

# Peacebuilding and Economic Potential of Cross-LoC Trade



## PERCEPTION SURVEY

Report on First-ever Opinion Poll With Cross-LoC Traders  
on both sides of divide in Jammu and Kashmir

A Collaborative Work of



Indus Research  
Foundation



Centre for Peace, Development  
and Reforms (CPDR)

Supported by



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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.

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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.

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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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Mirpur-Azad Jammu and Kashmir, April 2012

#### Disclaimer

Every effort has been made to ensure the accuracy of the contents of this publication. The author however 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 of record and improvement of our work.

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## INTRODUCTION

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

In 2009-10 Conciliation Resources and its regional partners organised a series of consultation meetings on the development, value and contribution of trade across the Line of Control (LoC) in Jammu and Kashmir and its relevance for the normalisation process between India and Pakistan and its impact on the Kashmir conflict.

Twelve people who took part in this process agreed to document their understanding and ideas. The resulting papers analysed policy and strategic frameworks with in-depth practical descriptions of the achievements and barriers to trade and its potential to improve communication across the conflict divide.

The study, released in February-March 2011, built on previous publications about the region, especially by the United States Institute of Peace, however it was the first effort of its kind in presenting 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. This added to the authenticity of their papers, which are not intended to be judged on academic merit. Conciliation Resources' role throughout this process has remained that of a facilitator and supporter of constructive debate. In June 2011 Conciliation Resources facilitated another meeting of regional partners in Dubai in which, among many other things, it was suggested to undertake a comprehensive survey of 'Peace-building and Economic Potential of Cross-LoC trade'. Indus Research Foundation (IRF), Jammu, an upcoming regional centre for research on issues of historical and contemporary importance in Jammu and Kashmir, together with Centre for Peace, Development and Reforms (CDPR), Mirpur, partnered as two organisations on either side of Line of Control to undertake the research.

IRF and CPDR engaged with prominent economists from the region to undertake a comprehensive research with stakeholder inputs for being able to suggest a workable roadmap for realising the full economic and peace-building potential of the Cross-LoC trade. Prof Dipanker Sengupta of the Department of Economics at University of Jammu and Zubair Faisal Abbasi, a Development Consultant in Islamabad, are leading a group of researchers on either side of the LoC on this study.

This Opinion Poll, the first ever of its kind, constitutes a part of the 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. 19 questions were posed to a selected sample of ten percent

of all traders at four trading centres Chakan-da-Bagh, Tetrinote, Salamabad and Chakothe. A former civil servant KD Maini interviewed the traders at Chakan-da-Bagh while a management professional Saqib Bandey interviewed the traders at Salamabad in the month of February 2012.

In Azad Jammu and Kashmir Sohail Dar did the same exercise at Chakothe while Asif Asharif conducted interviews at 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, though a slow and tardy process, has changed the very definition of the line that was drawn not only across the land but also hearts of the people in most unfortunate circumstances in 1947-48. Seen until recently as a problem that rankles the hearts and minds of people, the LoC has in recent years begun to stand as acronym for new definitions –the Line of Commerce, the Line of Cooperation, and for less enthusiast and more reasonable people, as Line of Caution! For millions of people living on both sides of the divide, April 7, 2005 was a red-letter-day when Jehlum Valley came back to life after nearly six decades with a bus service rolling out between Srinagar and Muzafarabad. October 21, 2008 was yet another day of historical importance when two traditional trade links earlier snapped by the drawing of Line of Control were restored though in a limited and controlled manner, serving more symbolic than practical purposes. However, the symbolism has withstood all tests in the last more than 40 months reflecting the need and practical possibility of a formal and institutionalised trade across the Line of Control.

When problems and challenges in way of the trade across LoC are talked about, it is also important to not lose sight of the background. It took India and Pakistan nearly five decades to develop ideas on facilitating reunion of people across the divide. However, at the same time it is important to seize the available opportunities and help create an atmosphere where such opportunities come in abundance.

**INITIAL IDEAS:** Contrary to the general belief that Cross-LoC trade between two divided parts of Jammu and Kashmir was launched in peculiar political and security circumstances in October 2008, the history of back channel and even front channel talks on such ideas goes back to early 1990s. Some non-paper exchanges are reported to have taken place between Prime Ministers Narasimha Rao and Mian Mohammad Nawaz Sharief during their respective tenures. When Benazir Bhutto replaced Nawaz Sharief she also shared the similar approach of softening the Line of Control for allowing movement of humans and goods across the divide. Prime Minister Atal Bihari Vajpayee and President Perviz Musharraf did substantial work on these ideas through their trusted aides. The historical moment for the divided families of Jammu and Kashmir thus arrived on April 7, 2005 when bus service was formally launched on Jehlum Valley Road –Kashmir’s most important and only dependable link to the outer world in pre-1947 era.

**THE ESSENTIAL PUSH:** In the backdrop of India Pakistan peace process initiated by the Pakistan President Perviz Musharraf and Atal Behari Vajpayee in 2006, Prime Minister Manmohan Singh convened a roundtable conference in Srinagar and as an important output five Working Groups were constituted for studying and making recommendations on peace-building and economic initiatives in Jammu and Kashmir. One of the Working Groups headed by Amb M Rasgotra noted with great satisfaction that Governments of India and Pakistan have already opened the LoC for

travel but strongly recommended ease on process of permissions. The Working Group made five key recommendations and one of those included a 12-point proposal on throwing the LoC open for trade.

A summit level meeting took place between Prime Minister Manmohan Singh and President Asif Ali Zardari in New York in September 2008 wherein the both leaders agreed on allowing the Line of Control for trade by the October 2008. In mid 2008, the J&K state government announced to handover a piece of land for Amarnath Shrine which triggered the mass agitation in Kashmir Valley against the decision which widened the already existing regional divide particularly between Jammu and Valley. Consequently business and trade community of Valley strongly demanded the opening up of Srinagar-Muzaffarabad road as an alternative route to reach outside the J&K state for trade and economics purpose.

Following these developments the opening of the trade route between two parts of Jammu and Kashmir was wholeheartedly supported by the people across the divide. The basic ground rules for the Cross-LoC Trade were finalised and the list of items to be traded across the LoC was agreed in the meeting of the Joint Working Group held in New Delhi on September 22, 2008. Finally, the Cross LoC trade took off 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 was carried on Tuesdays & 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 on Tuesday, Wednesday, Thursday 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. The value of goods exported via Slamabad-Uri route during 2010 was Rs 143.92 crore and Rs 89.01 crore via Chakkan- Da -Bagh LoC point. The value of goods imported via Uri route was worth Rs 241.37 crore (Pak currency) while it was Rs 167.77 crore via Chakkan-Da-Bagh during the same period. The value of total goods imported via Uri route during 2011 was worth Rs 349.19 crore while value of goods exported was worth Rs 221.21 crore. The value of goods exported via Chakkan-da-Bagh route was worth Rs 68.21 crore while value of imported goods was put at Rs 124.03 crore during this period. However during the year 2009 the value of goods imported and exported via Poonch was higher as compared to Uri route. The value of goods imported via Uri was Rs 54.62 crore and via Poonch route to the tune of Rs 88.04 cr during 2008-09. The value of exported goods via Uri route was Rs 44.30 crores while through Chakkan-Da Bagh to the tune of Rs 49.16 crore.

**LoC TRAVEL STATISTICS:** Since 2005, till February 24 this year, 6270 visitors from Azad Jammu and Kashmir came to Jammu and Kashmir Valley via Poonch route while 4608 travellers used Uri-Muzffrabad route whereas, just 487 visitors used Teetwal LoC route during this period. Nearly, 3624 visitors from this side went to AJK via Chakkan-Da-Bagh, 2674 via Uri-Kaman Post whereas just 856 via Teetwal. Again, the number of AJK visitors is higher (11494) as compared to residents of Jammu and Kashmir Valley whose number till February, 2012 is just 7288.

