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LoC Trade for Peace



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A decade after the line of control between Indian administered and Pakistan controlled Kashmir was thrown open for people – to-people contact, the trade route that followed, is emerging as the new narcotics smuggling route. Challenges imposed by infrastructure and logistics and its exploitation by traffickers, if not addressed, will risk losing the hard earned trust and unwind the peace initiative.

*This report is based on a field visit to Kaman post located between Uri and Muzaffarabad and provides an overview of the LoC trade from this point. The author has excluded the second trade route of Poonch- Rawalakote at Chakkan-da-Bagh, which is the second operational trade point in the J&K state.

Uri is the Gateway to Kashmir Valley.

This adage was true in 1860 when Maharaja Gulab Singh first decided to build a road running adjoining the roaring Jhelum, cutting through the razor sharp hills from Srinagar to Rawalpindi, thus connecting the valley of

Key Points

1. In 2008, India and Pakistan extended confidence building measure, paving way for cross-border trade in the Kashmir valley.
2. The initial bonhomie, that helped in providing economic opportunities for the locals, did not stay for too long as the tentacles of militancy in the conflict zone crept in soon.
3. From narcotics smuggling to illegal cash transfers for funding militant groups, the trade route has emerged as a new road for exploitation by traffickers, undermining the very essence of this peace initiative.

LoC Trade ...

Kashmir with the rest of India (then undivided). Known as the Jhelum Valley road,¹ it also shares the distinction to be the first paved motorway in the valley. Post partition, the road remained closed for 58 years, until 2005 when the Line of Control (LoC) was officially opened in 2005, this

time connecting the valley of Uri in North Kashmir (India) to Muzaffarabad in the Pakistan controlled Kashmir. The Aman Setu or the Kaman bridge between Uri and Muzaffarabad became a symbol of peace as the two warring nations of India and Pakistan decided to step back from the military



Pakistani trucks entering on the Indian side at Kaman Post, Aman Setu, Uri (Shweta Desai)

stand-off and agreed to allow people divided by the border to travel across the LoC. As a natural extension of this cross-border bonhomie, the LoC was formally opened for the movement of goods and trade at two points – Uri-Muzaffarabad in the Kashmir valley and Poonch-Rawalakote in the Jammu valley, an effort to encourage local trade and improve livelihoods of the conflict affected region.

Value based trade

The LoC trade takes place four times in a week, when trucks from the Indian side cross the Kaman bridge towards Chakothi facilitation center and trucks from the Pakistan side cross to reach the Salamabad Center.

The main objective behind the trade was to encourage the local economy of the two parts of Kashmir. The thrust is on exchange of those commodities that are produced locally in Kashmir and to boost opportunities for the local traders. The LoC trade is similar to the border trade in practise along India's other international borders. Moreover, all the commodities are exempted from customs and tax duties making it a zero tariff trade. The trade is conducted on the ancient barter system with no exchange of cash. Goods are weighed in terms of their economic value for the purpose. For example, the market value of almonds is higher than apples. Thus, in exchange of two trucks of apples from Indian side, one truck of almond is supplied from the PoK to the trade handler. The LoC trade is therefore a very attractive proposition in terms of cost for the traders. However it is marred by the restrictions imposed on the list of commodities to be traded which is limited to 21 items and primarily consists of food and traditional handicrafts.

The 21 Items List as on July 2015	What is currently traded
Carpets	
Rugs	
Wall hangings	
Shawls and stoles	
Namdaz	
Gabbas	
Embroidered items	
Furniture including walnut furniture	
Wooden handicrafts	
Fresh fruits and vegetables	Bananas, Apples, Kinu
Dry fruits including Walnut	Apricot, Almonds, Raisins
Saffron	
Aromatic Plants	
Dhania, Moongi, Imli and Black	Coriander
Mushrooms	
Kashmiri spices	Cardamom, Cumin, Chilli seeds
Rajmah	
Honey	
Papier Mache products	
Spring, rubberised, coir/foam mattress, cushions, pillows and quilts	
Medicinal herbs	

Local traders at Salamabad said they have made demands with the Indian authorities to widen the list of commodities to include those items which have popular demand in PoK and are not necessarily produced locally. "We were earlier bringing coconut from traders in Chennai as the fruit doesn't grow in Kashmir but there is high demand for it in PoK. This was however removed from the list by 2011," said a trader. High value goods like coconut; pistachios which can be traded for profitable purposes were banned from the list, resulting in sharp declines since the last three years.

Since the cross-border trade is a bilateral trade and works on a Standard Operating Procedure (SOP) agreed upon by India and Pakistan, all decisions for any amendments has to be in consultation with both sides. According to the trade modalities, the list of commodities is to be revived by the Trade Facilitation Officers every quarter. However, traders complained that apart from despite demands, there was no reversal in adding high value items. Currently, bananas constitute 90 per cent of the traded goods from Uri to Chakothi, while almonds are traded out from PoK.

