

Journalists for Democracy and Human Rights (JDHR)
Trade Initiatives from Human Development Perspective (TIHP)

Report on the two-day workshop in Peshawar 5-6 April 2006

Second in the series, a two-day workshop on “International Trade and Development” was held during 5-6 April 2006 in Peshawar. Over 20 journalists from across print and electronic media attended while Mr Sajid Kazmi of SDPI, Mr Shaukat Randhawa, Mr Zubair Faisal Abbasi from the TIHP and Mr Shafqat Munir led technical sessions explaining the trade related issues and their linkages to human development.

Day One (April 5, 2006)

Giving a brief background of the workshop, Mr Shafqat said with the rapid flow of information across the globe at extremely low costs, the media is better placed than ever before to understand and further disseminate information in the interests of the people. Since media could better process this information, we need to build the capacity of media so that it could cope with this new emerging responsibility to ensure that the stakeholders enjoy their right to know through an informed media in Pakistan on WTO issues and on the trade negotiations. To enable the media persons to move into activism on WTO issues, this two-day capacity building workshop has been organized for journalists, he added.

He said the objectives of the workshop include:

- To build capacity of economic journalists on all technical and public interest issues relating to WTO agreements including introduction of multilateral trading system, agriculture, standards, trade facilitations, services, Non Agriculture Market Access (NAMA), dispute settlement, trade and development and role of media in mainstreaming public interest concerns in trade negotiations and human development initiative in trade.
- To strengthen networking among economic journalists for sustainability

- To make media persons understand and comprehend effects of multilateral trading system and agreements on the issues of trade concern to Pakistan
- To enhance capacity of media persons to improve the flow of information from academic research to popular public information system

In the technical session, issues pertaining to the multilateral trading system with particular reference to the WTO were discussed in detail. Renowned economist Mr Shaukat Randhawa in his presentation on multilateral trading system gave history of the World Trade Organization (WTO) and various dimensions of international trading agreements and arrangements. He said WTO dates back to 1947 but the existing form of WTO is comprehensive and complicated as well. He was of the opinion that in the era of globalization, there is a need for liberalization of trade through multilaterally agreed formulas and arrangements in the form of agreements. He said WTO agreements pose challenges and opportunities for the member countries but it depends how the countries get benefit out of the WTO and multilateral trading system.

He said theoretically WTO provides access to markets but there could be some uneven situations in which the developing countries and the least developed countries should get themselves united to cope with these situations and get access to world markets. He said though WTO and its structure provides safeguards to member countries but even then the weak members need to protect their interest while negotiating in multilateral trading regime.

He called for taking steps both at domestic and international fronts to get maximum benefit from WTO. At domestic front, we need to create awareness, to identify stakes, to develop our human resources and make compatible legislation while at international front, we need to participate in trade negotiations proactively, to remain vigilant, polish negotiation skills of our negotiators and lobby with countries having similar stakes.

Mr Randhawa said, rich countries, led by the European Union, were seeking to impose a new round of negotiations in areas, which were, up until today, protected by national or international legislation. Contrary to this, majority of the over 140 WTO member

countries, he added, had expressed their opposition to the idea of a new round and had asked for an evaluation of the existing agreements, and for a review of these agreements as well as reforming the WTO prior to any eventual new liberalization phase, he maintained.

This controversy between the North and the South, he said, had been one of the causes of the failure of the WTO ministerial conference in Seattle. He said the reason for failure of the successive WTO Ministerial was that the rich countries were giving importance to their profits and not to the human development aspect during trade negotiations. He said journalists needed to look at the human development aspects during trade negotiations, which would be possible if media motivated the WTO member governments to influence the policy stands so that they take human development as priority areas during negotiations.

Day Two (April 6, 2006)

Journalists took keen interest even on second day and raised discussion points to understand the issues in question. The crux of the discussion on second day of the workshop was that political instability, lack of people participation in decision making and donor driven agendas are the main hindrances that restricts a country from attaining due benefits from multilateral trade agreements.

The experts Mr Sajid Kazmi, Zubair Faisal Abbasi and Shafqat Munir spoke on different aspects during technical sessions. They said without considering the human development as integral part of the trade policies in line with international trade pacts, sustainable development is merely a dream.

Sajid Kazmi, an economist and researcher from the Sustainable Development Policy Institute (SDPI) gave a detailed presentation on Poverty Reduction Strategy Paper (PRSP), Trade and Human Development. He was of the view that international trade treaties open many vistas of progress and development for the developing countries such

as Pakistan. He, however, emphasized that only those countries could take advantages from such agreements that have a developed human capital to meet the demands of today's age of globalization. Cited the examples from UK and Middle East, where great demand of skilled labour exists, he said only humanly developed countries can explore such opportunities and pull major share from international labour market. Counting the reasons for inability of the country in attaining proper benefit from such global trade pacts, Kazmi opined that lack of democracy, people's participation in the decision making and donor driven agendas keeps the country away from opportunities that exist in such agreements.

Zubair Faisal Abbasi from UNDP's Trade Initiative from Human Resource Development Perspectives (TIHP) in his presentation built a nexus between trade and human development. About TIHP project Mr Abbasi explained that it was an UNDP funded project at the Ministry of Commerce. He said the project was being carried out from the increasing reflection of human resource concerns in trade policies, with policy action research, stake holders' consultation and capacity building as some of its major components. He was of the view that trade and development has close relations, however, in Pakistan trade is measures only with the GDP growth that is why the masses are unable to get benefit from this vital sector.

