

African leaders lack commitment to trade - PTA bank

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NAIROBI, May 9 (Reuter) - Poverty and a lack of commitment by African leaders are hampering a bank created to foster trade and develop capital markets in east, south and central Africa, its chief executive said on Monday.

Martin Ogang, president of the Eastern and Southern Africa Trade and Development Bank (PTA Bank) told reporters only 14 of 22 eligible members in the preferential trade area had enrolled while others had only pledged to join or said nothing about it.

Membership subscription is the main revenue base for the bank. Without the money it was difficult for the bank to meet its mandate, Ogang said.

Ogang said civil wars, poverty, regional external debt running at around \$270 billion, and other structural economic problems had seriously restricted the contributions of members.

He told a news conference in Nairobi – the bank’s headquarters was temporarily moved here after ethnic violence threatened its base in Burundi last year – that problems such as unbalanced tariffs and currency restrictions in some member states cut the bank’s efforts to expand its work.

Ogang, a Ugandan, said some African leaders were not serious about treaties they signed and commitments they had made.

“Our countries must be told in very clear terms that once you sign and become party to an agreement, then you must implement it. There should be no turning back,” Ogang told reporters.

Ogang said many PTA countries produced the same range of commodities and were affected by wide-ranging tariff barriers that needed to be urgently addressed by the states affected.

But he said there was still “a lot of movement of goods across the borders, nothing formal, just smuggling”.

Some 15 PTA states meeting in the Ugandan capital Kampala late last year signed a treaty to transform the PTA into the common market for eastern and southern Africa (COMESA).

Its aim is sustainable economic growth in the region through trade liberalisation and customs cooperation, free movement of capital and finance, and a higher level of tourism and travel within the region. It also wants to establish a COMESA monetary union early in the next century.

Ogang said lack of cash meant increased industrialisation and manufacturing, agricultural development and food security, trade liberalisation and promotion, and a more efficient communications system could be phased in only gradually.

Officials said part of the PTA Bank mandate was to push intra-regional trade to 20-25 percent of total trade by the year 2000, from a marginal six percent now, and to help raise \$50 million from donors to finance funding for PTA programmes.

They said the task remained huge in a region of about 200 million people, in which at least a dozen countries were classified as least developed countries (LDCs).

The PTA Bank was set up in 1986. But marketing began last year because members were slow in paying their subscriptions.

Infrastructure is destroyed in PTA members like Angola and Mozambique and the economy is ruined in Somalia.

Ethnic violence has ground Rwanda's economic development to a halt and threatened to halt growth in neighbouring Burundi and Sudan – Africa's largest nation.

Officials say only Mauritius and Seychelles are prosperous but Tanzania, Comoros, Djibouti, Kenya, Lesotho, Malawi, Madagascar, Uganda, Namibia, Swaziland, Zambia, Zimbabwe are stable.

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