



# Eastern Caribbean Central Bank

**OPENING REMARKS BY  
GOVERNOR OF THE EASTERN CARIBBEAN CENTRAL BANK  
TIMOTHY N. J. ANTOINE**

**Delivered at the Handing Over Ceremony to Mark the Change in Chairmanship  
of the ECCB Monetary Council**

Harbor Club Hotel, Saint Lucia

*22 July 2022*

**Salutations:**

Your Excellency, Mr. Cyril Errol Melchiades Charles, Acting Governor General

Hon. Joseph Easton Farrell, Premier and Minister of Finance of Montserrat and Outgoing  
Chairman of the Monetary Council

Hon. Philip J. Pierre, Prime Minister and Minister of Finance of St Lucia and Incoming Chairman  
of the Monetary Council

Other members of the Monetary Council

Ministers of Government

Members of Parliament

Dr Didacus Jules, Director General of the OECS Commission

Dr Gene Leon, President of the Caribbean Development Bank

Members of the Diplomatic and Consular Corps

Dr. Valda Henry, Deputy Governor, ECCB

Ms. Tracy Polius, Chief Director (Policy)

Board members and Advisers

ECCB Management and Staff

Specially invited guests

Members of the Media

Citizens, Residents and Friends of our Currency Union

Greetings.



## Introduction

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

Today, the chairmanship of the Council passes from the Council Member for Montserrat to the Council Member for Saint Lucia.

I seize this opportunity to welcome our newest Council member, the Honourable Dickon Mitchell, Prime Minister and Minister of Finance of Grenada. Prime Minister Mitchell, I extend best wishes for a highly successful tenure in government.

I place on record our thanks to Minister Bowen for his service on the Monetary Council over the past two years.

I wish to thank the outgoing Chairman for his excellent stewardship in a difficult year. During his tenure, the Council made several decisions that supported monetary and financial stability and continued with our very engaging policy sessions.

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.

**Today, I confirm that our EC dollar is strong with a current foreign reserves backing of 92.0 per cent.** Two weeks ago, on 6 July, our monetary union celebrated 46 years of monetary stability.



## ***The Shocks Keep Coming***

The Monetary Council convenes at a time of unprecedented challenge and complexity. During the IMF/WB Spring Meetings in April of this year, the Managing Director of the International Monetary Fund described these times as the most “complex policy environment ever”. Few policymakers would argue with that characterisation. In cricketing terms, we might describe it as a very sticky wicket.

First, there was the COVID-19 shock, then the surging inflation shock on account of supply chain disruptions which are now being exacerbated by the ongoing war in Ukraine, all resulting in sharp commodity price increases. The painful outcomes: high and stubborn inflation and a slowing global economy. And lest we forget, there is the existential threat of climate change. What a world. What a time. The shocks keep coming.

For the first time in the post-World War II era, the global economy is grappling with record high inflation and record high debt in both the public and private sectors. This situation poses several risks to the global economy including high and persistent inflation if wage-price spirals develop; debt distress; and a possible recession as central banks in Advanced Economies raise interest rates to curb inflation. On the broader geopolitical front, there is the clear and present danger of fragmentation as countries seek to protect themselves from the supply chain breakdowns experienced since the pandemic. At this moment, the outcome for the global economy is far from certain but the immediate outlook is not good and the implications for the ECCU are grave.

For starters, our working assumption is that current inflation could last for at least another 12 months, perhaps even longer. Consequently, we ought to govern our affairs accordingly. With the reopening of our economies and the pickup up in Tourism, we currently project the ECCU will grow by about 6.0 per cent this year and 5.0 per cent next year.



Our region is also dealing with the LIAT shock as a consequence of the greatly diminished capacity of LIAT occasioned by the pandemic albeit with significant pre-existing conditions. When we consider that at least 20.0 per cent and up to one-third of total arrivals in our member countries come from intra-regional travel, we begin to comprehend the magnitude of the LIAT shock on regional air connectivity. Setting aside for a moment, the prohibitive costs of travel and the onerous schedule where service even exists, it is an affront to our Caribbean civilisation and an assault on regional integration that many Caribbean citizens and residents now find themselves requiring a US-visa to travel within the Caribbean. I know this vexing issue of air connectivity is actively being considered by our Heads of Government and we look forward to resolution in due course.

### ***A Call for Collective Action***

#### ***(Where Risks Abound, Opportunities Also Abound)***

Ladies and gentlemen, the pressure on all sectors and all social partners are real and mounting. Our current situation demands a coming together at all levels – households, communities and countries and nationally, regionally and internationally.

**Now is the time for social partners – governments, labour unions, business and civil society including our youth and churches to engage in meaningful dialogue** about shared sacrifices to weather the current inflation storm.

At this time, unilateral demands by partners, be their businesses or labour unions, are unhelpful and will simply result in a wage-price spiral thereby making a bad situation worse.

For example, the price of fuel at the pump in the ECCU ranges from \$15-20 per gallon with varying government subsidies to help manage the current price. As governments take additional steps, within their limited means, to cushion the effect of inflation on vulnerable households and businesses, now is not the time for price gouging by unscrupulous operators.



Even as we address the pressing matter of high food and energy costs, we must also seize and pursue opportunities for building resilience and transforming our region.

**Now, therefore, is the time to accelerate our renewable energy transition, digital transformation and our food and nutrition security.** Indeed, we must support and applaud persons like Keithlin Caroo, CEO of **Helen's Daughters** as we encourage women and youth in agriculture.

Ms. Caroo is here as my special guest. Thank you for coming. I will never forget, your words at our Growth and Resilience Dialogue, two years ago, when you said: *“teach a woman to farm and feed a country for eternity”*.

**Now is the time for our member countries to make full use of the Eastern Caribbean Partial Credit Guarantee Fund** which was launched in October 2020 to support small entrepreneurs in the ECCU. The Fund provides working capital, start-up capital and classic guarantees for small businesses including creatives through participating banks, credit unions and development banks. The current size of this Fund is around \$30 million.

**Now is the time to launch the credit bureau to help more people get access to credit and other financial services** thereby improving the distribution of longstanding excess liquidity in our financial system while also strengthening credit risk management.

As we press forward, I make a special appeal to member countries for urgent enactment of pending legislation as this is our single biggest strategic risk. The pace of our transformation is in our hands. And we simply must give ourselves a fighting chance to survive and thrive in a global economy that often treats our small countries as invisible, disposable and of no consequence.



## Conclusion

Ladies and Gentlemen, we must navigate this period with a sense of imagination, determination and collective action. Our ultimate goal: transformation.

**Now is the time for forward looking and leaning governments, citizens and institutions.**

I hail our Council members for the proactive actions which you have taken to protect lives and secure livelihoods and for your demonstrated regional solidarity. Indeed, this remains an indispensable and inspiring feature of our collaboration in this difficult season.

I conclude with my oft repeated declaration:

**“As a region, we cannot change our history, we cannot change our geography but collectively we can elevate our development trajectory through innovation and collective action”.**

So let us press forward, secure in the knowledge that we “can do all things through Christ who strengthens” us (Philippians 4.13, NKJV).

I thank you.