Pakistani side have said that they were already involved in some form of business.

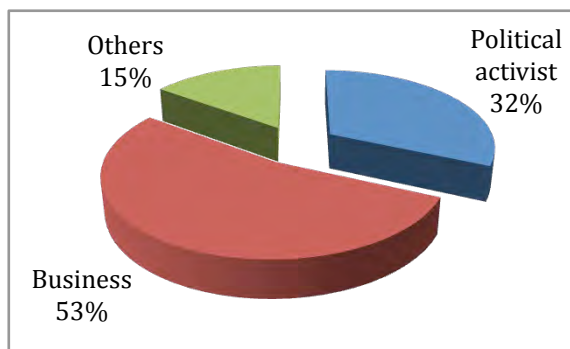
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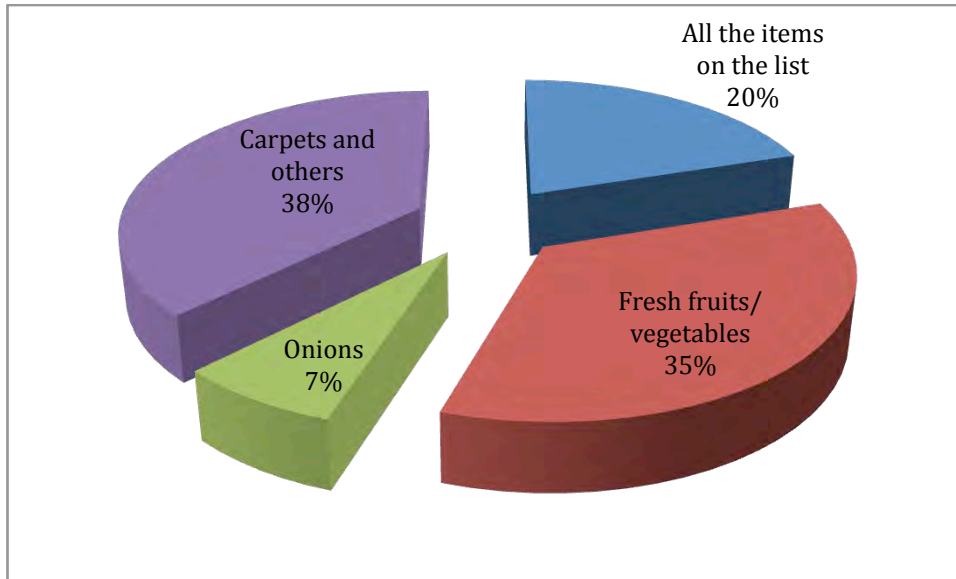
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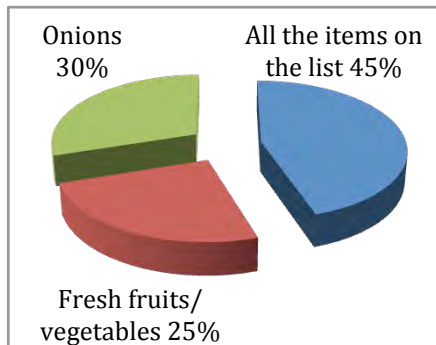
## 7. What is traded the most?

Despite an approved and agreed list of 21 items that can be exchanged in cross-LoC trade, 42% of the traders have only traded in fresh fruits and vegetables (including onions) and 38% have dealt in carpets, rugs and allied productions. A minor 20% have said that they have traded almost all the items on the approved list.

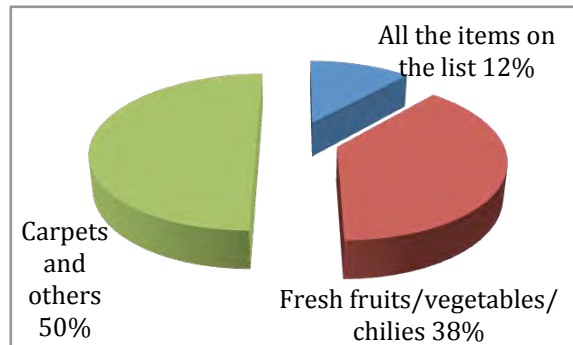
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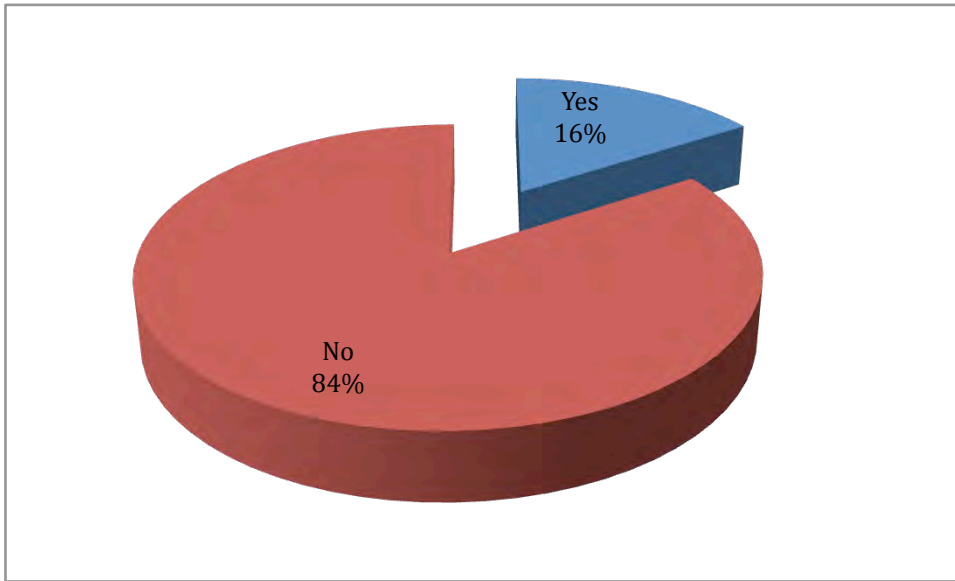
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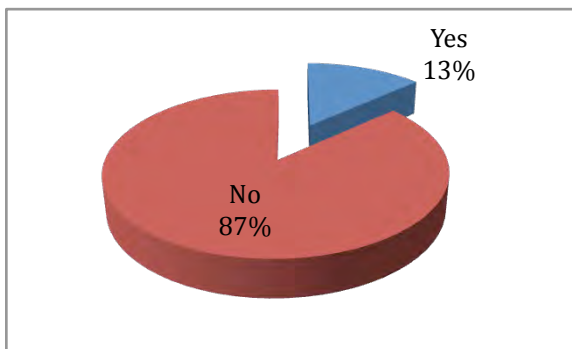
## 8. Where do the trade items come from?

It is encouraging to see a small but significant number of traders manufacturing or growing the items which they then exchange in the cross-LoC trade. This is the case for 18% of traders on the Pakistani side and for 13% on the Indian side who mostly manufacture embroidery products or fruits. With cross-LoC trade limited to the items of Jammu and Kashmir origin, this manufacturing spirit is promising. 84% of the respondents have said that they procure items from other sources.

