



**COMMUNIQUE OF THE**  
**82<sup>nd</sup> MEETING OF THE MONETARY COUNCIL**  
**OF THE EASTERN CARIBBEAN CENTRAL BANK**

**24 JULY 2015**

The Eighty Second (82<sup>nd</sup>) Meeting of the Monetary Council of the Eastern Caribbean Central Bank (ECCB) was held under the chairmanship of the Honourable Victor F Banks, on 24 July 2015 at the La Vue Resort, Anguilla.

**1.0** The Monetary Council received the Governor's report on monetary and credit conditions in the ECCU which was based on developments during the first quarter of 2015. The report indicated that:

- a. Monetary and credit conditions were estimated to have eased in the first quarter of 2015 relative to the same period in 2014 and that was reflected mainly in increases in the broad money supply and commercial banks' excess reserves.
- b. Domestic credit fell by 2.3 per cent compared with a decline of 2.0 per cent in the corresponding period of 2014. On the Regional Government Securities Market (RGSM), credit terms for participating governments eased slightly as the weighted average interest rate on 91-day Treasury bills fell to 3.58 per cent from 4.24 per cent in the first quarter of 2014.
- c. Economic activity in the ECCU recorded marginal growth in the first quarter of 2015 relative to the same period of 2014.
- d. The near term outlook was for an overall improvement in the growth performance of the ECCU. Real economic activity is expected to expand by 2.6 per cent in 2015 and 2.7 per cent for the years 2016 and 2017.

## **2.0 Monetary Policy**

Having considered the economic conditions in the ECCU, Council agreed to:

- a. Maintain the minimum savings deposit rate at 2.0 per cent; and
- b. Maintain the Central Bank's discount rate at 6.5 per cent.

## **3.0 Growth and Competitiveness**

To address the challenges of growth and competitiveness, Council agreed to:

- a. Design and implement national strategies for improving the growth performance in the context of the OECS Growth and Development Strategy; and
- b. Actively participate in the consultations with the Consortium of Development Partners which was established to eliminate duplication and improve efficiency in the use of donor funds.

## **4.0 Fiscal Consolidation and Debt Management**

In light of the participation by member countries in the Caribbean Regional Technical Assistance Centre (CARTAC) sponsored Boot Camp, Council agreed to recommend to member governments that they endorse the recommendations related to fiscal consolidation to support the financial sector resolution process and facilitate the attainment of the 60.0 per cent Debt to GDP Ratio target by 2030.

## **5.0 Financial Stability**

As at 31 March 2015, the ECCU financial system was assessed as stable but fragile. Council agreed to recommend to member government that they:

- a. Expedite the process for strengthening the regulatory framework to support the resolution strategy by urgently passing the following legislation, where applicable:
  - i. Amendments to the ECCB Agreement;
  - ii. The Banking Bill; and
  - iii. The Eastern Caribbean Asset Management Corporation (ECAMC) Agreement and Bill.

- b. Support the development of the ECCU financial system architecture and more specifically the work necessary to operationalise the:
  - i. Deposit Insurance Corporation; and
  - ii. Credit Bureau.
  
- c. With reference to the financial sector, Council agreed that increased efforts must be placed on the resolution of the financial sector.

#### **6.0 Report From Insurance Core Committee**

The Council agreed to fast track special legislation known as a “Plan of Arrangement” to facilitate a further distribution to policyholders of British American Insurance Company. The distribution will be based on recoveries made by judicial managers.

Council also agreed on a timetable for the establishment of the Eastern Caribbean Financial Services Commission by 2017. The Commission will, inter alia, regulate insurance and pensions. The Council also agreed, following consultations, to enact the Insurance Law and the Commission Agreement by July 2016.

#### **7.0 Date and Venue of Next Meeting of the Monetary Council**

Council agreed that the 83<sup>rd</sup> Meeting of the Monetary Council be held on Friday, 23 October 2015 via videoconference with transmission from the ECCB Headquarters in St Kitts and Nevis to the other member countries.

## **8.0 Attendance**

Council members attending the meeting were:

1. The Honourable Victor F Banks, Chief Minister and Minister for Finance, Anguilla
2. Honourable Gaston Browne, Prime Minister and Minister for Finance, Antigua and Barbuda
3. Honourable Donaldson Romeo, Premier and Minister for Finance, Montserrat
4. Dr The Honourable Timothy Harris, Prime Minister and Minister for Finance, St Kitts and Nevis
5. Dr The Honourable Ralph Gonsalves, Prime Minister and Minister for Finance, St Vincent and the Grenadines
6. Mr Timothy Antoine, Council Alternate, Permanent Secretary Ministry of Finance, Grenada

**24 July 2015**