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India-Pakistan Peace Process: The Role of Intra-Kashmir Trade

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Synopsis

The complete closure of trade across the "Line of Control" in Kashmir over a single instance of narcotics smuggling in early 2014 indicates the fragility of this front as a confidence building measure. It also shows the reluctance of the Indian and Pakistani authorities to allow the peace process to be driven by Kashmiri stakeholders of both sides.

Commentary

EFFORTS BY India and Pakistan to build trust and confidence between them through trade across the Line of Control (LoC) in Kashmir came to a halt last January over a truckload of narcotics. The closely guarded and partially fenced LoC separates Indian and Pakistan administered Kashmir and serves as a de facto border between the two nuclear-armed states.

A limited and highly controlled intra-Kashmir trade was opened from two points in October 2008, for the first time since the 1949 ceasefire line (now the LoC) divided families and communities in Kashmir.

Stuck on both sides

On 17 January 2014, a truck from Pakistan which had crossed over to Uri on the Indian side was found to be carrying a narcotic commonly known as brown sugar worth an estimated US\$ 18million. The truck was seized and the driver arrested and sent to jail in Srinagar (capital of Indian-administered Jammu and Kashmir). Pakistani authorities promptly detained 27 Indian trucks which had crossed over to their side that day. They also closed the gates, which meant that 48 Pakistani trucks and drivers on the Indian side could not return either.

The trucks and drivers remained stranded on each side as Pakistan insisted that the arrested driver be released or be tried in Pakistan. India maintained that since the contraband was seized on Indian territory, this case had to be tried under Indian law. The stand-off continued for more than three weeks till protests by the families of the stranded truck drivers forced a diplomatic dialogue. The drivers and their trucks were finally allowed to cross over to their respective sides on 12 February. However the arrested driver and his impounded truck remained in Indian territory and trade resumed only on 26 February.

Not the first time

That this single incident snowballed into an extended diplomatic crisis and halted a whole process of trade hailed as a key confidence building measure (CBM) may appear surprising. But this is not the first time that this initiative has ground to a halt. In 2012 and 2013, trade was twice suspended owing to tensions between Indian and Pakistani troops, across the LoC.

The manner in which trade is repeatedly suspended and resumed, apart from causing economic losses to the business communities on both sides, raised larger questions about the scope, nature and intent of this initiative. Hailed as a major confidence building exercise between the two parts of divided Kashmir, a “blind” duty free barter trade – without any exchange of currency, no banking back up and no direct line of communication between buyers and sellers – was initiated in October 2008.

Over the years the people involved in the process from both sides have tried to drive the initiative by forming joint chambers of commerce and traders’ associations; they have urged the governments of India and Pakistan to make this trade not just a token “emotional connector” between divided communities and families, but an economically sustainable enterprise. So far, however, the governments have shown a reluctance to move beyond the limited “blind” barter mode, citing security reasons. The discovery of contraband in one truck has made the task of persuading the governments to ease restrictions on trade more difficult.

The larger peace process

In the recent stalemate, the Kashmir Chamber of Commerce and Industry (KCCI) suggested that teams from both sides of Kashmir play a role in resolving the conflict. As the KCCI president pointed out, cross-LoC trade is not just about selling and buying commodities, but something that constitutes a critical CBM for Kashmiris.

The sequence of events in the crisis and the fact that the stalemate could be overcome only when the highest echelons of the Indian and Pakistan foreign offices intervened indicates a reluctance to allow the people of Kashmir, including members of registered chambers of commerce, to play a more proactive role in moving this CBM from its current symbolic status to a more substantive and meaningful one. Yet it is precisely the involvement of Kashmiris that is crucial in building a long-term Indo-Pakistani peace process.

The significance of LoC-related initiatives that create opportunities for people-to-people contact cannot be understated, for they have the potential to end the conflict in the long run. Traders and businessmen involved in cross-LoC trade have repeatedly pointed out that this CBM has broad political implications because it has dispelled many misgivings about the “other side”. Beyond the quantum of trade and the number of people involved in it, the issue is about how such LoC-based initiatives can feed into a larger process of making “borders” in Kashmir “irrelevant” – a goal which both sides have publicly committed to.

Indian and Pakistani policy makers need to consult the direct stakeholders – the traders and business community of Kashmir in this case - who have an understanding of the ground realities involved in the cross-LoC trading process. Local ownership of the CBM can be created by allowing the Kashmiri leaders and business community to decide on the items to be traded, the banking and communication facilities that can be introduced given the security constraints, and the facilities required at trade facilitation centres.

The Jammu and Kashmir Joint Chamber of Commerce - the first cross-LoC NGO - can be given a formal role in crisis management and trade-related dispute resolution and consulted on evolving policy on LoC trade, including the possibility of transit trade and increasing the number of crossing points beyond the existing two. A process of mutual economic gain involving Kashmiris will generate common interests and a stronger sense of cross-LoC community.

As India and Pakistan seek a dialogic engagement, they must realise that the road to peace cannot side-step the aspirations of Kashmiris seeking to build ties across cartographic lines that have kept them apart.

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