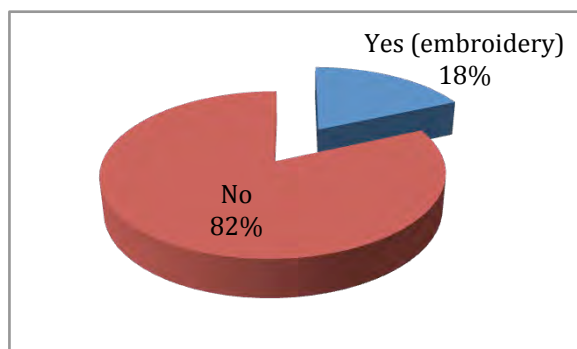
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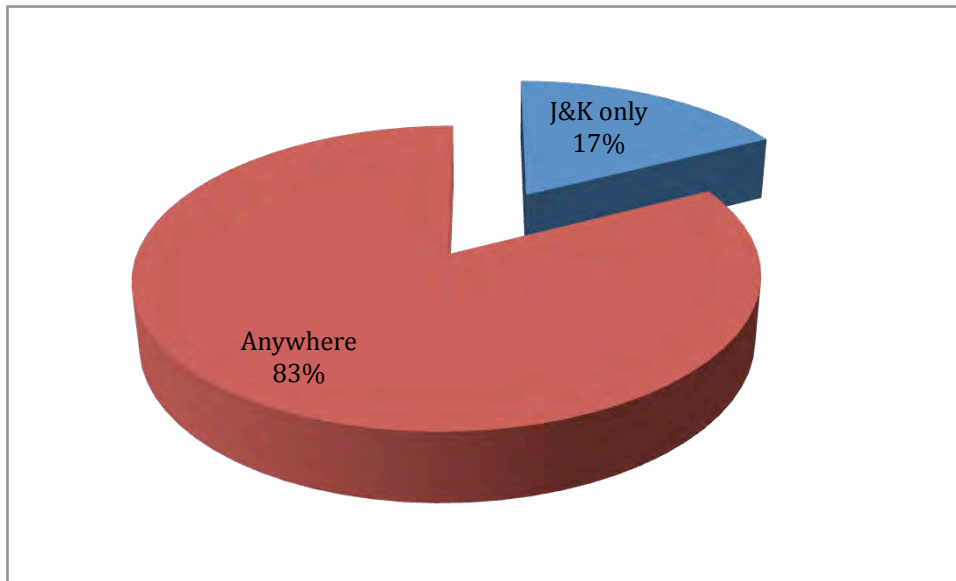
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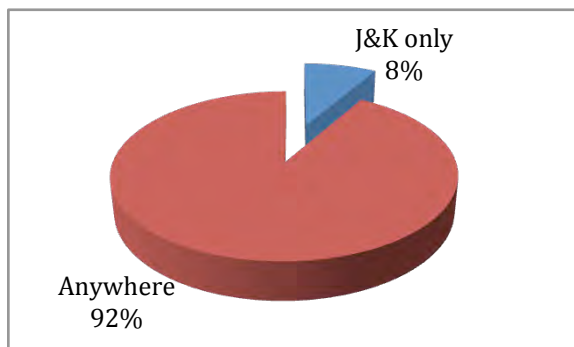
### 9. Widening the scope of origin of tradable items

At present, the cross-LoC trade only permits the exchange of specific items which originate within the Jammu and Kashmir region. However, the majority of traders would like the scope of this list to include items produced anywhere in India and Pakistan. An overwhelming 83% of the respondents have supported this expansion, a desire more prevalent on the Indian side 92% of traders have called for this in comparison with the 72% of traders on the Pakistani side.

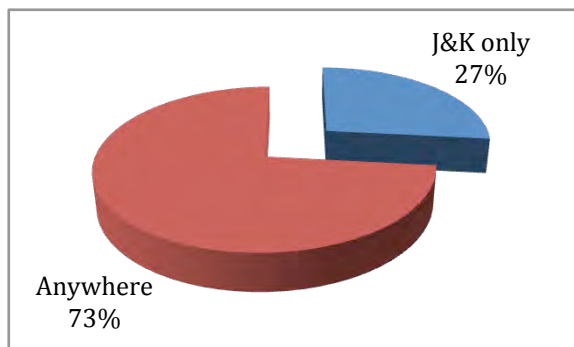
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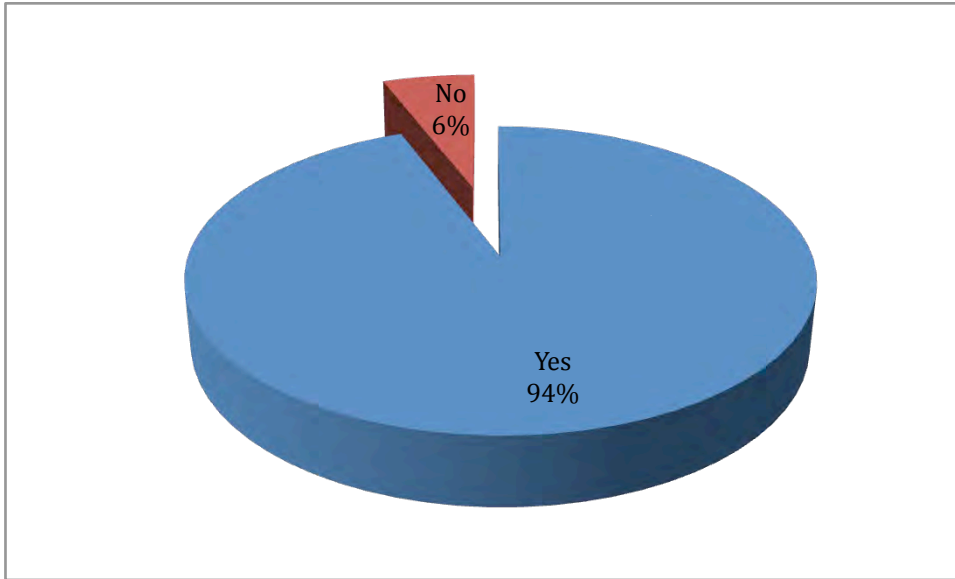




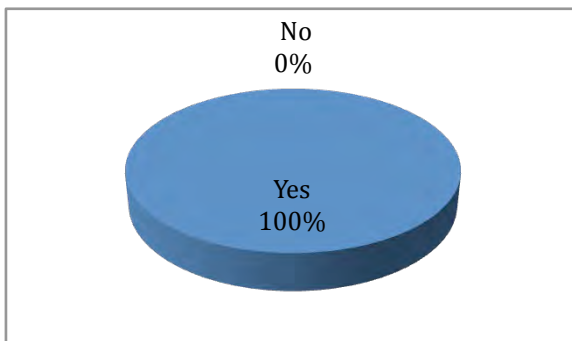
## 10. Expanding the trade list

The majority of traders have strongly called for the current list of tradable items to be reviewed and expanded. Interestingly, all respondents from the Indian side have asked for this revision whilst 12% of traders on the Pakistani side are comfortable with the present list.