## EXECUTIVE SUMMARY

- With support from Conciliation Resources, London, the Indus Research Foundation (IRF) and the Centre for Peace, Development and Reforms (CPDR) began to work at a framework for a joint study on peace-building and economic potential of Cross-LoC trade in the middle of 2011. Zafar Choudhary and Ershad Mahmud organised two teams of economists and researchers in Jammu and Kashmir and Azad Jammu and Kashmir respectively.
- The study of economic and peace-building potential of Cross-LoC trade looks at both political and economic feasibility of what was initially launched as a Confidence Building Measure to open opportunities of interactions between the divided communities across the Line of Control. While the full-fledged report is due in a couple of months from now, as part of the study an opinion poll was conducted with a sample of traders actually engaged in Cross-LoC trade to understand their experiences of last three years.
- A sample of ten percent of all the traders engaged in four trading points on both sides of Line of Control was selected and they were presented with open ended questions. Despite absence of options to chose there was a large similarity of answers which reflected a common approach of traders irrespective of their location and the political atmosphere they live in.
- There are 472 traders belonging to ten districts of Kashmir province and two districts of Jammu province registered for trade through Salamabad-Chakhoti sector (also known as Srinagar-Muzaffarabad route) and 165 traders belonging to only three districts of Jammu province and two districts of Kashmir province registered for trade through Chakan-da-Bagh – Tetrinote sector (also known as Poonch-Rawalakot road). On AJK side of Line of Control there are around 2200 traders but only 600 of them have reported active. Therefore, equal number of sample was selected from both sides.

**This first-ever opinion poll of its kind brings more positive results than one would have expected as the opinion of traders seems highly optimistic despite all the odds under which they are operating.**

- Even as the infrastructural facilities towards the trade facilitation centres on both sides of LoC have considerably improved over the past three years but the key requirements for any business – access to markets, free travel, communication and banking – are still missing. Despite these critical lacunae and other procedural difficulties, a good number of traders have sustained their interest and many new are joining. Of all the respondents for this survey, 49 percent have stayed on in the trade despite all difficulties right from inception. 27 percent are into it for last two years while 24 percent were relatively new to the trade as they joined at different points during last one year.

The survey reveals that at least six out of ten traders have their relatives on the other side of Line of Control. As many as 62 percent of the respondents confirmed that they have relatives on the other side and most of them said that their status of being the members of divided families was major reason for joining the Cross-LoC trade.

- The traders optimistic about the future of Cross-LoC trade even as they are not very clear what is going to happen next. Slightly more than half of all the traders see a bright future for the Cross-LoC trade while others feel that in absence of access to markets, communication and banking the trade might fizzle out. An overwhelming majority of 68 percent of respondents on the Indian side of LoC have expressed optimism while this opinion is not as promising from the other side.

Looking at the basic purpose of launching Cross-LoC trade, a significant majority of 60 percent traders think that Confidence Building Measures involving people to people contacts across the Line of Control – travel, trade and tourism etc – can actually help in paving way for resolution of Kashmir issue. While the traders on Indian side of LoC are still little cautious about end result of such initiatives but those on the Pakistani side have more overwhelming response.

- Unemployment seems to be a major reason for coming to Cross-LoC trade but there is also a significant number of traders who claim that supporting the Confidence Building Measure was also major motivation for them. Of all respondents, 36 percent have said that they saw in Cross-LoC trade an avenue of addressing their problem of unemployment. 59 percent of all respondents were already into one or the other form of business before getting into the Cross-LoC trade. Only 14 percent were the unemployed. However, in terms of background of traders there is a stark difference between both sides of LoC. While 32 percent of the respondents from Pakistani side of LoC have said that they were political activists before joining trade, no such background has been listed by any trader from the Indian side.

Despite an approved and agreed list of 21 items for the Cross-LoC trade and a consistent demand for its enlargement, around 42 percent of the respondents to this survey have said that they have traded, so far, only in fresh fruits and vegetables including onions. 38 percent have dealt only carpets, rugs and allied productions while 20 percent of the respondents have said that they have traded, invariable, in almost all items in the approved list.

- 16 percent of all the respondents have confirmed that they either manufacture or grow the items they into in Cross-LoC trade. 18 percent of the respondents from Pakistani side and 13 percent from Indian side of LoC have confirmed that make, manufacture of grow items at their own. An overwhelming majority of 83 percent of the respondents have called for expanding the scope of items to those produced anywhere in both countries. This demand is more prevalent on the Indian side where 92 percent of traders have suggested expanding the list of items to produced anywhere in India. Also, an overwhelming majority of 94 percent of the respondents to this survey have asked for reviewing the list and adding more items into it. However, six percent have said that they are fine with the present list. Interestingly, all respondents from Indian side have asked for revision of list while 12 percent of respondents from Pakistani side have said that they comfortable with the present list.

A large number of respondents –39 percent from both sides –have alleged that highhandedness of custom staff and corruption is the biggest problem in barter. This problem seems more prevalent AJK as 78 percent of the respondents have expressed displeasure with the custom clearance system while only 67 percent on the Indian side have said so. 77 percent of the respondents have said that they are able to realise money from the barter while 23 percent have said that face difficulties. The position of realising money seems better on the Indian side as 83 percent of respondents have said they don't face major difficulties while only 72 percent from the Pakistani side have said so. While 67 percent of respondents have said that they are able to convert goods into cash within three weeks, 22 percent say that it may take from a month to two or even more. Yet a small number of respondents –11 percent –have said they have been able to sell goods and make cash within one to two weeks.

- 84 percent of the respondents have said that they have access to suitable markets to lay off the goods procured from the other side. This scenario is again better in the Indian side than Pakistani side. 93 percent respondents on the Indian side have said that they have easy and quick access to the suitable markets while only 75 percent of traders from Pakistani side have said so. 73 percent of the respondents on both sides have said that are able to make fair projection of profits before getting into any deal across LoC. Again, traders on the Indian side seem to have honed better skills as 83 percent of them have claimed their ability to project profits while only 63 percent from Pakistani side have said so.
- 46 percent of the respondents say that they are often not happy with quality of goods but can't always do much when a consignment is received. 12 percent have however said that quality of goods is not always bad but it depends on the trading party which is sending in. The complaint about quality of goods is much higher from Pakistani side as 65 percent of the respondents from other side of LoC have expressed displeasure while only 27 percent from Indian side have said so.
- All respondents put forth the sum of following measures for institutionalisation of trade: allow more vehicles, increase in items trade list, allow tourist/business permits to traders to visit other side, ease of access in LoC, Common Banking/Sale purchase system, install full body scan x-ray machines at trade centres, allow free telecommunication to at least the registered traders, lay down a clear and well defined policy in terms of taxation and other security rules governing the Cross-LoC trade and establishment of local markets near to crossing points

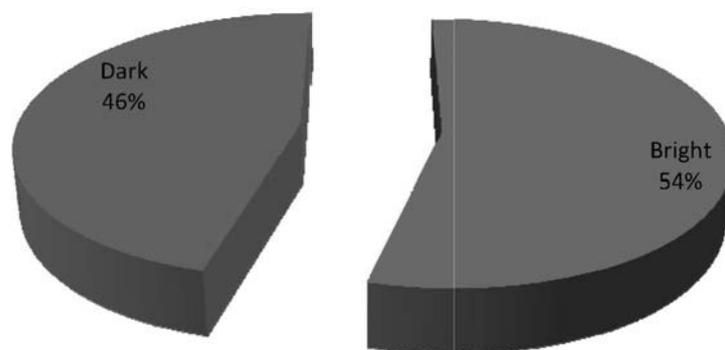


# OPINION SURVEY: KEY OBSERVATIONS

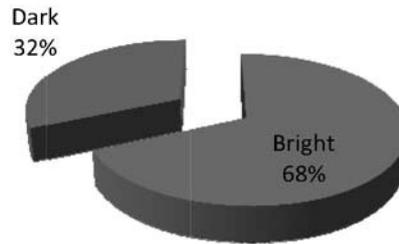
## 1. THE FUTURE OF CROSS-LOC TRADE

The traders engaged in the Cross-LoC trade on both sides of Line of Control since October 2008 are cautiously optimistic about the future of this barter trade as they are not very clear about what is going to happen next in terms of key infrastructural facilities required for formalisation and sustenance of trade. Slightly more than half of all the traders -54 percent -on both sides of divide see a bright future for the Cross-LoC trade but there is a clearly visible variation in the opinion of traders based on which side of the divide they are operating. An overwhelming majority of 68 percent of respondents in Jammu and Kashmir Valley see a bright future for the trade while this opinion is not as promising from the other side. Only 40 percent of the respondents from the AJK have indicated optimism while 60 percent see a dark future for Cross-LoC trade.

