



**OPENING REMARKS BY
GOVERNOR TIMOTHY N. J. ANTOINE**

AT THE

**HANDING OVER CEREMONY TO MARK THE CHANGE IN
CHAIRMANSHIP OF THE ECCB MONETARY COUNCIL**

Friday 24 July 2020

SAINT CHRISTOPHER (ST. KITTS) AND NEVIS

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Salutations:

Dr. The Rt. Honourable Keith Mitchell, Prime Minister and Minister of Finance of Grenada and the Outgoing Chairman of the Monetary Council

Dr. The Honourable Timothy Harris, Prime Minister and Minister of Finance of St. Kitts and Nevis and the Incoming Chairman of the Monetary Council

Other members of the Monetary Council

Mr. Trevor Brathwaite, Deputy Governor, ECCB

Ms. Tracy Polius, Chief Director (Policy)

Board members and Advisers

ECCB Management and Staff

Members of the Media

Ladies and Gentlemen

Good Morning.

Introduction

It is my distinct pleasure to welcome each of you to the Handing Over Ceremony to mark the change in chairmanship of the Monetary Council.

Today, the chairmanship of the Council passes from the Council Member for Grenada to the Council Member for Kitts and Nevis.

I wish to thank the outgoing Chairman for his stewardship over the past two years and especially for his accessibility, rapid and positive response to Bank matters, and his prompt attention to legislation.

I wish to recognize and welcome to the Monetary Council, Dr. Ellis Lorenzo Webster, the newly elected Premier of Anguilla. Premier Webster, I extend best wishes to you for a successful tenure.

Article 7(2) of the ECCB Agreement states and I quote: ***“the Council shall meet not less than twice each year to receive from the Governor, the Bank's report on monetary and credit conditions and to provide directives and guidelines on matters of monetary and credit policy, to the Bank, and for such other purposes as are prescribed under this Agreement”*** end of quote.

Outlook

Citizens and residents of the ECCU, the Monetary Council convenes at a time of extraordinary challenge. According to the Director General of the World Health Organisation, and I quote:

“There are no shortcuts out of this pandemic. We all hope for an effective vaccine, but we need to focus on using the tools we have now to suppress transmission and save lives.

We need to reach a sustainable solution where we have adequate control of this virus without shutting down our lives entirely, or lurching from lockdown to lockdown.

He concludes: “... there will be no return to the “old normal” for the foreseeable future”. End of quote.

In sum, fellow citizens and residents, we must learn to live with this dreadful virus until further notice.

The International Monetary Fund in its June World Economic Outlook projects that the global economy will contract by 4.9 percent. In respect of the Eastern Caribbean Currency Union, our latest forecast is a contraction between 10 and 20 percent before the start of a rebound in 2021 as Tourism slowly begins to recover. In the ECCU, Tourism accounts for nearly 60 percent of all export earnings and almost 80,000 direct jobs.

Since the loan deferral programme was announced in late March, nearly 23,000 loans across the ECCU have benefitted from a deferral of principal and or interest payments.

On July 06, the ECCU celebrated 44 years of stability with the EC dollar being pegged to the US dollar (EC\$2.70 to US\$1.00). This is testament to the resilience of our monetary union. Today, I confirm that our EC dollar is strong. As of last Friday (July 17), the backing in foreign reserves was 98.6 per cent.

Key Lessons of the Pandemic

This pandemic has laid bare the vulnerabilities of our region with devastating impacts on our economies, jobs, government revenue and on our way of life. As we cogitate and craft an effective regional response, we would do well to reflect on some early lessons. These lessons include:

1. Our health care systems need significant investment especially at the primary level to reduce the incidence of non-communicable diseases such as hypertension and diabetes and to also reduce the fiscal burden of health care;
2. Fiscal and financial buffers in government and business are essential for the inevitable “rainy day”;
3. Connectivity and Digital tools have been a lifeline and a bulwark of resilience for all spheres of our lives (payments, school, work and worship) and hence ought to be accessible, affordable and safe for all;
4. Domestic food security is critical;
5. Diversification of supply chains is necessary;
6. Climate resilience must be resolutely pursued. Indeed, this pandemic is a wake-up call for what could happen if we do not rapidly address the climate crisis;
7. Problems without passports such as this pandemic require global cooperation; and
8. Regional solidarity and cooperation are essential for small states such as ours.

Extraordinary Challenge, Extraordinary Opportunity

Equipped with these lessons, our region must recognise that this moment is not merely a time of extraordinary challenge but also extraordinary opportunity. To seize it, we need a growth mind-set. Simply put, a growth mind-set reframes problems as opportunities and meets the moment with clarity and a sense of urgency.

I wish, therefore, to propose that we elaborate a Programme of Action to position our region for recovery and resilience. Of necessity, this Programme of Action will need a clear anchor for fiscal and debt sustainability such as the Debt/GDP ratio of 60 percent.

I especially urge that we focus on the following key actions over the next 12 months:

1. **Enactment of modern insolvency and bankruptcy legislation** to support the efficacious restructuring of businesses thereby protecting jobs and preserving financial stability;
2. **Determination of the optimal regulatory framework for the financial system of the ECCU and the enactment of a financial stability law** that facilitates effective macro-prudential oversight of all systemically important financial institutions and provides liquidity support when needed;
3. **Fast-tracking of the Caribbean Digital Transformation Programme**, in collaboration with the World Bank, with an early focus on enhancing broadband connectivity; unique digital identifiers; digital skills and cybersecurity;

4. **Launch of the EC Digital Cash Pilot** with an early expansion to all eight member countries;
5. **Enactment of modern Payment System legislation;** and
6. **Enactment of all outstanding legislation** already approved by the Monetary Council which includes the Credit Reporting Bill.

Conclusion

This pandemic has been uniquely demanding for everyone but especially our leaders.

I hail our Council members for the proactive actions which you have taken to protect lives and to now secure livelihoods.

I applaud our frontline warriors: health care professionals, security forces and all essential workers for their contributions to the effective containment of the virus.

To our citizens and residents, I say: stay the course. Do not let your guard down now.

Let us go forth armed with a growth mind-set; energised by the full engagement of citizens and residents; and powered by a strong sense of regional solidarity, expressed through collective action.

With the help of Almighty God, our Currency Union shall overcome this extraordinary challenge and emerge stronger and more resilient.

I thank you.

References:

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2. IMF World Economic Outlook (June 2020)
3. Abraham, P. & Martin, K. (2019). Tourism Demand in the ECCU: Insights from a Gravity Model. ECCB Staff Paper
4. World Travel and Tourism Council
5. ECCB Strategic Plan 2017-2021: Transforming The ECCU Together
6. Caribbean Transformation Programme, World Bank