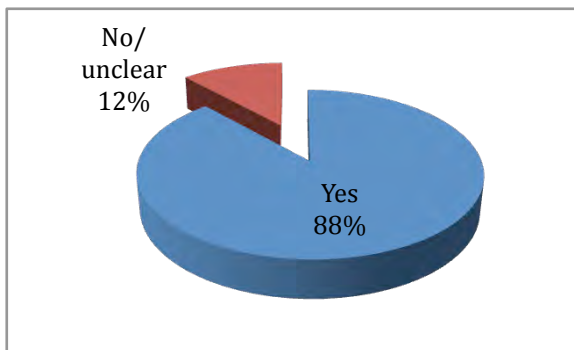
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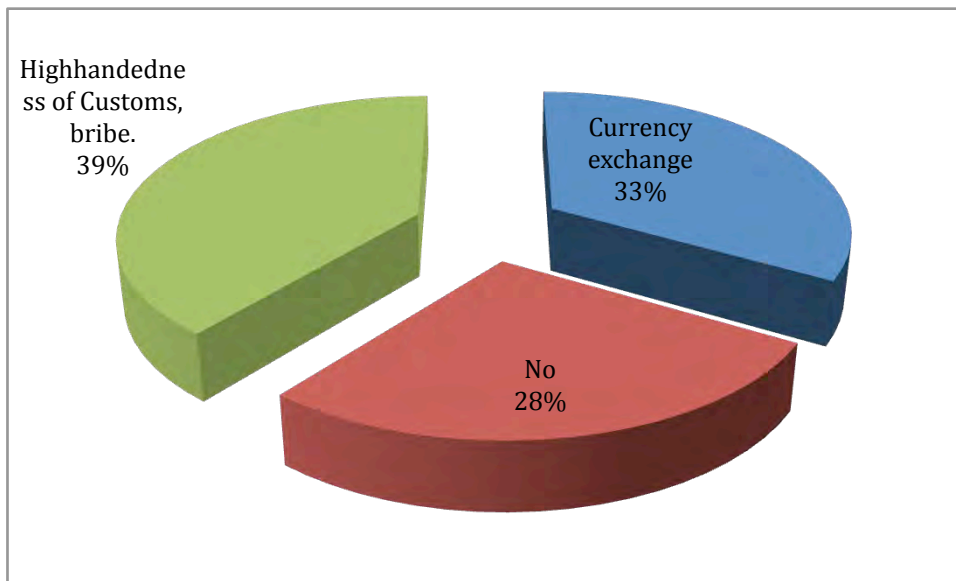
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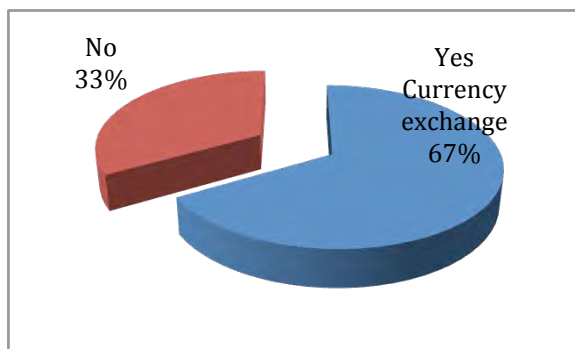
## 11. Difficulties of barter trade

Given its nature, barter trade is generally perceived as a difficult trade regime. However, the traders engaged in cross-LoC trade have adjusted well to this process. Despite overcoming the barriers that barter trade creates, other difficulties have arisen with 39% of the traders alleging that the highhandedness and corruption of custom staff is the biggest problem they face. This seems to be a bigger issue on the Pakistani side with 78% of the respondents expressing displeasure with the custom clearance system compared to 67% on the Indian side.

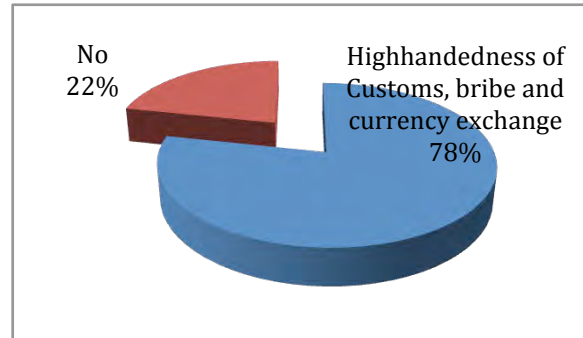
### Consolidated View



### LoC East



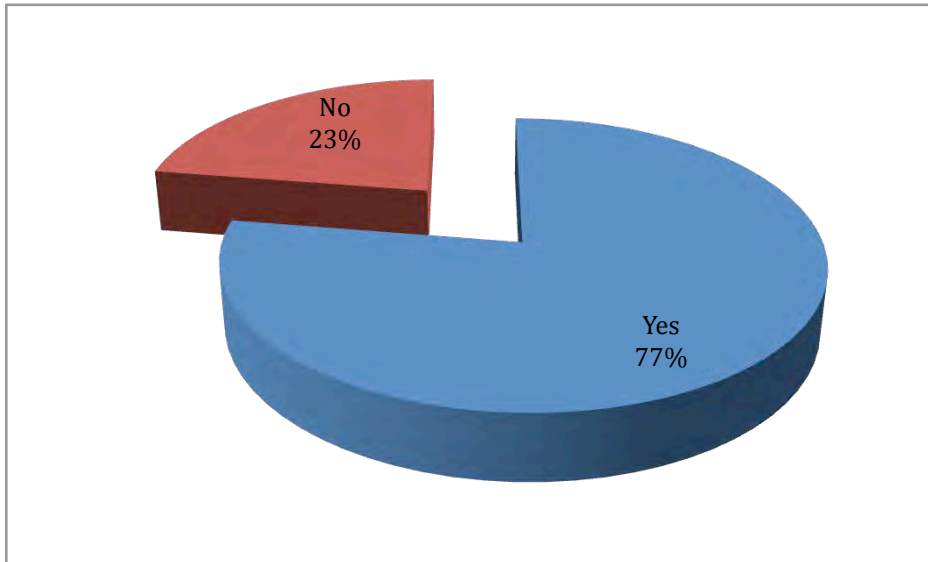
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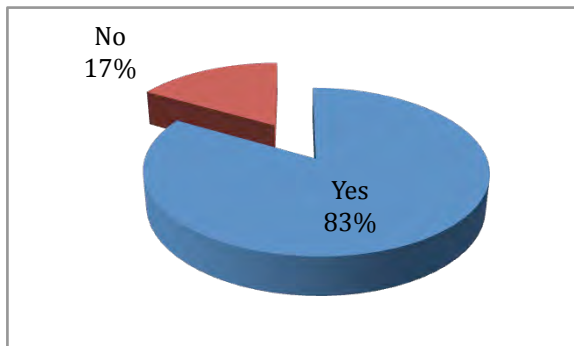
## 12. Return on investments

77% of the respondents have said that they are able to realise a financial profit from the barter trade while 23% admit to facing difficulties. This sentiment generally rings true on both sides, although traders on the Indian side are more positive with 83% of traders satisfied with their financial return compared to 72% on the Pakistani side.

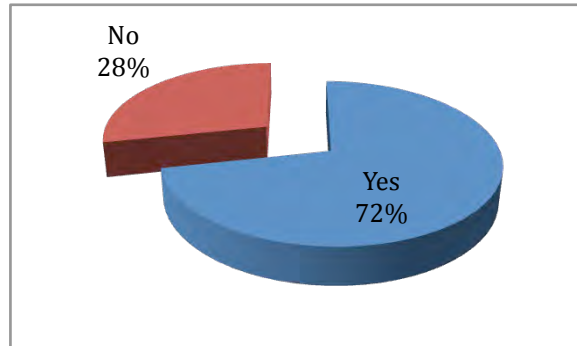
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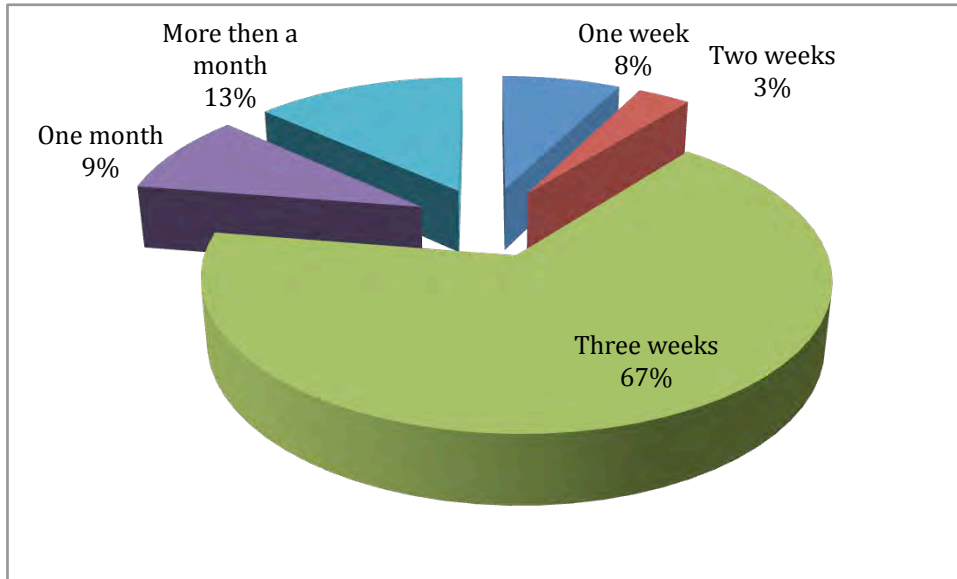
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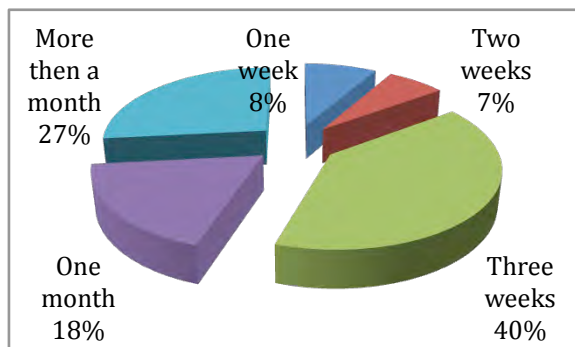
### 13. Time it takes to convert a barter trade into cash