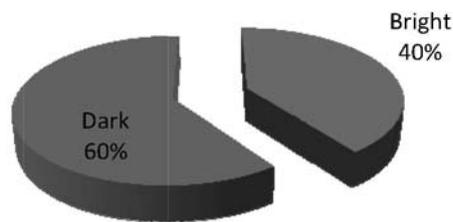
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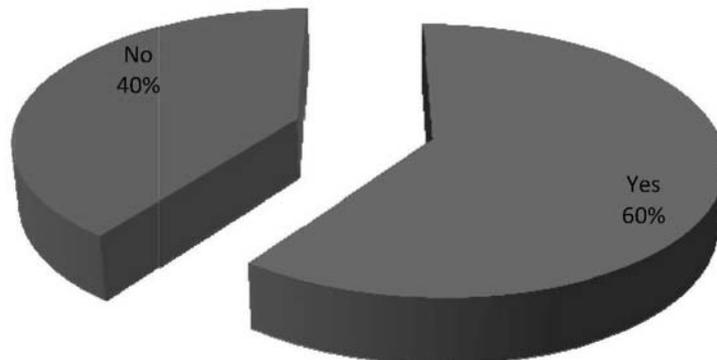
### Chakothi and Tetrinote



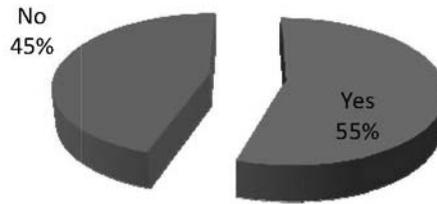
## 2. CAN TRADE, TRAVEL ACROSS LOC HELP PAVE WAY FOR RESOLUTION OF POLITICAL ISSUES?

On the political side, a significant majority of 60 percent traders think that Confidence Building Measures involving people to people contacts across the Line of Control –travel, trade and tourism etc –can actually help in paving way for resolution of Kashmir issue. While the traders on Indian side of LoC are still little cautious about end result of such initiatives but those on the Pakistani side have more overwhelming response. While only 55 percent of respondents on the Indian side talked about such possibility but on the other side of LoC as many as 65 percent said that Cross-LoC trade and travel could actually change the political situation.

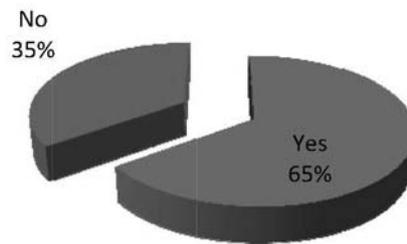
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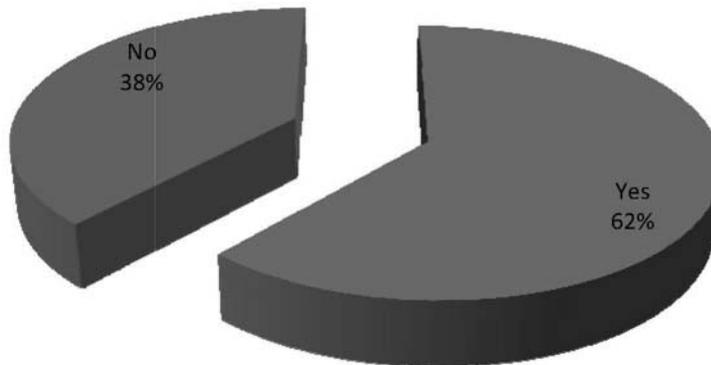
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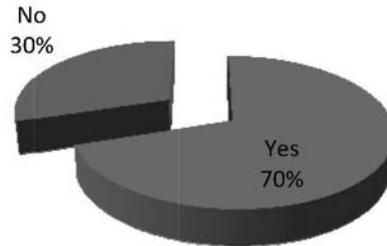
## 3. THE CASE OF DIVIDED FAMILIES

Cross-LoC trade offering dividends of emotional reunion to the members of divided families has always been at the centre of this major Confidence Building Measure. The survey reveals that at least six on ten traders have their relatives on the other side of Line of Control. As many as 62 percent of the respondents confirmed that they have relatives on the other side and most of them said that their status of being the members of divided families was among basic reasons for joining the Cross-LoC trade. The survey further reveals that 70 percent of the traders on Indian side of LoC have their relatives on the Pakistani side and 53 percent of those on the other side have their relatives on this side.

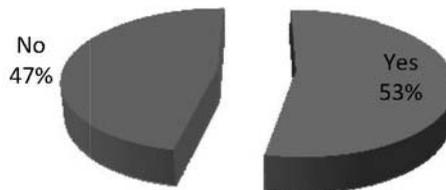
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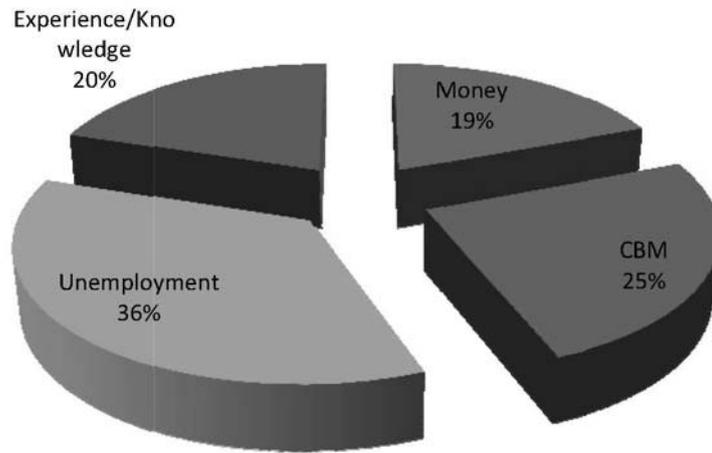
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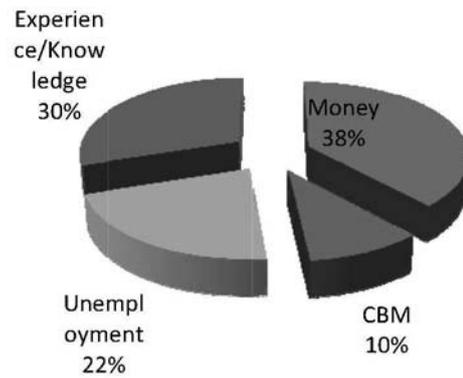
#### 4. THE BASIC ATTRACTION IN CROSS-LOC TRADE

In a true reflection of diversity of stakeholders in Jammu and Kashmir there is no single factor which became first reason for the traders to come into Cross-LoC trade. However, analysis of individual responses brings about the much obvious results. Unemployment seems to be a major reason for coming to Cross-LoC trade but there is also a significant number of traders who claim that supporting the Confidence Building Measure was also major motivation for them. Of all respondents, 36 percent have said that they perceive Cross-LoC trade as an avenue of addressing their problem of unemployment. 25 percent of respondents claim to have made a careful decision in supporting the peace process while for another 19 percent the Cross-LoC trade came to them as an additional source of earning money. Again, these reasons vary across both sides of LoC. An overwhelming 40 percent of respondents on Pakistani side have listed support to peace process as their first reason while only 10 percent on the Indian side said so.

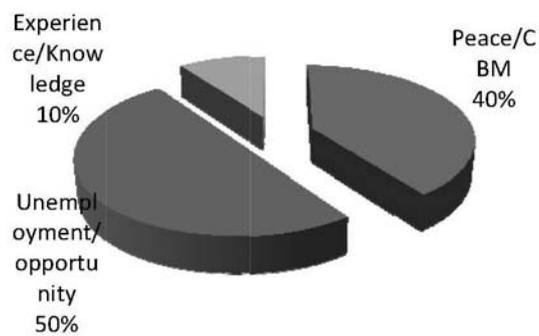
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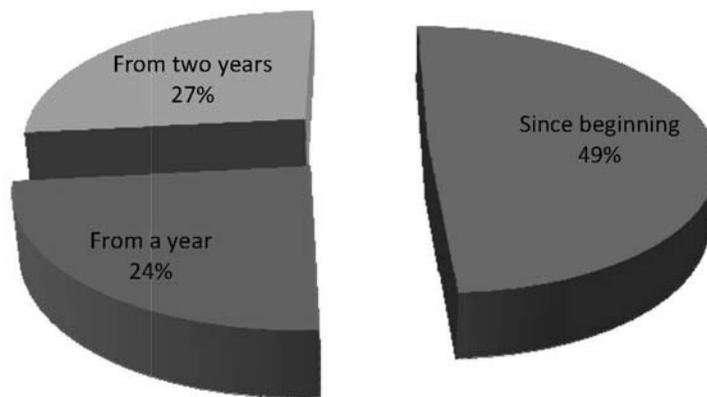
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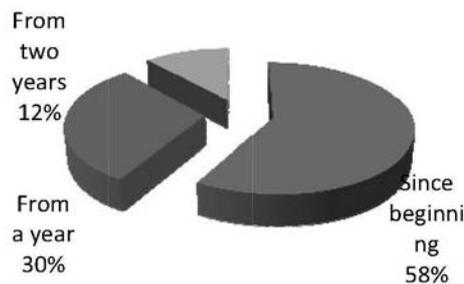
## 5. PROSPECTS OF SUSTAINING THE PROCESS

Even as the infrastructural facilities towards the Trade Facilitation Centers (TFC) on both sides of LoC have considerably improved over past three years but the key requirements for any business i.e. access to markets, free travel, communication and banking are still missing. Despite these critical lacunas and other procedural difficulties, a good number of traders have sustained their interest and many new are joining. Of all the respondents for this survey, 49 percent have stayed on in the trade despite all difficulties right from inception. 27 percent are actively engaged for last two years while 24 percent were relatively new to the trade as they joined at different points during last one year.

