



COMMUNIQUE OF THE
81st MEETING OF THE MONETARY COUNCIL
OF THE EASTERN CARIBBEAN CENTRAL BANK
24 FEBRUARY 2015

The Eighty First (81st) Meeting of the Monetary Council of the Eastern Caribbean Central Bank (ECCB) was held under the chairmanship of Dr the Honourable Ralph Gonsalves, on 24 February 2015 at the Eastern Caribbean Central Bank, St Kitts and Nevis.

1.0 Council received the Governor's Report on Monetary and Credit Conditions which was based on developments up to September 2014, evaluated against outcomes during the comparative period of 2013.

1.1 Council was informed that:

- a. Money conditions were assessed to have eased in 2014 relative to 2013, while credit conditions were assessed to have tightened.
- b. Domestic credit was estimated to have contracted by 4.5 per cent during 2014 after a 3.7 per cent decline in 2013. Overall, credit to the private sector was estimated to have decreased by 1.8 per cent during 2014 in contrast to an increase of 2.0 per cent in 2013.
- c. Real GDP growth in the ECCU for 2014 was estimated at 1.7 per cent compared with 1.1 per cent in 2013.
- d. Developments on the Regional Government Securities Market (RGSM), which continued to grow in importance as a source of credit, indicated a general easing of credit terms for the member governments.
- e. Near term outlook and prospects indicated that the aggregate ECCU economy was forecast to increase to 2.4 per cent in 2015 and 2.5 per cent in 2016.

1.2 Council discussed economic conditions within the ECCU and concurred that coordinated planning and the execution of strategies to strengthen the financial sector and stimulate broad-based sustainable growth were key to the overall development of the ECCU economies.

1.3 Council agreed to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent (the previous adjustment was in September, 2002 when the rate was reduced from 4.0 per cent to 3.0 per cent). However, the Central Bank's discount rate was maintained at 6.5 per cent.

2.0 Financial Stability

Council underscored that the implementation of measures to mitigate credit risk deficiencies and promote the continued stability of the system was imperative. Council therefore agreed to the implementation of a comprehensive and integrated strategy to maintain the safety, soundness and sustainability of the ECCU banking sector, including legislative and regulatory reforms.

3.0 Legislative Reform

Council agreed to pass the following legislation by 27 March 2015 and to the drafting of legislation for foreclosure and deposit insurance by 31 May 2015:

- a. Amendments to the ECCB Agreement;
- b. The Banking Bill; and
- c. The Eastern Caribbean Asset Management Corporation (ECAMC) Agreement and Bill;

4.0 Growth and Competitiveness

Council agreed to update respective Medium Term Economic Strategy Papers in an effort to achieve consistency with regional initiatives such as the OECS Growth and Development Strategy and the Three-Pronged Growth Strategy.

5.0 Fiscal Consolidation and Debt Management

With respect to fiscal coordination and debt management, Council agreed to recommend to member governments the following:

- i. Extend the timeline for achieving fiscal and debt targets to 2030 given the ongoing challenges faced by member countries.
- ii. Implement suitable fiscal consolidation measures and secure and build the requisite technical and administrative skills to implement the reforms

6.0 BAICO/CLICO

Council noted that there had been no further disbursements from the Government of Trinidad and Tobago in respect of the BAICO Resolution Strategy. Consequently, Phase III of the ECCU Policyholders Relief Programme had not yet been completed.

Council further noted that efforts continue to secure additional disbursements to proceed with the BAICO Resolution Strategy.

Having regard to the ECCU counter-proposals on CIL resolution strategy, an urgent meeting with the Government of Barbados is being sought to discuss the status on this matter.

7.0 Date and Venue of Next Meeting of the Monetary Council

Council agreed that the 82nd Meeting of the Council would be held on Friday, 24 July 2015 in Anguilla following the Handing-Over Ceremony for the Change in Chairmanship of the Council.

8.0 Attendance

Council members attending the meeting were:

1. Dr The Honourable Ralph Gonsalves, Prime Minister and Minister for Finance, St Vincent and the Grenadines (Chairman)
2. Honourable Hubert Hughes, Chief Minister and Minister for Finance, Anguilla
3. Honourable Gaston Browne, Prime Minister and Minister for Finance, Antigua and Barbuda

4. Honourable Roosevelt Skerrit, Prime Minister and Minister for Finance,
Commonwealth of Dominica
5. Dr The Right Honourable Keith Mitchell, Prime Minister and Minister for Finance,
Grenada
6. Honourable Donaldson Romeo, Premier and Minister for Finance, Montserrat
7. Dr The Honourable Timothy Harris, Prime Minister and Minister for Finance,
St Kitts and Nevis
8. Honourable Dr Kenny D Anthony, Prime Minister and Minister for Finance,
Saint Lucia

24 February 2015