For the majority of traders, it takes three to four weeks to convert the goods procured in a barter trade into cash, which is done by selling on these procured items to the relevant markets. While 67% are able to convert goods into cash within three weeks, 22% of traders find it can take between one- two months or even longer. A smaller percentage of 11% are able to sell their goods and make cash within one to two weeks.

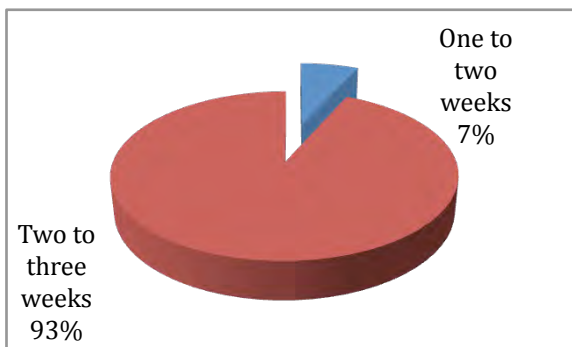
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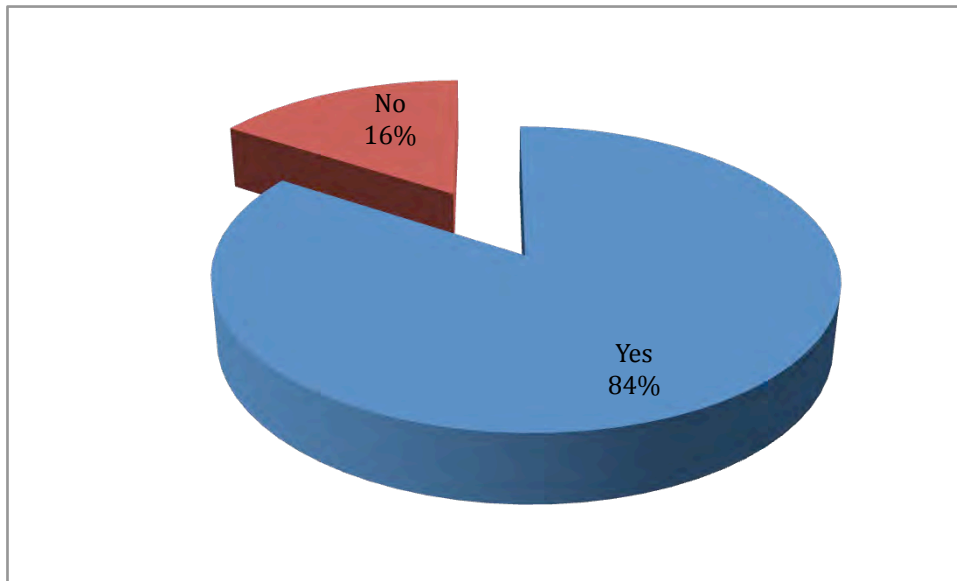
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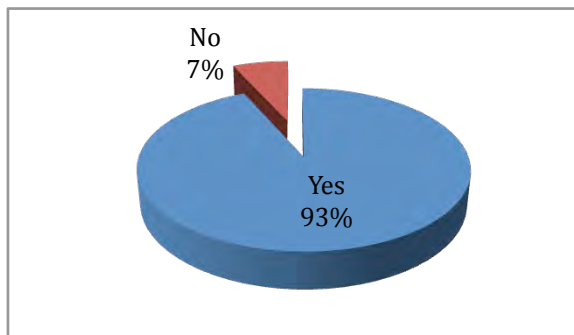
## 14. Finding suitable markets

Market demand and acceptability of the goods received from one side to the other side is a crucial factor in the sustenance of the trade. 84% of the survey respondents have said that they have access to suitable markets where they can sell the goods they have procured in the barter trade. This scenario seems to be better on the Indian side as 93% claim they have quick and easy access to the suitable markets compared to the 75% of traders from the Pakistani side who have identified suitable markets.

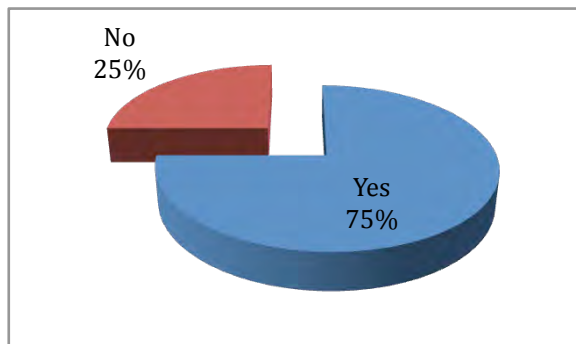
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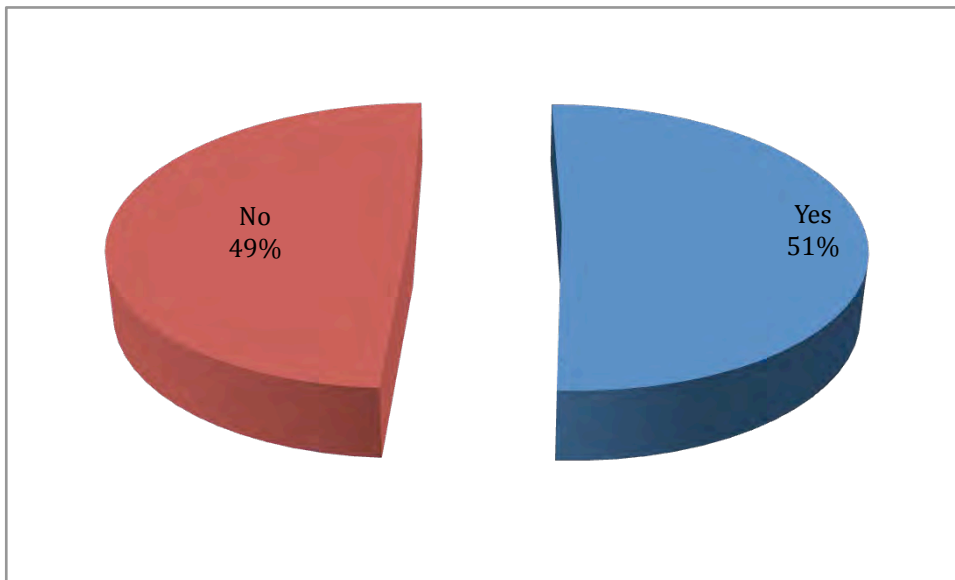
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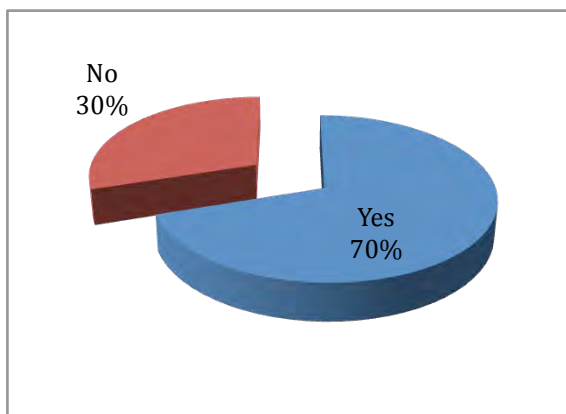
### 15. Barter trade and scope of cash flow