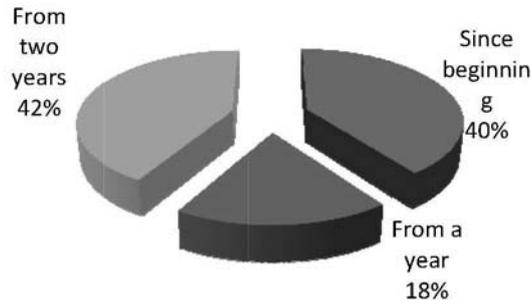
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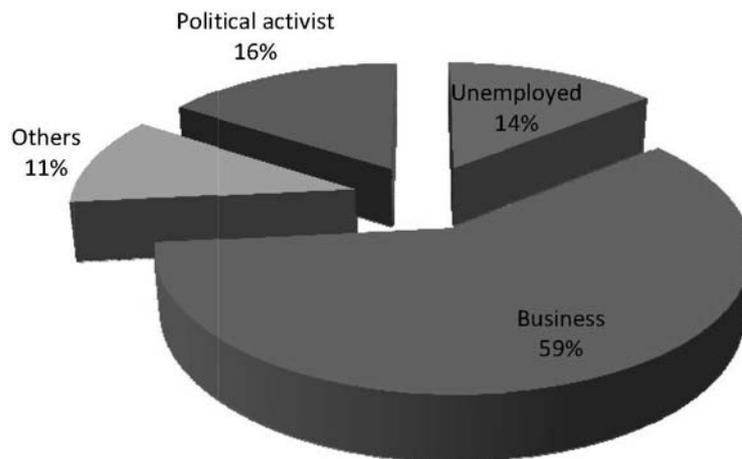
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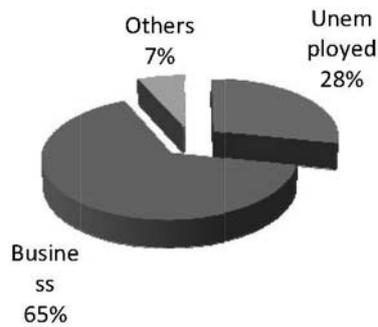
## 6. LIFE BEFORE CROSS-LOC TRADE

Even as most of the traders listed unemployment is the main reason from coming into the trade but survey results show that 59 percent of all respondents were already into one or the other form of business before getting into the Cross-LoC trade. Only 14 percent were the unemployed. However, in terms of background of traders there is a stark difference between both sides of LoC. While 32 percent of the respondents from Pakistani side of LoC have said that they were political activists before joining trade, no such background has been listed by any trader from the Indian side. 53 percent traders from Indian side and 65 percent from Pakistani side have said that they were already into some kind of business.

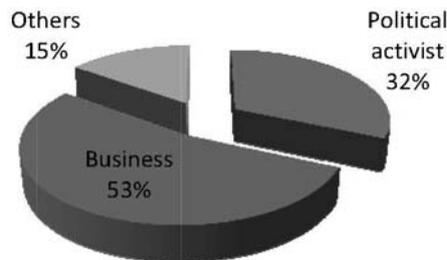
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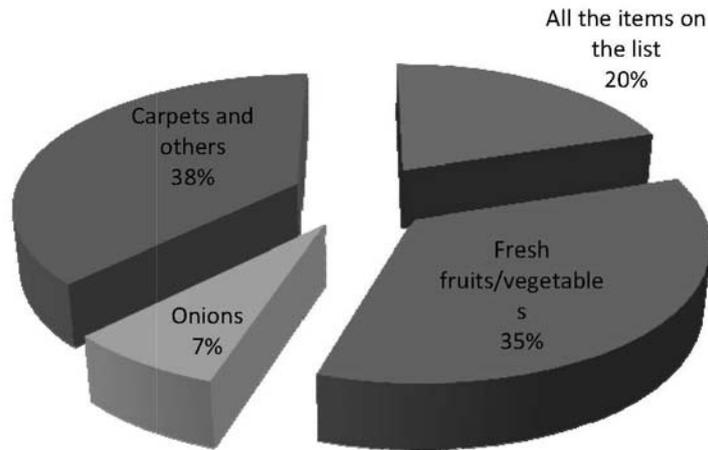
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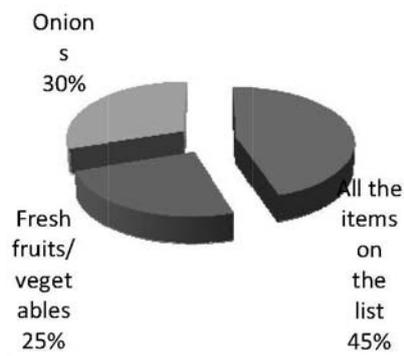
## 7. WHAT IS TRADED THE MOST

Despite an approved and agreed list of 21 items for the Cross-LoC trade and a consistent demand for its enlargement, around 42 percent of the respondents to this survey have said that they have traded, so far, only in fresh fruits and vegetables including onions. 38 percent have dealt only carpets, rugs and allied productions while 20 percent of the respondents have said that they have traded, invariable, in almost all items in the approved list.

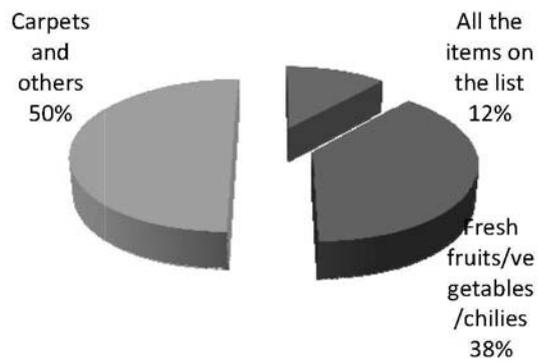
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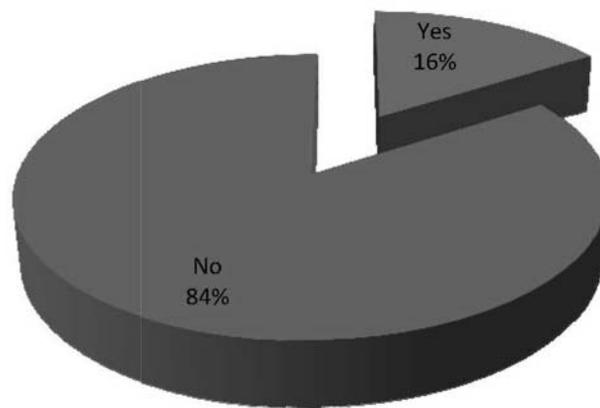
### LoC West



## 8. WHERE DO THE TRADE ITEMS COME?

Though a very small number but significant enough, 16 percent of all the respondents have confirmed that they either manufacture or grow the items they into in Cross-LoC trade. 18 percent of the respondents from Pakistani side and 13 percent from Indian side of LoC have confirmed that they manufacture or grow items at their own. Most of such items are embroidery products or fruits. This is a promising factor in context of the Cross-LoC trade being limited to the items of Jammu and Kashmir origin. 84 percent of the respondents have said that they procure items from other sources.

