Peace on Hold: The Indus Waters Treaty, Terrorism, and the Fragility of Diplomatic Agreements

For over six decades India and Pakistan have maintained collaborative relations under the Indus Waters Treaty despite enduring conflicts and hostilities. The World Bank brokered the 1960 treaty that assigned the Indus basin rivers to Pakistan through control of Indus, Jhelum, and Chenab while India received rights to use Ravi, Beas, and Sutlej. Due to its effective dispute resolution mechanisms and its enduring history, the treaty stands as a benchmark in transboundary water governance.

The irreversible destruction of the legacy occurred when a shooting at Pahalgam, Kashmir, in April 2025, killed 26 people, including a foreign national. India attributed the attack to Pakistan-based militants and subsequently undertook the unprecedented step of suspending the Indus Waters Treaty (IWT). That decision was part of a larger downgrading of diplomatic relations, including border crossings and visa cancellations. Pakistan condemned the suspension almost immediately, declaring that any diversion of water would be an "act of war." This statement was issued by Pakistan's National Security Committee (NSC).

India argues that continuous cross-border terrorism acts as a negation of the basic trust on which these treaties stand. According to Indian officials, the treaty cannot function when the capability of Pakistan to curb acts of terrorism emanating from within its territory is constantly being questioned. The Indus basin owes 70 percent of its contribution to the economy of Pakistan and, by generating employment for millions, becomes an important sub-basin to consider. Practically, the creation of interruptions to water flow may pose difficulty for a nation; nonetheless, humanitarian or economic crises have been forecasted.

On one hand, India's action points to the startling deviation from the norm established in the Indus Waters Treaty regarding unilateral suspension or termination. Article 12(4) clearly mentions that termination, if ever going to be so, is going to happen with a mutually drafted and ratified agreement between India and Pakistan, and the intention behind being that the Treaty is permanent without any unilateral exit and or suspension clause. Therefore, any such move amounts to direct infraction of Treaty itself. The World Bank, as an intermediary, is also not able to take any serious steps to implement compliance thereof concerning the very wide interpretation of India's actions as mobilizing leverage and pressure on Pakistan to negotiate for revisiting the conditions of the Treaty and for even greater strategic control over the joint water resources.

The suspension of the Indus Waters Treaty also illustrates how even the most formidable diplomatic offer cannot stand up to a security crisis. This bodes ill for other treaties for water-sharing between countries and highlights the dangers of coupling allocation for essential resources with continuing political contention.

Both countries are at a crossroads. The prospect (IWT) and the peace it once signified is uncertain. This huge problem demonstrates the value of robust, flexible ways to talk and fair help to keep shared things safe and the area stable as the pace of change accelerates.