One of the critical flaws in barter trade is the long term blockage of funds which could otherwise have been used to reinvest and enhance a trader’s business prospects. Whilst the conversion of goods into cash does not take too long once the goods have been received, the overall process of barter trade is lengthy. The survey findings suggest that the barter system is diminishing the working capital of traders with 51% of the respondents pointing to this as a problem. The issue is more of a concern on the Indian side with 70% of traders identifying with this in contrast with 32% on the Pakistani side.

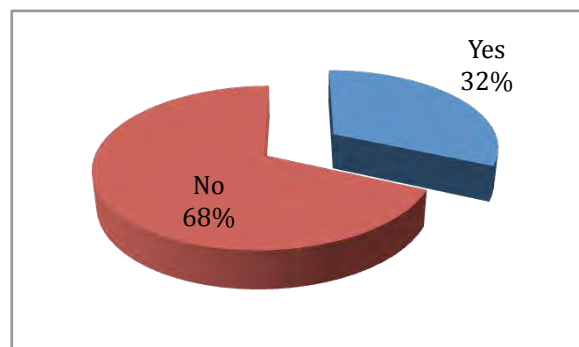
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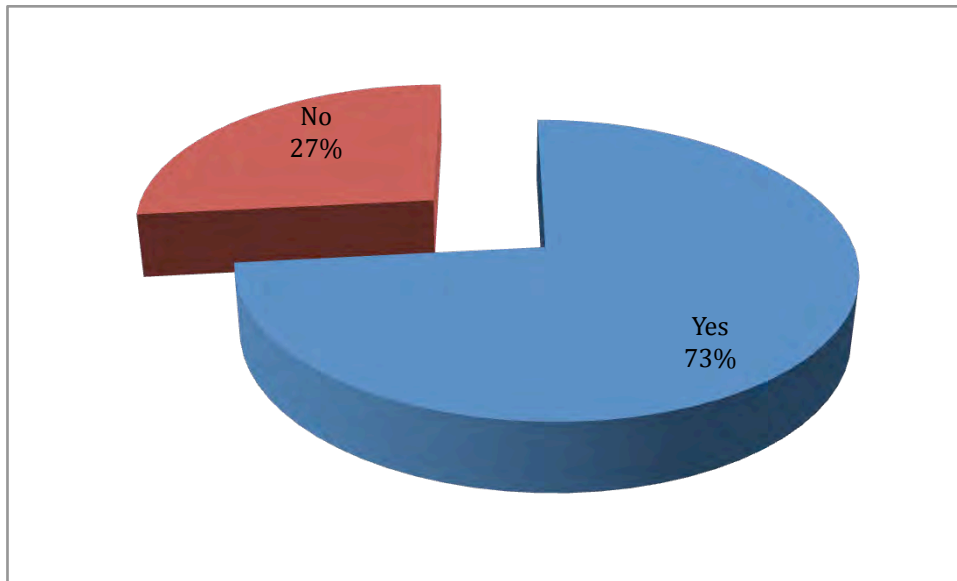
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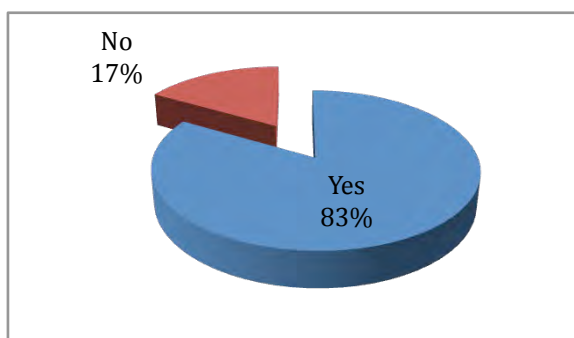
## 16. Projection of profits

In absence of being able to visit the other side, see their markets and have full knowledge of the price variation, projection of profits can be a difficult task. However, most of the traders have developed their own skills to meet the situation. 73% of the respondents have said that they are able to make a fair projection of profits before they get into any deal in cross-LoC trade. Traders from the Indian side seem to be better at this with 83% confident in projecting profits of a trade compared to 63% of traders from the Pakistani side feeling the same.

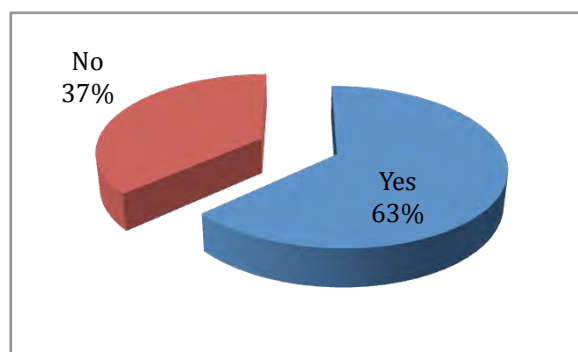
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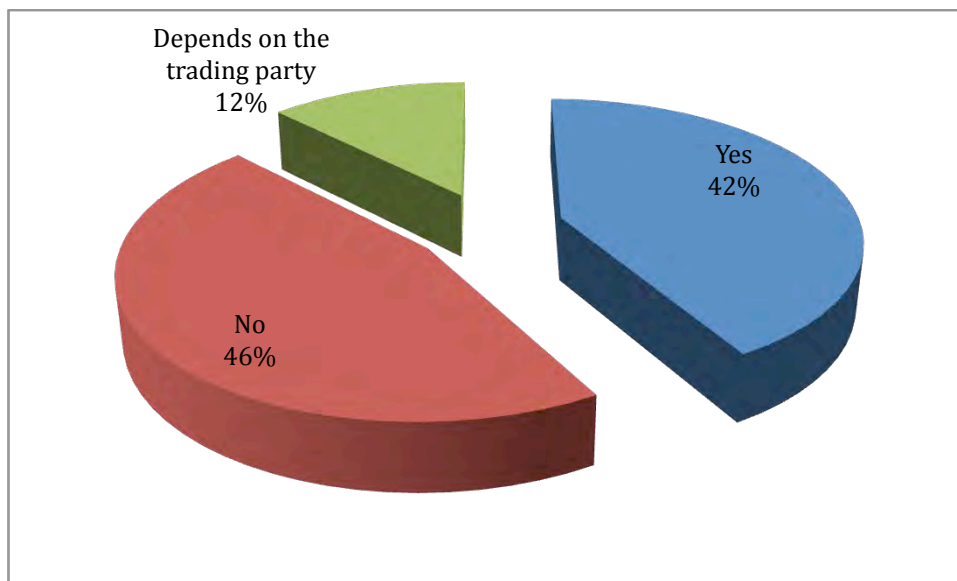
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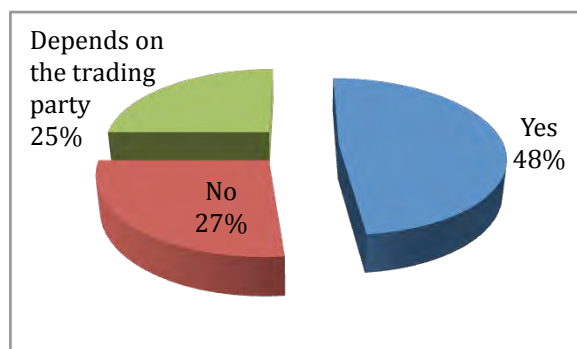
### 17. Quality of goods received