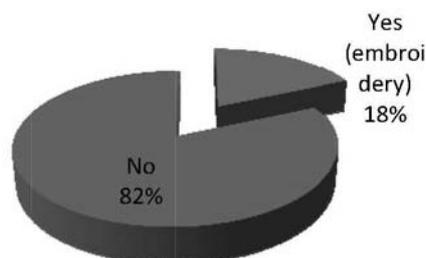
Consolidated View



LoC East



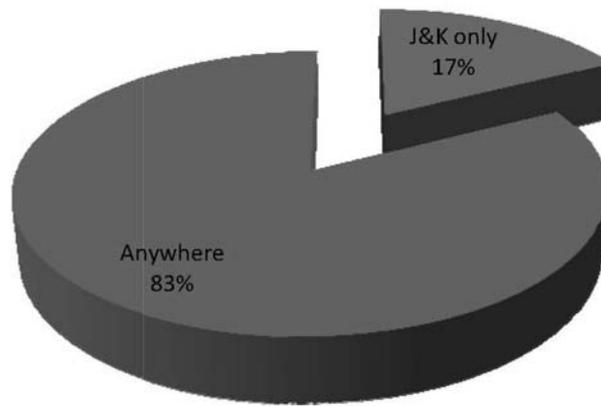
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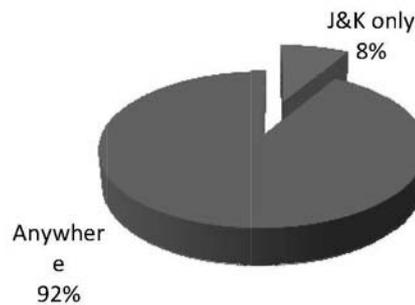
## 9. WIDENING THE SCOPE OF ORIGIN OF ITEMS

As per the present set of norms the Cross-LoC trade is permitted only to a specified list of items originated within both sides of Jammu and Kashmir but the traders want it to be expanded to items produced anywhere in India and Pakistan. An overwhelming majority of 83 percent of the respondents have called for expanding the scope of items to those produced anywhere in both countries. This demand is more prevalent in Jammu and Kashmir where 92 percent of traders have suggested expanding the list of items to produced anywhere in India. 72 percent of the respondent traders on Pakistani side have called for inclusion of all items produced in Pakistan.

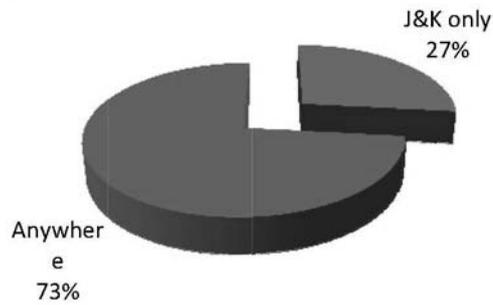
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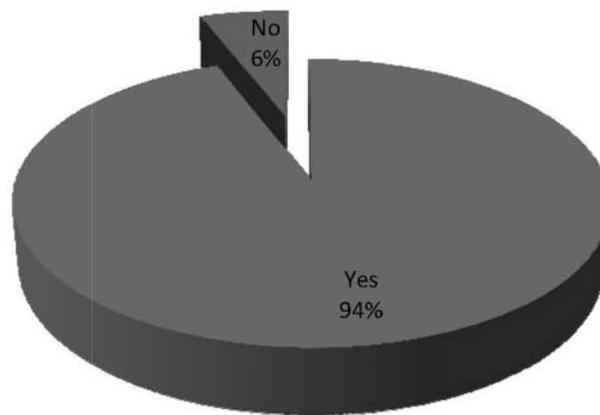
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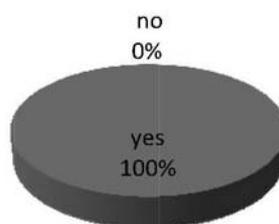
## 10. EXPANDING THE TRADE LIST

A near absolute majority of respondents have strongly called for review and expansion of the agreed list of tradable items. An overwhelming majority of 94 percent of the respondents to this survey have asked for reviewing the list and adding more items into it. However, six percent have said that they are fine with the present list. Interestingly, all respondents from Indian side have asked for revision of list while 12 percent of respondents from Pakistani side have said that they comfortable with the present list.

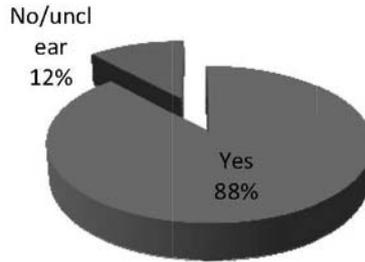
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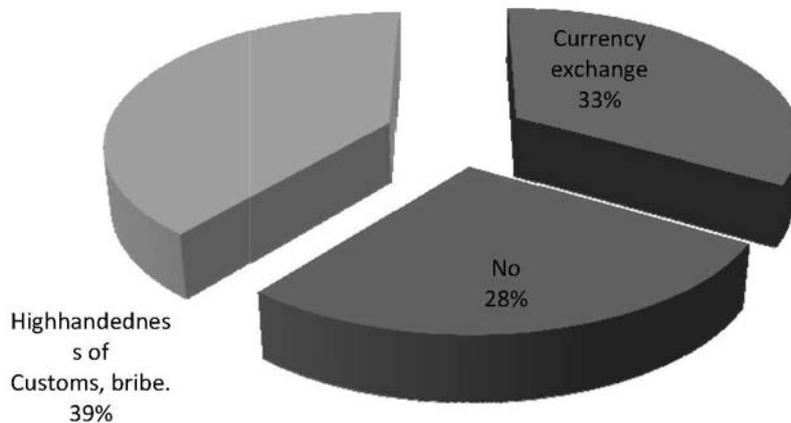
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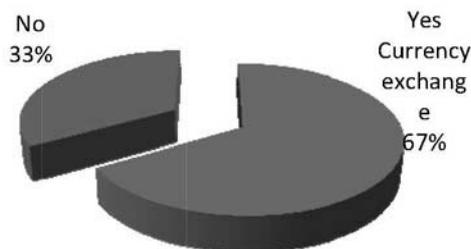
## 11. DIFFICULTIES OF BARTER TRADE

Barter trade is the most difficult regime but the traders across Line of Control seem to have adjusted to this process. However, a large number of respondents –39 percent from both sides –have alleged that highhandedness of custom staff on the corruption is the biggest problem in barter. This problem seems more prevalent on the Pakistani side as 78 percent of the respondents have expressed displeasure with the custom clearance system while only 67 percent on the Indian side have said so.

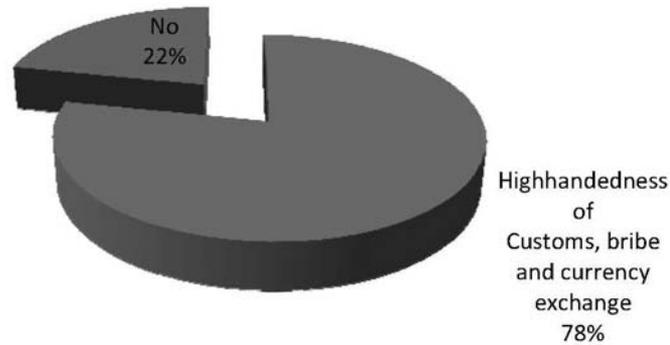
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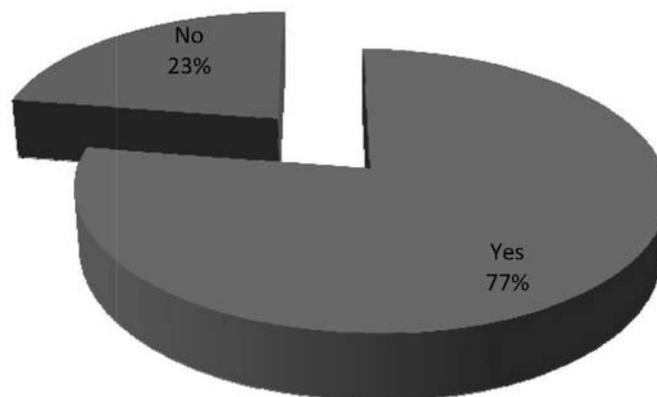
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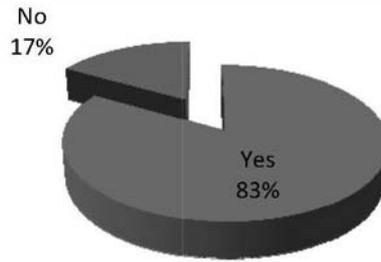
## 12. RETURN ON INVESTMENTS

Contrary to the notions of money getting blocked for long times, an overwhelming majority of respondents have said that realising money is not a major difficulty. 77 percent of the respondents have said that they are able to realise money from the barter while 23 percent have said that face difficulties. The position of realising money seems better on the Indian side as 83 percent of respondents have said they don't face major difficulties while only 72 percent from the Pakistani side have said so.