The Movement

There are registered truck drivers and traders who participate in the LoC trade. The trucks carrying the cargo are given a 'Truck Entry Permit' containing personal details: name, address, license number,

photo, details of the vehicle and stamped by the respective authorities. These trucks are allowed to enter till the Trade Facilitation Centres (TFC) located at Salamabad (Uri) and Chakothi (Muzaffarabad). Upon arrival, the sealed trucks are first checked by the army personals who conduct manual verification to check for ammunitions and explosives. The immigration officers at Kaman Post then check the documents and the permit of the drivers allowing them to move till the TFCs. At the TFC, the trade handlers take possession of the consignments for further shipments to the other parts of Kashmir.

Security Lapses

One of the major problems that are currently ridding the LoC trade is aptly derived out of security issues. Despite the sensitive location at the LoC, there is no provision of full-body scanners. At the first



Army personnel carrying physical verification of Pakistani trucks at Kaman Post (Shweta Desai)

point of contact from when the trucks arrive from Pakistan's last checkpoint into the Indian Territory, the vehicles are queued for physical checking. Army officials crawl under every truck to ensure there is no hidden explosives.

Following the check at the immigration office, the vehicles then proceed to the TFC. Pakistani trucks enter up to 15 kms on the Indian side to reach the TFC at Salamabad, while Indian trucks travel around 20 kms to reach Chakothei TFC. Here a single x-ray machine is in operation, where each bale of clothes and boxes of fruits and vegetables are opened manually for random checking.

The Indian army forces are deployed all along the Kaman post road with an effective first line of defence, however it is the lax security measures in detecting safe passage of goods that is leading to the trade route being used by drug traffickers and militants for smuggling of, money, narcotics, contraband and weapons.

Money to Militants

Kashmir being an active conflict zone has many criminal networks, black market agents in addition to terrorist outfits, who sometime act in a nexus for their individual profitable gains. This came to light a few years after the LoC trade was established and had stabilised.² In August 2011, the police and intelligence agencies arrested cross-border trader Firdous Ahmed Dar who along with his Pakistani counter-part exploited the trade's barter system to generate additional funds and transfer it to the militants in the valley. The modus-operandi involved the Pakistani trader sending large quantities of high value goods in exchange of Dar's lower trade consignments from the Indian side. Dar would sell the goods and the profit generated above his margin would be sponsored to militants. An estimated Rs 1.5 crore was generated in this

illegal transfer by Dar and distributed to militants from Lashkar-e-Taiba, Hizbul Mujahideen (HM), All Party Hurriyat Conference-Geelani (APHC-G) and others.³ According to the National Investigative Agency, Hizbul alone has received Rs 8 crore in funding through the LoC trade.⁴ The J&K police in the same year arrested 48 people misusing the cross-border trade for funnelling Rs 12.3 crore into militancy activities.



Random goods checking through X ray machine, Trade Facilitation Center, Salamabad (Shweta Desai)

Narcotics smuggling

Along with hawala network, the cross-border route became a favourite amongst drug traffickers. Taking benefit of lack of screening equipments and detection installations, traffickers conceal small quantities of high value drugs like heroin, brown-sugar and cocaine in the large consignments. Since

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the last three years, there are sporadic instances of drug smuggling. In 2013 an Indian truck travelling back from Chakothi after delivering a consignment of bananas carried nine kgs of cocaine. Costing around Rs 10 crore in the international drug market, the drugs were concealed in the tyre of the truck.⁵ In January 2014, the 114 packets of brown sugar were found in the boxes carrying kinu (oranges) costing Rs 115 crore and last month on February 6, 305 packets of brown sugar weighing 14 kgs was recovered, both instances involved Pakistani trucks. Workers and officials at Salamabad TFC said in the absence of a full body scanner or special detectors for drugs, it was a matter of luck if they could find concealed drugs or else many undetected consignments make way into the rest of valley and then onwards to Punjab and other parts of India.

Every time, narcotics or contraband is discovered the cross-border trade takes a hit as no movement of trucks is allowed unless the initial investigation is completed by the police. This procedure is followed on both sides of the border. Last January, when brown sugar packets were recovered here, 49 Indian truck drivers were held up in Chakothi and 22 Pakistani drivers at Salamabad up to three weeks. Similarly, this year, trade was suspended for four days. According to Hilal Turkiye, general secretary of Cross Borders Traders Union and Joint Chamber of Commerce of India, the drivers carrying the consignments are innocent and the main culprits are traders who seal and decide on the goods. "The truck drivers are only driving these trucks and have no knowledge neither the means to verify every consignment. It is the traders' responsibility to ensure that no prohibited goods or contraband are loaded in the vehicles." But on each such instance, it is the drivers of the detected truck who is arrested and other truck drivers are held up, until the police case is registered, resulting in huge losses of goods, particularly of fresh fruits and vegetables.