As barter trade is blind, traders do not physically see the goods they procure from the other side until a deal is completed and goods exchanged. 46% of traders are often unsatisfied with the quality of goods but cannot always do much once the consignment has been received. 12% of traders state that the quality of goods is not always bad and depends on the trading party sending it across. The complaint about the quality of goods is much higher on the Pakistani side with 65% expressing displeasure compared to 27% on the Indian side. The respondents who have said that the quality of goods depends on the trading party involved were all traders based on the Indian side.

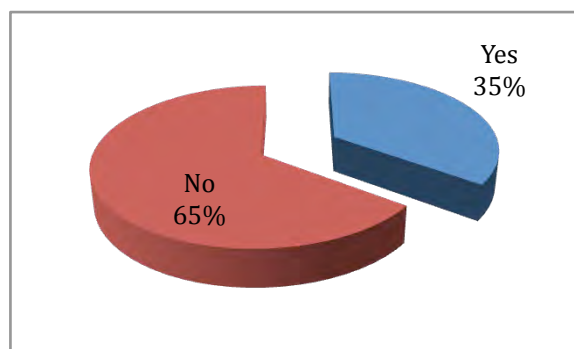
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#### LoC East



#### LoC West

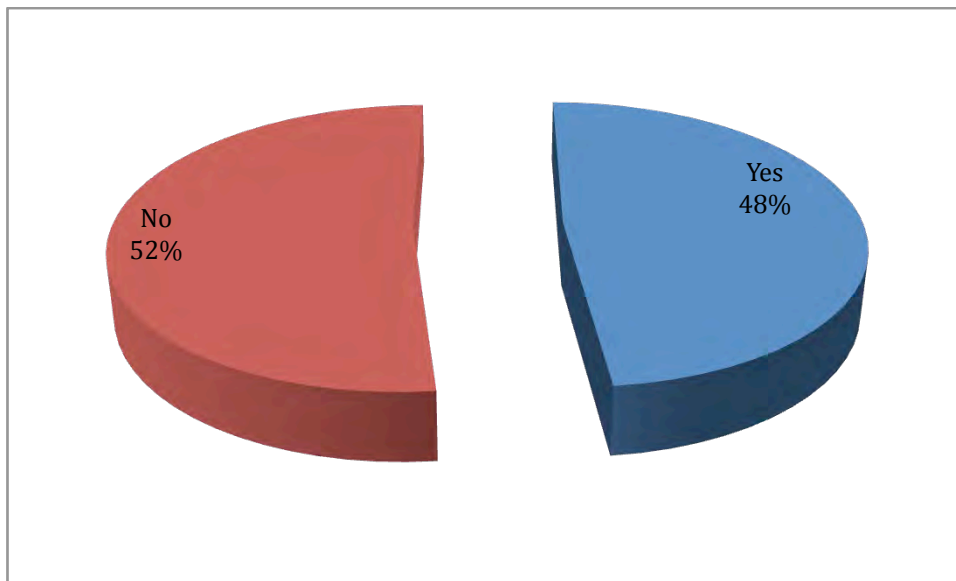




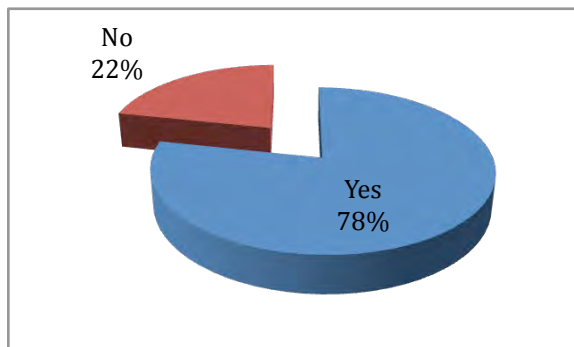
## 18. Method of arbitration

Although the standing operating procedures have provided specific rules for arbitration, the traders have developed their own mechanism, whereby they periodically meet at the Zero Line to settle any outstanding issues. This model has worked effectively for traders on the Chakan-da-Bagh-Tatrinote route but not as well on the Salamabad-Chakothe route. Whilst an average of 52% of all traders are satisfied with the present mode of arbitration, there is stark difference of opinion between the two sides. On the Indian side, 78% are happy with the arbitration process whereas on the Pakistani side, 82% have expressed dissatisfaction with the current system.

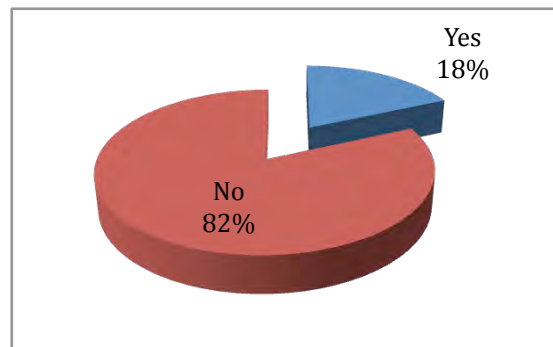
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### LoC East



### LoC West



# The Joint Chamber

## A Model for Cross-LoC Cooperation

In 2009, Conciliation Resources began working in Jammu and Kashmir, on both sides of the LoC and held an appraisal meeting in Bangkok, attended by young activists, educationists, journalists and other professionals. Participants shared their views on peacebuilding and cooperation in Jammu and Kashmir. Education, trade, and youth exchange were listed as possible avenues for cross-LoC collaborations.

Kashmir began to develop research and discussion papers about the cross-LoC trade. These papers were presented and discussed at a meeting, attended by the authors and some experts in March 2010. In 2011, these discussion papers, were published with formal launches taking place in New Delhi, Islamabad, Muzaffarabad, Jammu and Srinagar. These meetings were attended by stakeholders, key government officials and representatives of prestigious think tanks working in the region.

On the sidelines of the previously mentioned trade related meeting in Colombo, possible opportunities of cross-LoC education were discussed by Professor Siddiq Wahid from Srinagar and Ambassador Arif Kamal from Islamabad. Supported by Conciliation Resources, the two academics later partnered to undertake the first ever survey on educational opportunities on both sides of the LoC , which was later published in April-May 2011.

In September 2010, a further meeting on the possibilities of cross-LoC education was held in Istanbul, attended by academics from India-administered Jammu and Kashmir (IAJK), Azad Jammu and Kashmir (AJK), New Delhi and Islamabad. In November 2011, the Vice Chancellors and other senior educationists from both sides of LoC met again in Istanbul where they discussed the various opportunities to collaborate across the LoC, particularly using technology to connect virtually.

Another area that adopts a cross-LoC approach in Jammu and Kashmir is a media collaboration between two filmmakers. Other work includes studying youth attitudes (a young Kashmiri scholar from Ganderbal is leading the project partnering with scholars in Azad Kashmir), conflict transformation workshops (led by the Centre for Law and Democracy – a Srinagar based group of lawyers and other activists) and a series of dialogues with women.

