



**REMARKS BY**  
**DR. THE RIGHT HONOURABLE KEITH MITCHELL**  
**PRIME MINISTER & MINISTER OF FINANCE FOR**  
**GRENADA**  
**AND OUTGOING CHAIRMAN OF THE MONETARY**  
**COUNCIL**

**AT THE**

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

**FRIDAY, 24 JULY 2020**

**Salutations:**

- Dr. the Honourable Timothy Harris, Prime Minister and Minister of Finance for St Kitts and Nevis and Incoming Chairman of the Monetary Council
- Colleague Members of the Monetary Council
- Governor of the Eastern Caribbean Central Bank
- Board Members and Advisers
- Management and Staff of the ECCB
- Members of the Media

- Sisters and Brothers of the Eastern Caribbean Currency Union

## **Introduction**

Good morning, I bring you warm greetings from the Spice Isle. I extend a special welcome to Premier Webster, the new Council member for Anguilla.

Presiding over the Eastern Caribbean Central Bank (ECCB) Monetary Council over the past two years has been an honour and one of enormous responsibility during the first half of 2020, when the whole world was rocked by the dreaded COVID-19 virus.

The devastating impact of the COVID-19 pandemic has affected all states, large and small and at varying levels of development. Here in the Eastern Caribbean Currency Union (ECCU), it has exposed our vulnerabilities, as well as our strengths. Saving lives has warranted the most drastic measures in our history. Our way of life has been disrupted. Moreover, the ‘bread and butter’ of many citizens and residents of the ECCU – our vital tourism sector has been virtually shut down.

### ***The COVID-19 Situation***

As at 15 July 2020, the ECCU had recorded 205 confirmed cases of COVID-19, 23 of which were managed in Grenada. Six of our eight member countries have recorded a zero mortality rate. For the ECCU, our survival rate is 98 per cent, a fact that is indeed commendable.

Sisters and brothers, we cannot take such outcomes for granted. We must thank our proactive member governments, our frontline workers and healthcare professionals, our development partners, our citizens and residents and most of all, Almighty God, for these outcomes.

We must urge all of our citizens to continue to observe the protocols of physical distancing and wearing masks at all times. Mass gatherings should not be encouraged.

As we gradually reopen our borders, it is imperative that we continue to observe the recommended protocols to safeguard public health and safety.

The effective containment of the COVID-19 virus in our region bears witness of strong regional

coordination and solidarity throughout this period. More of this regional solidarity is required as we navigate our way through this pandemic and begin to rebuild our economies.

Against the backdrop of this raging pandemic, the ECCU's near to medium term economic outlook is extremely challenging. After averaging almost three percent growth in the past four years, our economies are now experiencing significant contraction.

The ECCB continues to play a leading and pragmatic role in crafting and implementing policy measures to help cushion this shock and maintain economic and financial stability. These include the loan deferral programme by banks for up to six months; the lowering of the discount rate which was done for the first time in 17 years; and liquidity support made

available to governments and banks while maintaining the strength of our EC dollar.

I must commend the Bank on another year of exceptional financial performance with a total net profit of EC \$63.1 million in 2020; the highest profit recorded since its establishment in 1983.

Governor Antoine, I assure you and your team today, that the results of your hard work and enterprising approach have not gone unnoticed. The Monetary Council recognises and fully supports several path-breaking initiatives undertaken by the ECCB. These include: the Digital Currency pilot, the Digital Economy Project, the Public Debt and Market Information Web Portal, the issuance of the new polymer notes and the greening of the ECCB Campus.

Sisters and brothers, two years ago, I laid out an agenda which I styled “implementation for transformation”. I shall now briefly report on the outcomes of this agenda.

### **Fiscal and Debt Resilience**

With respect to enhancing fiscal and debt resilience, the ECCU recorded a pre-COVID-19 Debt-to-GDP ratio of 65.1 per cent, more than 18 percentage points below the levels recorded in 2012. Most member countries were trending downwards and two member states: St. Kitts and Nevis and Grenada actually achieved the Monetary Council target of a debt to GDP ratio of 60 percent, a highly commendable feat.

Grenada reduced its debt-to-GDP ratio from a high of 108 per cent in 2012 to 58.9 per cent at the end of



2019, an achievement accomplished ahead of the anticipated timeframe. We owe this turnaround to some tough but necessary decisions and the enactment and strict adherence to our Fiscal Responsibility Law, the Public Finance Management Act and the Public Procurement Act. Indeed, the fiscal buffers built up over the past five years have enabled our Government to deliver critical support to our people, to help them cushion the impact of the pandemic. I again encourage member countries to enact fiscal resilience frameworks.

The widespread impact of the COVID-19 pandemic will cause the fiscal and debt performance of member countries to deteriorate. However, we should resume our push for fiscal and debt resilience, as soon as it is practical to do so.

As we confront the current economic situation, a standstill on longer term debt obligations would be enormously helpful. I call on the international community, led by the G20 to support a debt standstill not just for International Development Association (IDA) countries, but all tourism dependent countries which are in need of debt relief at this time.

### ***Credit Bureau***

The creation of the Credit Bureau is important in the development of a modern credit ecosystem. I can report progress on two fronts. On the legal front, five of our legislatures including Grenada have enacted the Credit Reporting Bill which is the enabling legislation for the establishment of the Credit Bureau. Secondly, an international credit bureau has been

selected and its application for a license to operate in the ECCU has been approved.

### ***Bank Fees and Charges***

On the vexing issue of high bank fees and charges, the ECCB has been working assiduously on the Digital EC Cash Project. This project holds the promise of being the fastest, cheapest, safest way to send money anywhere in the Currency Union and it would significantly reduce the fees for payment services.

### ***Eastern Caribbean Partial Credit Guarantee Corporation***

The Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) is an important vehicle established to improve access to credit for our micro,

small and medium-sized enterprises. Although its start-up was delayed, the corporation has now signed agreements with banks in two countries, with more to follow later this year.

### ***Fintech Regulation and Supervision***

In support of the issuance of a digital Eastern Caribbean Dollar (DXCD), amendments to the Schedule to the Eastern Caribbean Central Bank Agreement Act were approved by the Monetary Council in February 2020 and signed by all member countries.

Furthermore, given the wave of new financial technologies arriving on our shores, the ECCB, in collaboration with the Regional Security Services, developed a legislative framework for the regulation of virtual assets. This gave birth to the Virtual Assets

Bill which has already been passed in one member country.

## **Conclusion**

Sisters and brothers, our region has made many significant strides in strengthening our financial system over the past two years. I am confident that these actions will bear fruit as we confront this pandemic and seek to build a stronger and more resilient Currency Union. I, therefore, urge us to complete our unfinished business in the shortest possible time.

I thank my fellow Council members as well as the Governor and his team for their unwavering support during my extended tenure as Chairman.

As I officially hand over the chairmanship, I wish to assure the Council, Governor and staff, of Grenada's continued commitment and support for the ECCB's transformation agenda.

It now gives me great pleasure to pass the baton to my esteemed colleague, Dr. the Honourable Timothy Harris, Prime Minister of St Kitts and Nevis as the new Chairman of the Monetary Council. I wish him every success in his tenure at the helm of the Monetary Council.

I thank you.