Trade Loss

The frequent cases of narcotics and money smuggling and lack of full proof security measures has led the Army, Customs and Director General Trade to impose restrictions on the cross-border trade, following requests for the same from Pakistan's side. The trade flourished in the initial years as up to 70 trucks from PoK would arrive at Salamabad TFC. Currently, the number of truck is restricted to 25. On July 3' when this author visited Kaman post, only nine trucks arrived from Chakothi, PoK, while 11 trucks went from Salamabad. "We undertake strict security measures to verify the consignments. The volume of consignments is huge and it is impossible in given conditions to check each and every bag from tens of trucks. We have to depend on random checking method," said a Customs official. Following security reviews and demands from trade association members, Army and the Customs, the Ministry of Home Affairs in April approved two full body scanners at Uri-Muzaffarabad and Poonch-Rawalkote trade routes.⁶ The Full Body Truck Scanners will scan cargo loaded trucks including driver's cabin without having to unload or unpack the goods. These scanners will be capable to detect contraband, chemicals and weapons. It is likely that the scanners will take another two years till they are installed at Kaman post. Till then, the cross-border trade will hopefully continue to operate, even if with hiccups. So far, goods worth over Rs 1700 crore as trade in and trade out have been bartered via Salamabad. Officials are hopeful that will full-proof security measures, they will be able to accommodate more trucks from Pakistan side and ensure smooth flow of goods without causing hindrances to the drivers or traders.

Trade for Peace

Economic engagement and trans-border co-operation between warring rival nations is a proven

effective strategy towards peace-building. Since the opening of the LoC, ceasefire violations by firing have reduced in the vicinity of Kaman post. (Infiltration bids in the Uri sector are constant affair and haven't reduced even after ceasefire). Villages around the LoC have faced daily shelling and firing at the time of Kargil war, when attacks were carried all along the border front. Villagers from Kamalkot which is a kilometre away from the LoC, said being in the front-line of attacks has caused damage of lives and property. "There is no house in the village that is unaffected by the shelling. We have either lost our family members, cattle or had our house and farms destroyed," said Sharafat Hussein from Chappar village, Kamalkot. Mohammed Aslam Khan from Noorkra village said that the villagers also suffered with no electricity and water supply. "From the time the LoC is opened and trade has began, there are phases of long-lasting peace."

LoC trade has brought relative tranquillity, which is occasionally unsettled by unprovoked fighting. Small arms firing at the Kaman post have been constant in the last five years⁷, though with fewer casualties than before.⁸ During such times of military stand-off, the LoC trade and bus service is affected instantaneously but also gets resumed after flag meetings.

Conclusion

The opening of the Uri-Muzaffarabad route for people to people contact and trade is a big boost in bringing peace to the turmoil of Uri valley. The measures have gone a long way in instilling confidence for greater interaction between the two divided parts of Kashmir. It has also brought signs of positivity and peace in the atmosphere, which is a hard-earned dividend.

For a long time due to wars (1947-48, 1965, 1971 and 1997) Uri has seen little development, while

it population had become the unsung victims. The cross-border trade initiative has provided livelihood opportunities for farmers, porters, businessmen, traders, transporters and a chance to live a normal life, a simple but elusive situation for those living at ground zero. Given the political and military dynamics between India and Pakistan, it doesn't require much scenario forecasting, to change this fragile situation. Already, reports of the LoC trade point being used by smugglers and militant supporters is ringing alarm bells in New Delhi. By adopting stringent security measures, as implemented at high-security public places like airport and metro train stations which witnesses mass movement of goods and people, can prevent infiltration of illicit materials. Installation of metal detectors, full body scanners will help in swift security checks. Similarly, barter-system should be eliminated to make way for trade by banking. This will avoid illicit transfer of funds, which is invariably being pumped into funding militant groups. A Joint Working Group of India and Pakistan is already working towards this mechanism in view of the enormous increase in the volume of trade.

Due to administrative and SoP related trade modalities, the cross-border trade, seven years after it was started, remains a symbolic gesture. It should be turned profitable, by removing the prevailing barriers related to infrastructure and expanding the list of commodities to suit the consumption as well as to meet the demands of the local population. Traders should also be allowed to bring goods from other parts of India to be exported to PoK.

The LoC trade has number of teething issues, but all of them can be resolved or contained at policy level. The initiative has proved more advantageous for the people of Kashmir on both sides as well as in conciliating India and Pakistan. Apart from bringing greater connectivity to the isolated Uri valley it has fostered a sense of normalisation

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amongst the people. It remains one of the few places in Kashmir valley, where locals can travel right up to the LoC without risking their life. It is here at the Kaman post that one realises, that despite the conflict of Kashmir being a territorial and political struggle between India and Pakistan, the borders dividing the two nations can turn irrelevant. The movement of trucks from PoK towards Indian side and vice-a-versa, at the unfurling of the white flags

unfurling at the two ends of the Aman setu, is a vision heralding enthusiasm and aspirations for the locals. If this gets affected, imaging peace in other parts of the valley will be even more difficult. But its success can result in opening of other posts dividing PoK, particularly in the Gilgit-Baltistan region of Ladakh. Sustaining this initiative at all cost is therefore in the interest of both the nations for a peaceful future.

Notes

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