

COMMUNIQUE OF THE
74TH MEETING OF THE MONETARY COUNCIL
OF THE EASTERN CARIBBEAN CENTRAL BANK
26 OCTOBER 2012



The Seventy-Fourth Meeting of the Monetary Council of the Eastern Caribbean Central Bank (ECCB) was held on 26 October 2012, under the chairmanship of the Right Honourable Dr Denzil L Douglas, Minister for Finance, St Kitts and Nevis.

Council received the Governor's Report on Monetary and Credit Conditions over the quarter ended June 2012 against the backdrop of global economic and financial developments and was apprised of the following:

1. As at 30 June 2012, the Eastern Caribbean Currency Union (ECCU) financial system was stable.
2. Recent estimates indicated that regional growth would approach 0.5 per cent and 1.8 per cent in 2012 and 2013 respectively. The tourism industry was forecast to expand by 2.3 per cent in 2012 and 2.6 per cent in 2013.
3. The consumer price index (CPI) in the ECCU rose by 0.6 per cent for the quarter ending June 2012 compared with the quarter ending March 2012.
4. Exchange rate has remained stable and the backing ratio is in excess of 95 per cent as of June 2012.
5. The ratio of non-performing loans (NPL) stood at 14.5 per cent, having increased from 12.8 per cent at the end of December 2011. Continued increase in NPL is likely to contribute to deteriorating profitability and the augmentation of capital.

Council recognised that the growth process, fiscal debt and financial stability all affected money and credit. Therefore, ECCU member governments need to take concerted action such as the reallocate of expenditure to ensure efficiency. Fundamental restructuring of the economies of the ECCU member countries was also necessary to guarantee sustainable development and growth.

1.0 Monetary Policy Assessment

Council agreed to maintain the minimum savings deposit rate at 3.0 per cent; and the Central Bank's discount rate at 6.5 per cent.

2.0 The ECCU Eight Point and Growth Programme

Council considered the update on the various elements of the ECCU Eight Point Stabilisation and Growth Programme and was informed that the emphasis in 2012 would be on a stabilisation package aim at addressing deficiencies arising from fiscal stress. The package would therefore focus on financial programming, fiscal reform and debt management.

Within the context of growth, Council reiterated the importance of the tourism industry, the leading sector in the ECCU and its significant contribution to the economies of the ECCU.

Council agreed to encourage ECCU member governments to establish a Tourism and Services Commission to conduct a comprehensive review of the tourism industry in an effort to derive a joint tourism marketing and negotiating strategy for the ECCU.

3.0 Work Programme Coordination

Council reviewed and approved the report on the establishment of a framework for the implementation of a strategy for the work programme coordination among ECCU member countries, the ECCB, the OECS Secretariat with development partners. The report outlined the target/goals to minimise and or eliminate the stated gaps in work programme coordination and the Work Programme Coordination Implementation Timeline.

4.0 Date and Venue of the Next Meeting

Council approved the date for the 75th Meeting of the Monetary Council as Friday, 8 February 2013 in St Kitts and Nevis.

5.0 ATTENDANCE

Council members attending the meeting were:

1. The Right Honourable Dr Denzil L Douglas, Prime Minister and Minister for Finance, St Kitts and Nevis (Chairman)
2. Honourable Harold Lovell, Minister for Finance, Antigua and Barbuda
3. Honourable Nazim Burke, Minister for Finance, Grenada
4. Honourable Reuben T Meade, Premier and Minister for Finance, Montserrat
5. Dr the Honourable Kenny Anthony, Prime Minister and Minister for Finance, Saint Lucia
6. Dr Aidan Harrigan, Council Alternate, Anguilla
7. Mrs Rosamund Edwards, Council Alternate, the Commonwealth of Dominica
8. Honourable Dr Douglas Slater, Council Alternate, St Vincent and the Grenadines

26 October 2012