



COMMUNIQUE OF THE
79TH MEETING OF THE MONETARY COUNCIL
OF THE EASTERN CARIBBEAN CENTRAL BANK
25 JULY 2014

The Seventy-Ninth Meeting of the Monetary Council of the Eastern Caribbean Central Bank (ECCB) was held under the chairmanship of Dr the Honourable Ralph Gonsalves, on 25 July 2014 at the Buccament Bay Resort, St Vincent and the Grenadines.

Council welcomed its newest member, Honourable Gaston Browne, Prime Minister and Minister for Finance, Antigua and Barbuda.

Council received the Governor's Report on Monetary and Credit Conditions which indicated that monetary conditions improved during the year ending March 31, 2014. However, credit conditions tightened further as was evidenced by the widening of the interest rate spread during the said period.

Council was informed that:

- a) Liquidity in the commercial banking sector remained buoyant as total deposits were estimated to have increased by 5.2 per cent compared with 4.2 per cent in the corresponding period of 2013.
- b) Economic activity in the tourism sector was estimated to have improved, with an estimated increase in tourism receipts of 2.3 per cent. Total stay-over visitor arrivals to the ECCU were provisionally estimated to have increased by 1.0 per cent from the level recorded in the same period of 2013. The estimates of stay-over visitor arrivals by country of origin indicated an increase of 3.9 per cent in the arrivals from the United States. However, there was a contraction in the arrivals from the United Kingdom and the Caribbean of 3.1 per cent and 2.4 per cent respectively, primarily due to the subdued pace of economic activity in those markets.
- c) Council noted and welcomed the fiscal improvement across the ECCU.

- d) The near term outlook and prospects revealed that a strengthening of the economic recovery in the major trading partners of the ECCU was expected to lead to an improvement in foreign exchange inflows thus resulting in an easing in monetary and credit conditions in the short term.
- e) Council reiterated its commitment to mobilise resources to support the priority areas of fiscal and debt, growth and competitiveness, and financial sector stability.

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.

1.0 Financial Sector Stability

As at 31 March 2014, the ECCU financial system continued to exhibit symptoms of stress from the effects of the global economic and financial crisis. However, the system was stable as evidenced by the strength of the EC dollar, the efficiency of the payments and settlements system, increasing deposits, improvement in liquidity and a relatively high level of public confidence elements of stability.

2.0 Growth and Competitiveness

Real Gross Domestic Product (GDP) in the ECCU is expected to increase from 1.1 per cent in 2013 to 1.7 per cent in 2014 and 2.1 per cent in 2015. Increasing GDP growth rates is a policy priority for the ECCU member governments as increased growth is likely to strengthen the financial sector and improve fiscal and debt sustainability. Council reiterated their continued commitment to efforts of fiscal adjustment, coordination and consolidation.

3.0 BAICO/CLICO

Council noted that Phase Three of the ECCU Policyholders relief programme will be continued as soon as the next disbursement from Trinidad and Tobago is received.

Council noted the current status of CIL, including the approval of the Barbados Cabinet, to implementation of the CIL resolution plan for Barbados policyholders and approved in principle a counterproposal that includes ECCU policyholders.

4.0 Date and Venue of the 80th Meeting of the Monetary Council

Council approved that the 80th Meeting of the Monetary Council would be held on 31 October 2014 via videoconference and transmitted from the ECCB Headquarters in St Kitts and Nevis to the other ECCB member countries.

5.0 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 Reuben T Meade, Premier and Minister for Finance, Montserrat
7. Honourable Dr Kenny D Anthony, Prime Minister and Minister for Finance, Saint Lucia

25 July 2014