

Building Trust through Trade: Evidence from Cross-LoC Trade

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Abstract: The Cross LoC trade was started as a Confidence Building Measure (CBM) between India and Pakistan, specifically focusing on the two sides of the LoC. The opening of the LoC for trade has played a vital role in reducing trust deficits, fostering engagement, and promoting stability by lessening conflicts and creating a legal framework for resolving disputed international borders. This study utilizes existing literature, secondary data, and primary data through field surveys to examine the trend and patterns of Cross-LoC trade between India and Pakistan. The discussion begins with the evolution of the Cross-LoC trade and elaborates on the trends and patterns of this trade and highlights various issues in this trade. The paper highlights the economic linkages between the two sides of the LoC as a key element in the conflict resolution process and also emphasizes the positive impact of LoC trade on the residents of border areas. Therefore, under the given circumstances, we propose to open the LoC for trade as promised by the government with a better mechanism for the sustainability of such trade.

Keywords: Cross-LoC Trade, Confidence Building Measures, Border Trade, India-Pakistan

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