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Issue Brief

Intra-Kashmir CBMs: Current Status and Future Prospects

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Introduction

The Jammu and Kashmir dispute has been the major cause of political impasse between India and Pakistan. However, Pakistan has always believed in maintaining friendly relations with India and has made efforts to normalise relations in order to maintain regional peace. In its efforts to resolve this impasse, Pakistan initiated the composite dialogue process with India and introduced several military and communication Confidence Building Measures (CBMs). To improve relations with India, major intra-Kashmir CBMs were introduced for trade and travel in 2005 and 2008 respectively. These were crucial for the development of a conducive environment as it opened up cross-LoC contacts, thereby addressing the grievances of the People of Jammu and Kashmir. Given the poor socio-economic conditions of people of Jammu and Kashmir, Pakistan made every effort to not only improve the opportunities for the livelihood of the people on both sides of the LoC, but also to bring together divided families and promote people-to-people contacts. In this regard, efforts to soften borders for the economic integration of the people of Jammu and Kashmir by Pakistan were very significant.

Over the past decade, Pakistan and India moved ahead with a people-centric approach. However, these CBMs were repeatedly suspended by India and could not achieve positive results. Despite repeated suspension of these CBMs over Kashmir by the Indian side, Pakistan has made sincere efforts to improve the interaction. Consequently, because of these efforts by Pakistan, in 2011, both countries agreed upon a new set of CBMs on Kashmir which were highly welcomed by all sections of the people of Jammu and Kashmir. These CBMs included a new set of recommendations to further enhance trade and travel.

In terms of people-to-people contact, it was decided to expand travel from family groups to tourism and religious pilgrims. In order to facilitate travel, a bus service was decided to be run on every Monday. It was also decided that applications and documentation for travel will be exchanged through email for saving time and, after the process of completion, travellers will be allowed multiple entry permits.

Pakistan and India agreed to provide sufficient trade facilities at the trade centers and numbers of trading days were also enhanced from 2 to 4 days. Under these CBMs, a Working Group was designated to review the list of tradable items to further facilitate the cross-LoC trade.¹

These new measures have not only facilitated cross-LoC trade and travel, but also helped in uplifting the economic conditions of the people of Kashmir.

Current Status

The initiation of intra-Kashmir CBMs in 2011 marked the beginning of a new era. The concessions provided on trade and travel significantly reduced the economic hardships of the people of Jammu and Kashmir. They facilitated a broader cross-LoC interaction and increased the contacts and interdependencies of people living on both sides of LoC. These symbolic measures helped the people of Jammu and Kashmir to engage in joint economic activities that are mutually beneficial. However, a repeated deadlock of the composite dialogue process has greatly affected these CBMs. Irrespective of the difficulties and challenges, these CBMs in Kashmir have been highly supported by the people and business communities living on both sides of the LoC. Despite structural difficulties, people have remained committed to trade and travel in order to make the Intra-Kashmir commerce and travel a success. As a result of this commitment by the people of Kashmir, their perceptions of the economic viability have raised cross-border trade significantly that has shown positive growth.

Nevertheless, cross-border trade has suffered from multiple challenges ranging from banking system to lack of communication. Added to these structural challenges, frequent political tensions and suspension of trade and travel is another impediment which has raised genuine concerns among the people on both sides of the LoC. In spite of the repeated suspensions; cross-LoC trade and travel has shown a significant increase over the last two years. *See Table 1*

Table 1: Trade (Crore Pak Rupees)

	Via Uri		Via Chakan da Bagh	
	Imports	Exports	Imports	Exports
2013-14	405	272	108	75
2014-15	540	345	199	131
Total	945	617	309	206
Total Volume: 2077				
Total Imports and Exports since 2008	1419	2270	820	490
Total Volume since 2008: 4999				

Source: Department of Industries & Commerce Jammu and Kashmir

The considerable increase in the import and export on two major trade routes Kaman (Uri) and Chakan da Bagh (Poonch) showed thriving success of trade between two parts of Kashmir. Exports via Uri rose to 73 crore in 2014-2015, and imports showed an increase of 135 crore over the same period. Exports

volume also increased significantly on Chakan da Bagh route that rose by 56 crore in 2015, while imports recorded an increase of 91 crore. The trade volume of imports and exports showed a constant upward trend from 2013 to a total volume of Rs. 2077 crore till 2015. Since 2008, total imports and exports volume through Chakan da Bagh and Uri points has reached to around Rs.50 billion.

Since 90 percent of the trade is between the divided families across the LoC, they endeavour to sustain the current trends of trade which have resulted in steady rise of number of trucks that crossed LoC through two main crossing points at Chakothe and Tatrinothe to date. Despite the difficulties, nearly 29,830 trucks have crossed LoC from AJK to IHK, and about 41,787 trucks have travelled from IHK to AJK.