## Formation of the Joint Chamber

The most significant achievement in this work has been the reorganisation of a cross-LoC Joint Chamber of Commerce and Industry. In November 2011, Conciliation Resources facilitated a meeting bringing together the Presidents and other elected representatives of various Business Chambers spanning all regions of the erstwhile state of Jammu and Kashmir. The participants' discussion focused on the real potential of the cross-LoC trade initiative as well as the possibility of meaningfully reviving the Joint Chamber, a body previously formed in 2008 as a symbolic association.

This meeting proved to be a major development towards enhancing cross-LoC cooperation in Jammu and Kashmir with ten major business organisations, including the heads of four major Chambers of Commerce, and the Federations of Industries from both sides of the divide deciding to form a formal, inclusive and fairly elected Joint Chamber of Commerce and Industry.

This led to the first ever agreement on non-governmental cooperation between different organisations of mutual interest from both sides of the LoC, signed in Istanbul in November 2011. The agreement was reached by the Presidents and other elected representatives of the Kashmir Chamber of Commerce and Industry (KCCI), the Jammu Chamber of Commerce and Industry (JCCI), the Azad Jammu and Kashmir Chamber of Commerce and Industry (AJK CCI), the Federation Chambers of Industries Kashmir (FCIK), the Federation of Industries Jammu (FIJ), the Gilgit-Baltistan Chamber of Commerce and Industry (GB CCI), the Merchants Association Ladakh, the Associations and Councils of cross-LoC traders from all four trading points (Tetrinot-Chakan-da-Bagh on Poonch-Rawalakot route and Salamabad-Chakothi on Srinagar-Muzaffarabad routes) and the Intra-Kashmir Trade Union.

The agreement was also the first of its kind to put in place a formal structure of cooperation, with an inherent aim to complement the series of confidence building measures implemented by India and Pakistan to revive ties across the LoC.

The participants acknowledged the fact that the earlier Joint Chamber of Commerce and Industry was only agreed upon by three constituent Chambers in October 2008 and could not realise its full potential due to the limited scope of consultations. Therefore, on this occasion, the representatives decided to organise the new body in an inclusive, participatory and sustainable manner.

To emerge as a formally constituted, fairly elected and fully representative body of industry with trade organisations drawn from all regions on both sides of the LoC, the participants agreed that the Joint Chamber of Commerce and Industry shall represent not only the interests of the ongoing cross-LoC trade but also work towards other possibilities of cooperation across the LoC with a broader objective of building peace and trust between the regions.

The following statements highlight the broad contours of the nine-point agreement signed by 17 participants representing all Chambers, Federations of Industries and the Associations of cross-LoC traders:

- **The Jammu and Kashmir Joint Chamber of Commerce and Industry (J&K JCCI) shall be comprised of a 44 member General Body, equally drawn from both sides of Line of Control. Furthermore, the agreement clearly stipulates the composition of membership between all partner organisations to include eight members of the General Body hailing from the cross-LoC traders community, four from each side (Tetrinot-Chakan-da-Bagh and Salamabad-Chakothi trading points). The J&K JCCI shall integrate the Joint Federation of cross-LoC Traders following its formal establishment.**
- **A Constitution and Terms of Association for the J&K JCCI shall be drafted by a ten-member committee before March 31, 2012 and approved by the Executive Committee before April 30, 2012. The ten-member committee shall be drawn from the constituent partners in equal numbers from both sides of the LoC.**
- **The President shall be elected by a defined Electoral College and will assume office on January 1 of each year. The Presidency will rotate between both sides of the LoC on a yearly basis. Honouring the agreement reached between the founding members of the J&K JCCI in 2008, the Presidency of the J&K JCCI will be transferred to a member from the Valley of Kashmir who will be elected by the 11 members of the aforementioned Electoral College in the Valley of Kashmir.**

To support the above processes, the participants requested Conciliation Resources to provide assistance and agreed that Ershad Mahmud (Executive Director, Centre for Peace, Development and Reform, Mirpur, AJK) and Zafar Choudhary (Honourary Director, Indus Research Foundation, Jammu, IAJK) would liaise with Conciliation Resources in this regard to supervise the implementation of the agreement.

### Signatories to the agreement on formation of Joint Chamber

1. **Abdul Majeed Gilwan** Merchant's Association, Ladakh
2. **Annil Suri** President of FIJ, Jammu
3. **Khawaja Tariq Mahmood Wani** President Industrial Estate Muzaffarabad, Azad Jammu and Kashmir
4. **Khurshid Ahmad Mir** President Intra Kashmir Trade Union, Muzaffarabad
5. **Javed Hussain** President G-B CCI, Gilgit-Baltistan
6. **Mahmood Ahmad Dar** LoC Trader, Poonch
7. **Dr. Mubeen Ahmad Shah** ex-president of KCCI and nominated by Mr Abdul Hamid Punjabi (President of KCCI)
8. **Dr. Muhammad Akram Choudhary** President of AJKCCI, Mirpur
9. **Nazir Ahmed Shikari** General Secretary of Federation Chamber of Industries, Srinagar
10. **Pawan Anand** President of the Chamber of Cross-LoC traders J&K and President of Poonch Cross-LoC traders council, Poonch
11. **Raja Muhammad Jameel** President of Bimber Chamber of Commerce and Industries, Mirpur
12. **Raja Zahoor Khan** Cross-LoC Traders Association Salamabad-Chakothe route, Srinagar
13. **Rajiv Tandon** Poonch-Rawalakote Traders Council, Poonch
14. **Sardar Khashan Masood Khan** President LoC Trade Council in Rawalakot, Hajeera
15. **Tariq Khan** President of Cross-LoC Traders Association Salamabad-Chakothe route, Srinagar
16. **YV Sharma** President of JCCI, Jammu
17. **Zulfiqar Abbasi** President of J&K JCCI, Mirpur

## Electing the JKJCCI President: the step by step approach

As per section 4(g) of the 2011 Istanbul agreement, the Electoral College (constituted by section 4(e) of the same agreement) met in Srinagar on December 29, 2011 to elect the new president of the Jammu and Kashmir Joint Chamber of Commerce and Industry (J&K JCCI).

All eleven constituent members attended the meeting. Their names are: Mr Abdul Hamid Punjabi, Mr Rauf Ahmed Punjabi, Dr Mubeen Ahmed Shah and Mr Shahid Choudhary (all representing the Kashmir Chambers of Commerce and Industry-KCCI); Mr Mushtaq Chaya, representing the tourism sector and nominated by the President of KCCI; Mr Zahoor Ahmed and Nazir Ahmed Shikari (representing the Federation Chamber of Industries Kashmir), Mr Mohammad Yasin Khan and Mr Bashir Ahmed Kongposh (representing the Kashmir Traders and Manufacturers Federation) and Tariq Khan and Hilal Ahmed Turki (cross-LoC traders from Salamabad-Chakoti).

Zafar Choudhary, the Honorary Director of Indus Research Foundation in Jammu, facilitated the meeting. Preliminary discussions were held on the background of the J&K JCCI and its future prospects, particularly the Terms of Reference laid down in the Istanbul agreement signed by representatives of all the signatory organisations.

