



EASTERN CARIBBEAN CENTRAL BANK
STATEMENT ON THE INTERNATIONAL MONETARY FUND'S
EASTERN CARIBBEAN CURRENCY UNION:
2016 DISCUSSION ON COMMON POLICIES OF MEMBER COUNTRIES

The Eastern Caribbean Central Bank (ECCB) is pleased to confirm the publication of the Eastern Caribbean Currency Union: 2016 Discussion on Common Policies of Member Countries by the International Monetary Fund (IMF) on 24 October 2016.

As part of the IMF's regional surveillance of the Eastern Caribbean Currency Union (Currency Union), the Executive Directors of the IMF on 13 July 2016 completed its discussion of economic developments and key policy issues affecting the Currency Union.

The ECCB welcomes the IMF's overall assessment of the Currency Union which indicated that that regional economic recovery was improving largely as a consequence of continued low oil prices, strong tourist arrivals and receipts from the Citizen by Investment programmes. Further, the three banks under conservatorship have been successfully resolved with no spill over to the financial sector. The Report further highlights initiatives that are being undertaken to strengthen the banking sector and to support sustainable fiscal performance in the member countries/territories. This positive outlook is tempered by the potential risks to growth in the Currency Union namely: natural disasters, "de-risking" and the need for improved competitiveness.

The Eastern Caribbean Central Bank wishes to highlight the following to supplement the published ECCU: 2016 Discussion on Common Policies.

Monetary Policy

With respect to the Minimum Savings Rate, the Monetary Council's decision in 2015 to lower the minimum savings rate was taken to encourage the commercial banks to reduce lending rates in an effort to stimulate growth in credit and accelerate economic growth. The Central

Bank continues to assess the impact of the reduction on the minimum savings rate as it seeks to develop the financial sector.

ECCB 2016 Safeguards Assessment

The IMF Safeguards Assessment concluded that the ECCB has maintained sound external audit arrangements and transparent financial reporting practices. Notwithstanding, recommendations were made in respect of the auditing function. The ECCB has therefore taken action to implement some of the recommendations emanating from the Safeguards Assessment including the reorganisation of the Internal Audit Department and the appointment of a Chief Risk Officer.

Macroeconomic Data

We wish to highlight also that the growth figures and the accompanying debt to GDP ratios reflect the estimate at the date of writing the report and that more recent data can be found on the ECCB website.

The ECCB extends its appreciation to the Executive Directors of the IMF for its robust discussion of the Currency Union and recommendations. We wish to commend the Staff of the IMF for their work on the Common Policies Report.

The Eastern Caribbean Currency Union: 2016 Discussion on Common Policies of Member Countries can be found on the ECCB's website www.eccb-centralbank.org and the IMF website <http://www.imf.org/external/pubs/cat/longres.aspx?sk=44349.0>.



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