See Table 2 and Table 3

Table 2: Trade-AJK to IHK (Indian Held Kashmir)

No. of Trucks	2008-11	2012	2013	2014	2015-to date
Chakothe	10523	3344	4644	2211	727
Tatrinothe	4383	1254	1204	1314	226
Total: 29,830					

Source: Trade and Travel Authority (TATA), Muzaffarabad

Table 3: Trade-IHK to AJK

No. of Trucks	2008-11	2012	2013	2014	2015-to date
Chakothe	6956	7263	6642	4783	1071
Tatrinothe	6771	2155	2113	3069	964
Total: 41,787					

Source: Trade and Travel Authority (TATA), Muzaffarabad

In-spite of the difficulties in securing travel permits, since it is only open to divided families, the trend remains encouraging. Nearly 13,129 people have travelled from AJK to Indian-Held Kashmir (IHK). The scrutiny process for travel is strenuous and lengthy because the applications go through some twenty offices -12 in India and 9 in Pakistan - which results in long delays in granting of travel permit.

Cross-LoC travel, however, has opened an opportunity for the people on both sides of Kashmir to connect with their families, thereby addressing the long-standing grievances. The new process has

provided opportunity to nearly 10,227 people who have travelled across the Chakothei, Tatrinothe and Neelam crossing points from IHK to AJK. *See Table 4 and Table 5*

Table 4: Number People of who Travelled from IHK to AJK

	2005-10	2011-13	2014	2015-to date
Chakothei	2128	1024	1226	79
Tatrinothe	2380	772	1398	61
Neelam	635	419	94	11
	Total: 10,227			

Source: Trade and Travel Authority (TATA), Muzaffarabad

The statistics show that the number of people who travelled across the LoC from 2005-2014 was encouraging. However, in 2015 it declined mainly due to the ceasefire violations and suspension of travel services by India.

Table 5: Number of People who Travelled from AJK to IHK

	2005-10	2011-13	2014	2015-to date
Chakothei	3776	2175	1232	85
Tatrinothe	2577	1009	1458	180
Neelam	421	133	83	Nil
	Total: 13,129			

Source: Trade and Travel Authority (TATA), Muzaffarabad

As the statistics show, intra-Kashmir CBMs have not only provided opportunity for people across LoC to engage in economic cooperation, they have helped to bring divided families together. The fact that intra-Kashmir CBMs came after only a few rounds of negotiations without major disturbances was an indication that both Pakistan and India are committed to greater cooperation on Kashmir. However, with the change in political dynamics in India and IHK, the continued success of these CBMs is being viewed with skepticism. Also, there are several impediments to the future potential of these CBMs, which need to be addressed effectively by Pakistan and India.

Future Prospects

The results of the CBMs in 2011 indicate that both Pakistan and India can do a lot more to make intra-Kashmir CBMs more successful. The commitment of traders and hopes of the divided families also indicate a more encouraging future for the intra-Kashmir CBMs. In order to ensure positive impact of these CBMs in the future, it is crucial to address some of the major impediments such as lack of a banking system, security monitoring, improvement of infrastructural facilities at the crossing points, as well as increasing the number of tradable items. The trader communities on both sides of LoC has also made suggestions to add six more items to the list of tradable goods which are lentils (moong ki daal), carom (ajvaine) , garlic, ginger, dates and coconut. Furthermore, tourists should be allowed to visit across both sides of the LoC.

A few recommendations to further enhance the CBMs over Kashmir are made below:

1. Cross-LoC tensions have direct bearing on intra-Kashmir CBMs. Therefore, India should ensure a durable ceasefire to ensure smooth and constant trade and travel. Observance of ceasefire is vital for sustaining intra-Kashmir CBMs, since its violation across the LoC has serious economic and security implications. There is need to expand and institutionalise the existing military CBMs.
2. India applies random security and customs rules to the CBMs which delays the processing of travel permits and also hinders trade - especially of AJK traders. There is also a need to devise a clear policy on these rules. This will demonstrate India's commitment to intra-Kashmir CBMs, and will also ensure the reliability and transparency of these CBMs.
3. Intra-Kashmir dialogue is key to the expansion of cross-border interaction. However, during past decade, it has been minimal. Both the governments of AJK and IHK should ensure that the travel should be expanded from divided families to all the residents on both sides. Such travel could include tourists, officials and minorities. Such cross-LoC interaction will not only be a good gesture to improve trade and travel between IHK and AJK, but will also help in exchange of ideas to resolve the issue of Jammu and Kashmir. This will increase the potential of people across LoC to assume ownership. Frequent visits and exchange of views will not only improve the existing CBMs, but will also promote cooperation in the areas of postal services, education, tourism and environmental protection. Since the people of Kashmir are key stakeholders, strengthened and

sustained travel and trade will enable them to engage in a more integrated way to explore workable solutions.

4. To develop the trade CBMs into broader professional relations, the trading mechanism needs to be institutionalised. Since 90 percent of trade is between divided families, it is primarily based on 'trust'. However, if the mechanism is institutionalized it will have a greater impact and will expand to other trading communities on both sides of the LoC.
5. To further enhance trade relations between AJK and IJK, there is need to open banking channels. For example, a link between The Jammu and Kashmir Bank and The Bank of Azad Jammu and Kashmir can help facilitate financial transactions between the traders who currently rely on barter system. This will encourage more and more traders to participate in intra-Kashmir trade activities.
6. India should agree to lifting the communication barrier on telephone and postal services. This will help improve communication between the trading communities and divided families.

Notes and References:

¹ "Pakistan and India resume conventional CBM talks", DAWN, December 27, 2014, <http://www.dawn.com/news/683557/pakistan-and-india-resume-conventional-cbm-talks>, accessed on July 16, 2015.