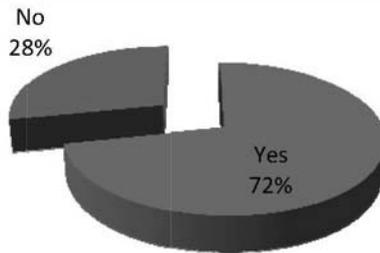
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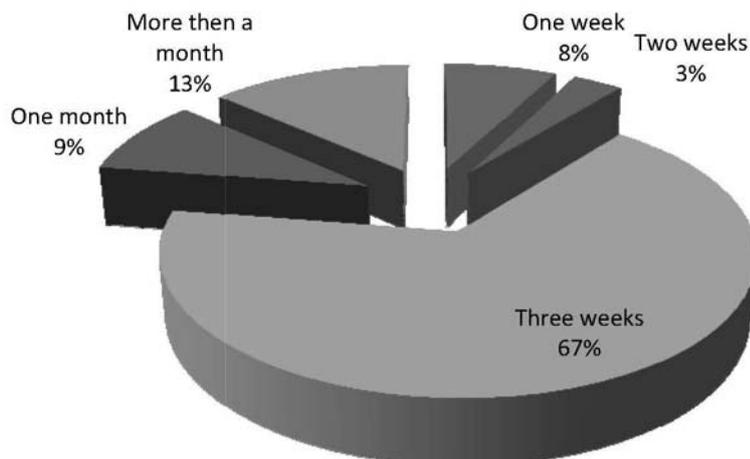
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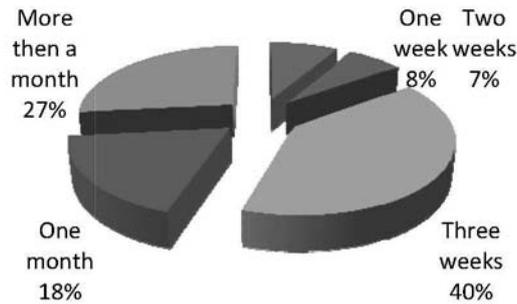
## 13. TIMES IT TAKES TO CONVERT BARTER INTO CASH

According to a larger number of respondent traders it doesn't not take more than three to four weeks in converting the goods procured through barter into the cash by selling them to the relevant markets. While 67 percent of respondents have said that they are able to convert goods into cash within three weeks, 22 percent say that it may take from a month to two or even more. Yet a small number of respondents –11 percent –have said they have been able to sell goods and make cash within one to two weeks.

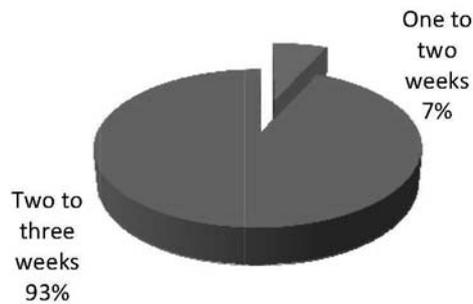
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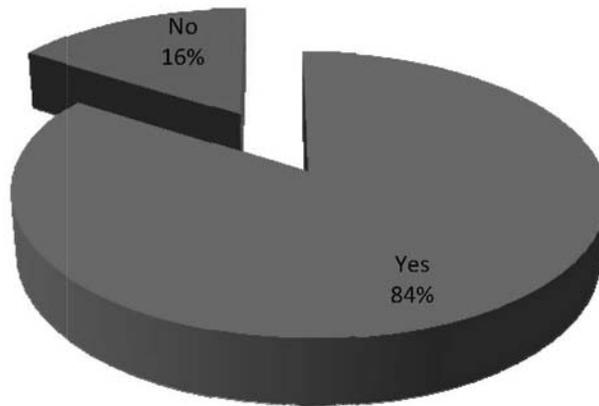
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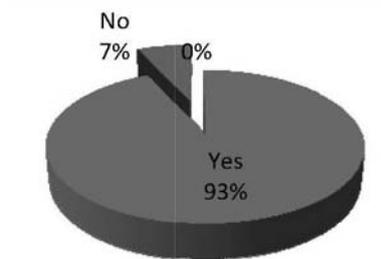
## 14. FINDING SUITABLE MARKETS

Market demand and acceptability of goods received from one side to the other side is a crucial factor in sustenance of the trade. This is again a near-success story of the Cross-LoC trade. 84 percent of the respondents have said that they have access to suitable markets to lay off the goods procured from the other side. This scenario is again better in the Indian side than Pakistani side. 93 percent respondents on the Indian side have said that they have easy and quick access to the suitable markets while only 75 percent of traders from Pakistani side have said so.

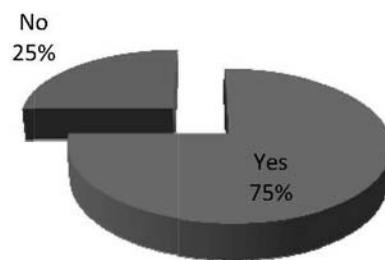
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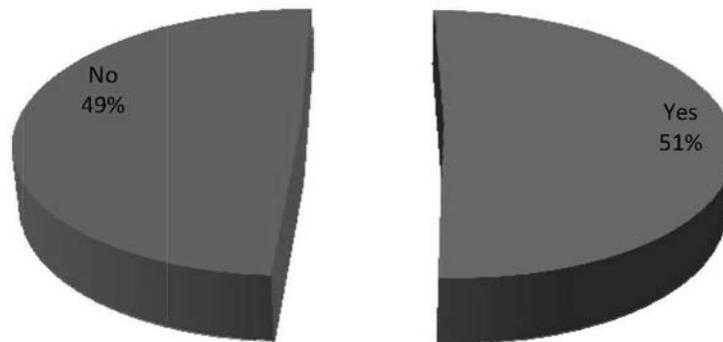
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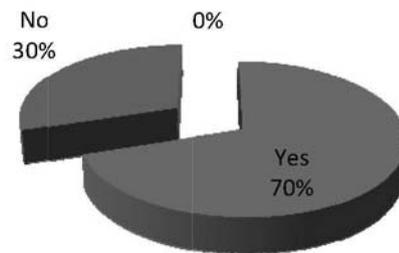
## 15. BARTER TRADE AND SCOPE OF CASH FLOW

One of the critical flaws in barter trade is long term blockage of funds which otherwise could have been mobilised for enhancing prospects of business. Once goods received in exchange from other side do not take too long in conversion into cash but overall process takes a long time. The survey with traders suggests that the barter system is diminishing the working capital of traders. 51 of the respondents point to this problem.

Consolidated View



LoC East



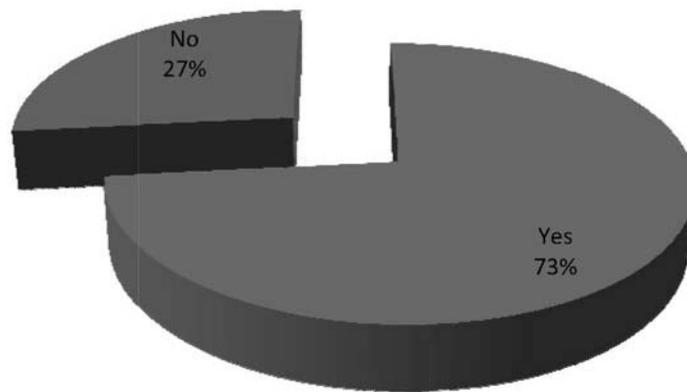
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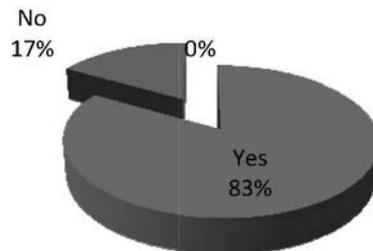
## 16. PROJECTION OF PROFITS

In absence of full knowledge of markets on the other side and the price variation, projection of profits is a difficult task but this survey suggests that most of the traders have developed their own skills to meet the situation. 73 percent of the respondents on both sides have said that are able to make fair projection of profits before getting into any deal across LoC. Again, traders on the Indian side seem to have honed better skills as 83 percent of them have claimed their ability to project profits while only 63 percent from Pakistani side have said so.