He maintained that human development include empowerment, productivity, equity and sustainability as its main components that stabilize economy of the country. He cited the example of South Eastern Asian economies, which according to him, are growing on fast tracks on the basis of this principle. He was of the view that to get maximum benefits from the international trade agreements, the country needs the development of active industrial and technology policy, managing openness, tackling inequality, reducing vulnerability and countering social and environmental costs, he opined.

Sajid Kazmi gave another presentation in third technical session of the workshop about WTO, Trade Policy and Human Resource. He stressed for enhancing the capacity of negotiators and parliamentarians, particularly those dealing with such laws at

international forums because according to him most of the people representing the country have no knowledge about the agreements. Similarly, he also emphasized on evolving inter-ministerial coordination and creating awareness among the civil society about the international trade agreements.

Shafqat Munir, President JDHR said media as watchdog could play a vital role in influencing negotiators and policy makers to mainstreaming public interest concerns in trade negotiations. He said the ideas expressed by the WTO experts during two days could help journalists to build a number of story ideas to write more and more follow up stories with human development angle.

Impact of Training

Both print and electronic media covered the training seminar for journalists nicely. GEO did a programme report on it while leading English and Urdu dailies gave prominence. The two day training of journalists proved to be very important as giving their feedback, some of the participants hinted that now they will specialize on trade, human development and commerce reporting instead of doing general reporting. In Peshawar, journalists were enthusiastic to write stories on trade issues as a result of the workshop. A few of the participants wrote stories.

A model report by one of the participants Mr Muhammad Ali Khan is given below. He also contributed a trade story on Pakistan's trade figures quoting sources in Islamabad. His story datelined from Peshawar was published in The News on April 17, 2006. JDHR always have follow up with those who are imparted training during workshops.

Decision to sell electricity to Wapda bad

news for NWFP industrialists

By Mohammad Ali Khan

PESHAWAR: The NWFP government's decision to sell electricity to be generated by the Malakand-III hydropower project to Wapda will diminish the prospects of developing a strong industrial base in the province.

The construction of the Malakand-III hydropower project can be termed the first step the provincial government has taken to utilize its hydel potential to produce cheap electricity. Previously, the government had planned that the project would feed the local industry with cheaper electricity to make it competent and bring at par with the industries of the other provinces.

The project is purely an initiative of the NWFP government and will generate 81 megawatts of electricity. The estimated cost of the project is over Rs 6 billion. Though, final decisions about the distribution of electricity and selling price are yet to be taken, the NWFP government intends to sell 71 MW of the total 81 MW to Wapda. Only 10 megawatts of electricity will be left for the industrial estate to be set up near Dargai (Malakand).

The provincial authorities concerned in this connection have taken up the matter with the federal government and Wapda at different forums. Official circles feel that after completion the project will need a huge administrative set-up to look after the distribution mechanism and its overall financial and administrative affairs. So managing a huge public utility would increase financial liabilities of the provincial government, while selling out electricity to Wapda would be an easy way of fetching revenue without burdening the already incapacitated government institutions, they said.

The NWFP industrial community that is the ultimate beneficiary of the project, on the other hand, terms the decision based on some misconceptions and advocates the distribution of electricity by the provincial government through an autonomous body.

At International Investment Conference organised by the NWFP government last year, the Sarhad Chamber of Commerce and Industry (SCCI) and the Employees Old Age Benefit Institute (EOBI) signed a Memorandum of Understanding (MOU) for the Malakand III-hydropower project. It shows the interest of the business community in the project.

At the SCCI and other relevant forums, mainly industrialists had resisted the move and given alternative proposals for what they called managing the project effectively after completion.

A copy of one of the proposals made available to The News said the project would generate electricity at Rs 1.92 per unit as compared to Wapda's Rs 5.50 per unit, while cheaper electricity would ultimately boost industrialisation and create employment opportunities in the province.

The proposal underlined the need for setting up five more similar hydropower projects within a period of next five years with active participation of private sector. It suggests that electricity to be generated from such projects could be supplied to the industries through wheeling charges by using the distribution network of Wapda that would generate employments and help in economic prosperity of the area. In response to the government's worries and concerns that have compelled it to sell electricity to Wapda instead of providing it to its own industrial consumers, the proposal clarified Pesco is legally bound by Nepra to distribute electricity in the province generated from any of these hydroelectric projects.

Furthermore, the tariff for distribution by Pesco has been determined by Nepra for the distribution of power in the NWFP, i.e. 37.5645 paisa per unit and there would be no need of NTDC's involvement in distribution since none of their feeders would be utilised in the NWFP, it maintained.

For the legal structure, it proposes that Malakand-III should be converted into a private limited company registered under the Companies Ordinance 1984 with the Security and Exchange Commission of Pakistan.

The company should have a board of directors 50 per cent from the government and 50 per cent from the private sector with a chief executive and other staff on contract with market based salaries.

The balance finance required for completing the project should be acquired through a bank or a consortium of banks. The financing banks would be offered first charge on the assets of the company following which no sovereign guarantee would be required for the banks.

The financing bank would also act as a collecting agent of electricity bills from the industrial consumers, as after collecting the electricity bills the banks would deduct their own installments and pay the balance to Pesco and Malakand-III at the rate of Rs 0.375645 and Rs 1.92 per unit, respectively, it added.

The province's relations with Wapda in the context of prevailing stand-off over the net hydel profit issue is already not praiseworthy, so at this stage the Malakand-III deal would deprive the province of a golden opportunity that it could utilise for flourishing its industrial base.

Apart from the business community's version over the project, there might be some compulsions and formalities at the government level, but it is widely felt that handing over a facility to the Wapda would not be in the interest of the province.

The decision may also create doubts about the government's future strategies for building the infrastructure by utilising the hydel potential for its economic development in collaboration with a vibrant private sector.