Dr Mubeen Ahmed Shah of KCCI was put forward for the Presidency of the J&K JCCI by Mr Hilal Ahmed Turki. The name was seconded by Mr Abdul Hamid Punjabi. Participants were requested to either endorse the proposed name or propose any other name to trigger an election. Whilst no other name was submitted in the meeting, Mr Zahoor Ahmed of FCIK requested a daylong break for the participant to reflect. Mr Nazir Ahmed Shikari suggested that the participants could use this time as an opportunity to potentially propose another candidate to stand against the KCCI's nomination of Mr Shah. All stakeholder organisations were consulted but no new nominations were submitted.

The meeting was reconvened on December 30 but was adjourned before declaring the name of the new President. This was due to Mr Yasin Khan of KTMF expressing concern that section 4(d) of the Istanbul agreement did not allow KTMF to be a member of the interim committee, which would be responsible for drafting the J&K JCCI's new constitution. As it was not in the remit of the current facilitator or the 11-member group drawn from the Kashmir Valley to decide on the expansion of the interim committee, the meeting was adjourned to address this issue in consultation with all signatories.

The signatories of the Istanbul agreement were consulted and the majority consented to an expansion of the interim committee's membership from 10 to 12. This change accommodates one new member from LoC East (KTMF) and correspondingly one member from LoC West who will be appointed by CPDR in consultations with the local stakeholders.

Whilst several attempts were made to reconvene the meeting, due to various logistical, professional and personal reasons, it was difficult to find a suitable time for all members to attend. Therefore, in view of the considerable delay and mounting pressure to complete this step in the process and move to framing the constitution and formalising the J&K JCCI, it was decided to close the election process at the earliest opportunity.

The closing meeting was held in Srinagar on February 9, 2012. Whilst Mr Abdul Hamid Punjabi, President of KCCI, was unable to attend, he nominated Mr Mushtaq A Wani to represent him. The remaining three members from the KCCI and the representative from the tourism sector, Mr Mushtaq Ahmed Chaya, were all present at the meeting. Similarly, whilst Mr Yasin Khan was unavailable, he nominated Mr Bashir Ahmed Kongposh to attend on his behalf. Mr Yasin Khan spoke to the facilitator (via the phone) and confirmed his support to the nominated candidate. Mr Hilal Ahmed Turki also spoke to the facilitator, reiterating his commitment. Similarly, Mr Tariq Khan met the facilitator prior to the meeting and confirmed his support.

The February meeting was attended by: Mr Rauf Ahmed Punjabi, Dr Mubeen Ahmed Shah, Mr Shahid Choudhary, Mushtaq Ahmed Wani (representing the President of KCCI) Mr Mushtaq Ahmed Chaya (Tourism sector), Bashir Ahmed Kongposh (KTMF).

After reading out all the stakeholders' statements of consent and providing a summary of the process activities since the last meeting in December 2011, the members present in the meeting unanimously agreed and endorsed the nominated candidate, Dr Mubeen Shah for the Presidency of the J&K JCCI. The formal announcement was made in the meeting declaring Dr Mubeen Shah as the President of Jammu and Kashmir Joint Chamber of Commerce and Industry for a one-year term ending on December 31, 2012. All other follow up processes connected to this appointment shall be carried out as per the relevant sections of the Istanbul agreement.

The newly elected President of J&K JCCI Dr Mubeen Ahmed Shah thanked the members of the Electoral College for reposing faith in him and to Conciliation Resources for facilitating the process. He announced he would constitute the interim committee to begin drafting the constitution in less than one week from this date and further committed to complete the consultative process for the constitutional framework before March 31, 2012, as stipulated in the agreement.

He also made a firm commitment to work in close coordination with all stakeholders in the region of Jammu and Kashmir as well as the government in order to credibly propagate the interests of cross-LoC trade, not only as a business proposition but also a major intra-Jammu and Kashmir confidence building measure initiated by the government of India and Pakistan. He went on to record his gratitude to Mr YV Sharma (JCCI President), Mr Anil Suri (FIJ President), Mr Zulfiqar Abbasi (former AJK JCCI President) and all other stakeholders for placing their trust in him.

The minutes of this meeting were circulated among the constituent organisations, stakeholders and relevant authorities in the government of Jammu and Kashmir inviting their views and suggestions, if any, on supporting the J&K JCCI as a vibrant and representative body. A joint press conference was held in Mirpur-Azad Jammu and Kashmir and attended by Mr. Zulfiqar Abbasi, the former President of the Joint Chamber of Commerce and Industry (AJK-CCI), Dr. M. Akram Chaudhary, the current President of AJK-CCI, Raja Muhammad Jameel, the President of Bimber Chamber of Commerce and Industry, Sardar Shahid Mahmood, the President of Kotli Chamber of Commerce and Industry, Sardar Kashan Masood, Mr. Khurshid Mir and Ijaz Rehmani (leaders of the cross-LoC Trade Councils) and Mr. Ershad Mahmud, the Executive Director of CPDR. The attendees congratulated Dr. Mubeen Shah for assuming the leadership of the J&K JCCI and assured him their support and cooperation on the AJK side of the LoC. Mr. Shah joined the press conference via phone, thanking the business leaders and traders for their consistent support to make the J&KJCCI an effective body.

# About the Centre For Peace, Development and Reforms

The Centre for Peace, Development and Reforms (CPDR) is a nongovernmental, nonprofit, nonpartisan and indigenous civil society organization dedicated to promoting peace, development and reforms through dialogue and reconciliation. Founded in 2010, the CPDR is registered with the Government under the Societies Act 1860 (Act XXI of 1860), having specified Memorandum of Association.



## Objectives

- Empowering civil society; promoting peace, participatory governance, transparency and reforms through dialogue and reconciliation.
- Support democratic values, accountability, and human rights while striving for economic development and social justice.
- Promoting ethical values, civic culture, and tolerance and due attention to the marginalised and vulnerable sections of society.
- Providing an effective platform for conflict resolution with special reference to the *State of Jammu and Kashmir*.

## CPDR leadership

### 1. Tariq Masud, Chairman

Ex-Chairman of the AJK Red Crescent Society; former Ombudsman of Azad Jammu and Kashmir, [masudt@gmail.com](mailto:masudt@gmail.com)

### 2. Zulfiqar Abbasi, President

President of the Jammu and Kashmir Joint Chamber of Commerce & Industry; Director, Bank of AJK; former President of the AJK Chamber of Commerce and Industry, [kohsarhydro@gmail.com](mailto:kohsarhydro@gmail.com)

### 3. Ershad Mahmud, Executive Director, [ershad.mahmud@gmail.com](mailto:ershad.mahmud@gmail.com)

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Indus Research Foundation (IRF) is an upcoming think-tank and independent research and resource centre on the issues of historical and contemporary importance within and around the region of Jammu and Kashmir. IRF looks at Jammu and Kashmir as a bridge of peace and prosperity between rest of India and Pakistan and as an essential link between Central and South Asia. IRF is based at Jammu.



The Centre for Peace, Development and Reforms (CPDR) is a nongovernmental, nonprofit, nonpartisan and indigenous civil society organisation dedicated to promote peace, development and reforms through dialogue and reconciliation. Based at Mirpur, Azad Jammu and Kashmir, CPDR offers an effective platform for conflict resolution with special reference to Jammu and Kashmir.



Conciliation Resources based in London, is an independent organisation working with people in conflict to prevent violence and build peace. Conciliation Resources supports people at the heart of conflicts who are striving to find solutions, works with them to deepen collective understanding of the conflict, bring together divided communities and create opportunities for them to resolve their differences peacefully. Conciliation Resources is committed to provide advice, support and practical resources to its local partners as long as it required.

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**Disclaimer:** Every effort has been made to ensure the accuracy of this publication. However, the authors do not accept any responsibility of any omission as it is not deliberate. Nevertheless, it will be appreciated if the accurate information is provided for the sake of correction and the improvement of our work.



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