

**Remarks by ECCB Governor, Hon Sir K Dwight Venner
at the
Caribbean Growth Forum
St Vincent and the Grenadines Chapter
17 January 2013**

I would like to thank the Government of St Vincent and the Grenadines for inviting me to the launch of their country's chapter of the Caribbean Growth Forum.

I deeply regret my inability to attend the previously held launches in Antigua and Barbuda and Grenada, but I have been fully briefed on those proceedings.

The Caribbean Growth Forum provides an opportunity, in the way it is structured and the methodology being used, to make a significant difference to how we address our development problems in the region. The timing of the initiative is also critical as I regard this year 2013 as a tipping point in our economic history.

After four years of economic contraction in the OECS and the ECCU, growth is the most important factor in our quest for survival and progress. The reality is that in the OECS there has been a secular decline in growth over the last 3 decades and the global recession has simply exposed and exacerbated the structural defects in these small, open and vulnerable economies.

There are some realities we cannot afford to ignore as the world has changed and become more globalised, interdependent and competitive. Our major trading partners, the United States of America, the United Kingdom and Europe have all had contractions in output, higher levels of unemployment, increased fiscal imbalances and sovereign debts and instability in their financial systems. This has had a significant impact on our economic and financial systems.

Other countries have emerged in the international economic system and these have had interesting pre- and post-recession experiences. The BRIC countries, Brazil, Russia, India and

China, have experienced tremendous growth and were not so severely affected by the crisis as they had the necessary resources to respond. Asian countries had restructured after the crisis of the 1990s and had large foreign exchange reserves. Latin America benefitted from favourable commodity prices and had undergone significant prior adjustments. Meanwhile, Africa showed an improved growth performance facilitated by higher commodity prices and better policies and governance practices.

The Caribbean countries are in fact among the last countries to recover, having experienced a loss of preferential access for agricultural export commodities, a declining share of the global tourism market, and low productivity and competitiveness. We have indeed reached a tipping point.

Our countries must undergo significant adjustment, reform and transformation to become competitive in this new and very challenging environment. I believe that the Caribbean Growth Forum gives a platform and provides an opportunity to make fundamental changes to how we undertake policy and manage our economies.

This leads me to my first major point. There must be political and social consensus on the vision we have for our economies and societies in the medium to long term and we must be aware of the discipline required and the sacrifices we will have to make in the short to medium term to achieve it.

Second, this vision should lead to collective action which is critical for success in the development effort in very small societies and economies such as ours, where both human and natural resources are scarce.

Third, the concept of integration has to be redefined and made more inclusive. For us in the OECS there are four levels at which this must take place:

1. At the national level, where the economies are fragmented with not many sustainable linkages between the various sectors or spatially between different parts of the country. Lack of information, transportation and policies geared to internal integration are evident.

2. At the OECS level;
3. At the CARICOM level; and
4. With the rest of the world.

Fourth, and of great importance, is an institutionalised policy framework and architecture. The Monetary Council has recommended a system which is based on developing a cadre of specialists in the government bureaucracy located in four critical areas:

- Policy Units
- Planning Units
- Debt Management Units
- Statistical Departments

The complementary framework to these government bodies comprises three institutions with broad-based participation.

- A Tripartite Committee comprised of the government, the private sector and trade unions to discuss and advise on the trade-offs between wages, prices and productivity.
- A National Commission on Economic and Social Development, and
- A Statistical Commission.

I am hoping that the methodology being used by the Growth Forum will breathe life into these institutions.

Fifth, at the OECS and ECCU levels there are the three major instruments which have been identified to address both the global recession and the medium to long term growth and development of the region. These are as follows:

- A full economic and monetary union
- An Eight Point Stabilisation and Growth Programme, and
- A work programme coordination initiative to involve the OECS countries, the OECS Commission and the ECCB at one level, and their coordination with the CDB, IMF and the World Bank at another level.

Let me conclude by reiterating that this year is a tipping point in the region's economic history and that the time for action is now. However, the success of our efforts, which can be greatly facilitated by this forum, will hinge on three factors:

1. A clear vision
2. Very close cooperation, collaboration and coordination, and
3. Implementation through collective action.