The Virgin Islands Consortium

Eastern Caribbean Central Bank Projecting Weaker Economic Growth in Sub-Regional OECS

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Eastern Caribbean Central Bank branch

BASSETERRE, ST. Kitts, Feb 14, CMC – The Monetary Council of the Eastern Caribbean Central Bank (ECCB) ended here on Friday with a prediction that economic growth in the sub-regional grouping will be slighter weaker in 2020 as compared with the previous years.

The Council, comprising mainly of finance ministers from the nine-member grouping, some of whom ear also prime ministers, said that economic growth is estimated at 3.2 per cent and blamed a weaker global economy for the situation.

It said the 2019 growth was 3.3 per cent, slightly below the 3.8 per cent recorded last year.

The Council, comprising Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, St. Kitts-Nevis, Montserrat and Anguilla, is predicting that growth in 2021 will be 2.2 per cent.

The meeting here chaired by St. Lucia's Prime Minister Allen Chastanet, received a report from the ECCB Governor, Timothy Antoine, on the monetary and credit conditions in the Eastern Caribbean Currency Union (ECCU), based on developments from January to December last year and evaluated against outcomes during the comparative period of 2018 as well as the ECCB Strategic Plan 2017-2021.

According to a communique issued after the meeting, the Council was informed that the global economy continued its slowdown due, in part, to the United States-China trade war and other geopolitical uncertainties.

The meeting was told that monetary and credit conditions were assessed as having improved slightly during 2019 against the backdrop of a moderation in the ECCU's economic growth to 3.3 per cent in 2019 from 3.8 per cent in 2018.

The communique also noted that the stability of the EC dollar (One EC dollar=US$0.37 cents) is firmly entrenched with a 99 per cent backing by foreign reserves.

The Council was informed that domestic credit extended by the commercial banking sector was projected to increase by 1.1 per cent at the end of December 2019, relative to the 0.9 per cent growth observed at the end of December 2018 and that credit and monetary conditions are projected to remain favourable in the near to medium term. Credit growth is expected to accelerate in 2020, but mostly to households and governments.

Meanwhile, the Council said that it had received a report from its Technical Core Committee on Insurance and was informed that second pay out of EC$30.4 million was paid to British American (BAICO) policyholders as at the end of October 2019, under the Plan of Arrangement. The sum included unpaid amounts from the first distribution.

Regarding the situation involving the Trinidad-based insurance giant, Colonial Life Insurance Company (CLICO), the communique said that the Council has reconstituted the Ministerial Sub-Committee on Insurance to be chaired by Antigua and Barbuda.

The meeting also approved the proposed amendments to the Eastern Caribbean Central Bank Act to facilitate the Bank's creation and issuance of digital EC currency and agreed to defer to a later date, the discussion on the Uniform Insurance and Pension Bill that will repeal and replace the individual Insurance Acts within the ECCU countries as well as provide for single space in the ECCU insurance sector with modern and uniform legislation in addition to regulating the insurance businesses and privately administered pension. It will also provide for the enhanced protection of consumers.

The communique said that the Council also approved the revised to the Eastern Caribbean Home Mortgage Bank (ECHMB) Agreement and recommended its enactment in member countries. The new legislation will provide the ECHMB with increased authority to raise capital and deliver on its dual mandates of local home ownership and money and capital markets development in the ECCU.