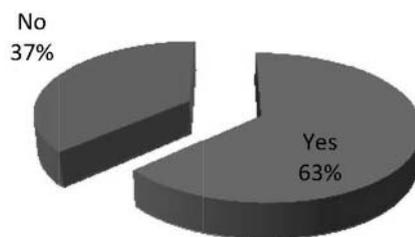
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LoC East



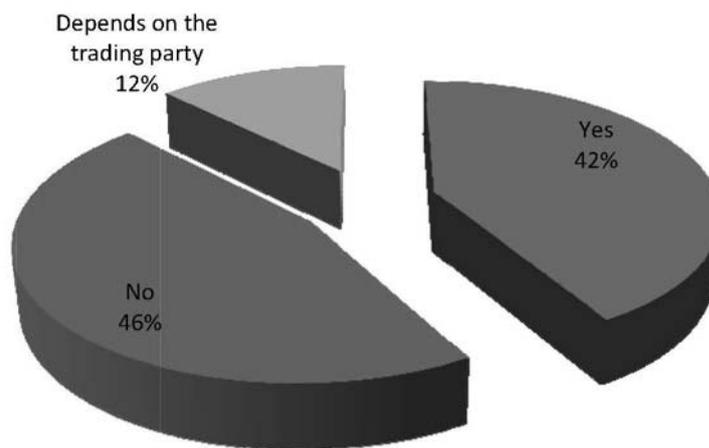
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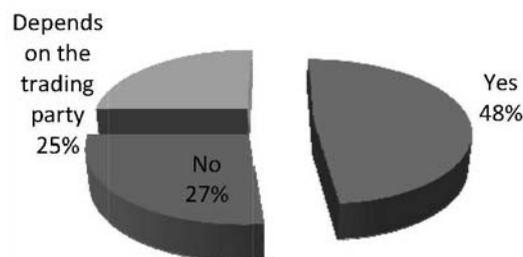
## 17. QUALITY OF GOODS RECEIVED

Barter trade is blind so traders don't have an idea of what is coming in from other side. This is clearly reflected in the survey. 46 percent of the respondents say that they are often not happy with quality of goods but can't always do much when consignment is received. 12 percent have however said that quality of goods is not always bad but it depends on the trading party which is sending in. The complaint about quality of goods is much higher from Pakistani side as 65 percent of the respondents from other side of LoC have expressed displeasure while only 27 percent from Indian side have said so. All those respondents who have said that quality depends on the trading party are from Indian side of LoC and they make 25 percent of the total number of respondents from this side.

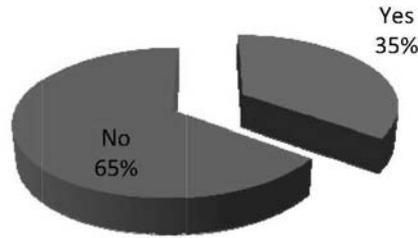
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LoC East



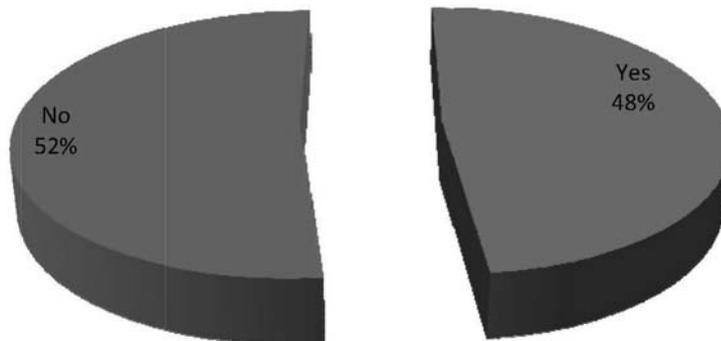
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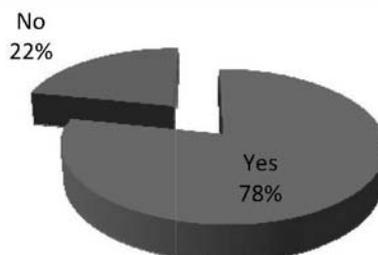
## 18. METHOD OF ARBITRATION

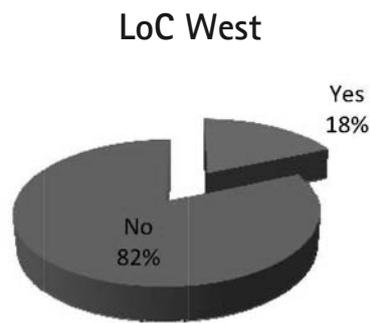
Even as the standing operating procedures lay down specific rules for arbitration but the traders have developed one of their own in which they meet at the Zero Line periodically and settle down their outstanding. This model has worked pretty well on Chakan-da-Bagh - Tatrino route but not that much on Salamabad-Chakothe route. 52 percent of all the respondents have said that they satisfied with the present mode of arbitration. However, this response has major variation between both sides of LoC. While 78 percent of the respondents from Indian side have said that are happy with current arbitration process but 82 percent from the Pakistani side have said that they are not satisfied.

Consolidated View



LoC East





## THE JOINT CHAMBER: A MODEL FOR CROSS-LoC COOPERATION

Conciliation Resources started work in Jammu and Kashmir, on both sides of Line of Control, in 2009 with an appraisal meeting at in Bangkok. The meeting was attended of young activists, educationists, journalists and other professionals. Participants shared their views on peace building and cooperation in Jammu and Kashmir.

Areas like education, trade, and youth exchange were listed as priority sectors for possible Cross-LoC collaborations where Conciliation Resources could offer support to local actors.

Later in 2009, Conciliation Resources commissioned research and discussion papers on Cross-LoC trade to journalists, academicians and traders on the both sides of Jammu and Kashmir. Papers were put to discussion in a meeting, attended by authors and some experts, at Colombo in March 2010. In February-March 2011, a book based on discussion papers was presented to the public through formal launches and discussions 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 trade related meeting in Colombo, the issue of possibilities of Cross-LoC education was also put to discussion with Prof Siddiq Wahid from Srinagar and Ambassador Arif Kamal from Islamabad in lead. With Conciliation Resources support, Prof Siddiq and Amb Kamal later partnered to undertake first ever survey on educational opportunities on both sides of Line of Control in Jammu and Kashmir. The study was later brought out in shape of a booklet in April-May 2011.

A meeting on possibilities of Cross-LoC education linkages was held in Istanbul in September 2010 which was attended by academicians from Jammu and Kashmir as well as Azad Jammu and Kashmir as also from New Delhi and Islamabad. Again in November 2011, the Conciliation Resources organised a meeting of Vice Chancellors and other senior educationists from both sides of Line of Control in Istanbul. The meeting discussed various measures of collaborations across the Line of Control, particularly in the areas of virtual world.

Conciliation Resources' other areas of support in Jammu and Kashmir include: media collaboration

-a film was recently made by two journalists (please see CD), studying youth attitudes (a young Kashmiri scholar from Ganderbal is leading the project along with scholar partners in Azad Kashmir), conflict transformation workshops (lead by Centre for Law and Democracy –a Srinagar based group of lawyers and other activists) and series of dialogues with women.

## FORMATION OF JOINT CHAMBER

The most of significant achievement of Conciliation Resources' work in the region has been the reorganisation of a Cross-LoC Joint Chamber of Commerce and Industry. In November 2011, Conciliation Resources organised a meeting with presidents and other elected representatives of business Chambers from all regions of erstwhile state of Jammu and Kashmir. On the agenda was discussion on real potential of the Cross-LoC trade and possibilities of reviving the Joint Chamber, a symbolic association formed in 2008.

The Istanbul meeting proved to be a major development towards enhancing Cross-Line of Control (LoC) cooperation in Jammu and Kashmir as ten major business organisations including the heads of four major Chambers and Federations of Industries from both sides of divide decided to form a formal, inclusive and properly elected apex Joint Chamber of Commerce and Industry.

The first ever written and signed agreement on non-governmental cooperation between different organisations of mutual interest from both sides of the Line of Control between Jammu and Kashmir was arrived at after a three-day long meeting held in Istanbul, Turkey from November 26 to 28. The agreement was reached between 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 Line of Control (LoC) traders from all four trading points (Tetrinot-Chakan-da-Bagh on Poonch-Rawalakot route and Salamabad-Chakothei on Srinagar-Muzaffarabad routes) and the Intra-Kashmir Trade Union.

First of its kind of civil society initiative to put in place a formal structure of cooperation was an inherent desire of the stakeholders to compliment a series of India-Pakistan Confidence Building Measures on reviving ties across the Line of Control between both sides of Jammu and Kashmir. While acknowledging the fact that a Joint Chamber of Commerce and Industry was agreed upon by three constituent Chambers in October 2008 which could not realise its full potential due its limited scope of consultations, the participant representatives of different Chambers decided to organise the new body in an inclusive, participatory and sustainable manner.

To emerge as a formally constituted, properly elected and fully representative body of industry and trade organisations drawn from all regions in both, Indian and Pakistani, sides of Line of Control the meeting discussed and agreed that the Joint Chamber of Commerce and Industry shall represent not only interests of the ongoing Cross-LoC trade but also work towards other possibilities of cooperation across the Line of Control with larger objective of building peace and trust between the regions.

Following are the broad contours of nine-point agreement which was signed by 17 participants representing all Chambers, Federations of Industries and associations of Cross-LoC traders:

- The Jammu and Kashmir Joint Chamber of Commerce and Industry (J&K JCCI) shall be comprised of 44 member General Body equally drawn from both sides of Line of Control. Further, the agreement clearly spelled out composition of membership between all partner organisations. Eight members of the General Body will be reserved for the cross LoC traders, four from each side (Tetrinot-Chakan-da-Bagh and Salamabad-Chakothe trading points) and the J&K JCCI shall integrate the Joint Federation of Cross-LoC Traders after its proper establishment.
- A proper 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 Executive Committee before April 30, 2012. The ten-member committee shall be drawn from constituent partners in equal numbers from both sides of LoC.
- The President shall be elected by the defined Electoral College and will assume office January 1 each year and Presidency will rotate between the sides of LoC on early 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 facilitate 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, Pakistan administered Kashmir) and Zafar Choudhary (Honourary Director, Indus Research Foundation, Jammu, Jammu and Kashmir) would act as liaison 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-Chakothi 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-Chakothi 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 sub section [g] of section 4 of Istanbul agreement of November 28, 2011, a meeting of the members of Electoral College (constituted as sub section [e] of section 4 of the same agreement) was held on December 29, 2011 in Srinagar to elect the new president of Jammu and Kashmir Joint Chamber of Commerce and Industry (JJCCI).

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 Kashmir Chambers of Commerce and Industry); Mr Mushtaq Chaya, representing tourism sector and nominated by President KCCI; Mr Zahoor Ahmed and Nazir Ahmed Shikari (representing Federation Chamber of Industries Kashmir), Mr Mohammad Yasin Khan and Mr Bashir Ahmed Kongposh (representing Kashmir Traders and Manufacturers Federation) and Tariq Khan and Hilal Ahmed Turki (Salamabad-Chakoti Cross-LoC Traders).

The meeting was convened and proceedings facilitated by Zafar Choudhary, Honorary Director Indus Research Foundation (Jammu). Threadbare discussions held on background and future prospects of Jammu and Kashmir Joint Chamber of Commerce and Industry, particularly in terms of reference laid down by the Istanbul agreement signed on November 28, 2011 by representatives of all signatory organisations.

Dr Mubeen Ahmed Shah of KCCI's name was proposed for the post of President JK 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 cause an election. No other name came up in the meeting. However, Mr Zahoor Ahmed of FCIK requested for a daylong break for further reflections and Mr Nazir Ahmed Shikari suggested that this time be availed for proposing any other name against KCCI's nominee Mr Shah. This request was agreed upon by entire meeting. A deadline of 1pm of December 30 was fixed up to convey the alternate nomination, if any, to Mr Zafar Choudhary. All stakeholder organisations were consulted but no new nomination came up until the end of next day or anytime ever after.

The meeting was reconvened on the evening of December 30 but it had to be adjourned before declaring the name of new President as Mr Yasin Khan of KTMF expressed his reservations on sub section [d] of section 4 of Istanbul agreement which doesn't provide membership to KTMF in the interim committee for drafting constitution of the JK JCCI. Since expanding membership of interim committee was neither in sole competence of the current facilitator nor the 11-member group drawn from Kashmir Valley, therefore, the meeting was adjourned to address this issue in consultation with all signatories.

The signatories of the Istanbul agreement were consulted in due course of time and consent was obtained from most of them for expanding the membership of interim committee from 10 to 12 to accommodate one member from LoC East (KTMF) and correspondingly one member from LoC West by CPDR in consultations with the local stakeholders.

However, the next meeting could not be reconvened earliest in view of extremely hostile weather conditions in Kashmir, prolonged suspended transport and communication system and personal or organisational engagements of various constituent members outside the Valley.

Several attempts were made to make the meeting possible either in Jammu or in Srinagar but at no point of time it was possible to have all the members together at the same venue on the same day. Therefore, in view of the considerable delay (already 40 days) and mounting pressure from other stakeholders who wanted this process to be completed for being able to move to the next step of framing the constitution and formalising the JK JCCI by approving terms of association in April 2012, as envisaged in the agreement, it was decided to close the election process at earliest. However, despite the fact the challenge of having all the members at given date still remained constant, it was decided to hold the closing meeting in Srinagar on February 9, 2012. Mr Abdul Hamid Punjabi, the President of KCCI was out of station but he nominated Mr Mushtaq A Wani to represent him. Remaining three members of the KCCI and nominee from Tourism sector Mr Mushtaq Ahmed Chaya were present in the meeting. Similarly, Mr Yasin Khan was also out of station but he nominated Mr Bashir Ahmed Kongposh on behalf of his organisation. However, Mr Yasin Khan spoke over phone to the facilitator and confirmed his support to the name of Mr Mubeen Ahmed Shah. Mr Hilal Ahmed Turki, currently in Delhi, spoke to the facilitator, and reiterated his commitment of December 30, 2011. Similarly, Mr Tariq Khan also met the facilitator on February 8 and spoke over on the morning of February 9 to confirm his support to completion of process as it was left on December 30.

The meeting thus held at Srinagar on February 9 at 11 AM was attended by: Mr Rauf Ahmed Punjabi, Dr Mubeen Ahmed Shah, Mr Shahid Choudhary, Mushtaq Ahmed Wani (representative of President KCCI) Mr Mushtaq Ahmed Chaya (Tourism sector), Bashir Ahmed Kongposh (KTMF).

After reading out the statements of the consent of all stakeholders and summary of the process between December 2011 and February 9, 2012 the members present in the meeting unanimously agreed and endorsed the candidature of Dr Mubeen Shah for the post of President JK JCCI. Subsequently, formal announcement was made in the meeting declaring Dr Mubeen Shah as President of Jammu and Kashmir Joint Chamber of Commerce and Industry for one year term ending December 31, 2012. All other processes connected or in follow up shall be carried out as per relevant sections of the Istanbul agreement of November 28, 2011.

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

Dr Mubeen Shah also made a firm commitment to work in close coordination with all stakeholders in all the regions and the government to provide credible leadership to the interests of Cross-LoC trade which is not only business proposition but also a major intra-Jammu and Kashmir Confidence Building Measure undertaken by Government of India and Pakistan. He also placed on record his gratitude to JCCI President Mr YV Sharma, FIJ President Mr Annil Suri, former Joint Chamber President Zulfiqar Abbasi and all other stakeholders for reposing trust in him.

The minutes of this meeting were circulated among all constituent organisations, stakeholders and relevant authorities in the Government of Jammu and Kashmir soliciting their views and suggestions, if any, on making the JK-JCCI more vibrant and representative. A joint press conference was held in Mirpur-Azad Jammu and Kashmir wherein former president of Joint Chamber of Commerce and Industry (AJK-CCI) Mr. Zulfiqar Abbasi, President of AJK-CCI Dr. M. Akram Chaudhary, President of Bimber Chamber of Commerce and Industry Raja Muhammad Jameel, President of Kotli Chamber of Commerce and Industry Sardar Shahid Mahmood, leaders of Cross LoC Councils Sardar Kashan Masood, Mr. Khurshid Mir and Ijaz Rehmani and Executive Director CPDR Mr. Ershad Mahmud congratulated Dr. Mubeen Shah for assuming the leadership of JKJCCI and assured him full-fledge support and cooperation from AJK side. Mr. Shah also spoke from Srinagar over phone and thanked the business leaders and traders for their consistent support to make JCCI an effective body.

## CENTER 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.

### Leadership

1. **Tariq Masud, Chairman,**  
Ex-Chairman of the AJK Red Crescent Society; former Ombudsman of Azad Jammu and Kashmir. email: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.  
email: kohsarhydro@gmail.com
3. **Ershad Mahmud, Executive Director**  
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