

# COMMUNIQUE

Issued at the conclusion of the Special Meeting of the  
OECS Authority and the ECCB Monetary Council  
Held at the Eastern Caribbean Central Bank, Bird Rock, St Kitts and Nevis  
15-16 January 2009

## INTRODUCTION

The Special Joint Meeting of the OECS Authority and the ECCB Monetary Council was held at the Eastern Caribbean Central Bank in St Kitts and Nevis on 15-16 January 2009.

Heads of Government, Monetary Council Members and Heads of Delegation in attendance were:

**ANGUILLA**..... Hon. Osbourne Fleming, Chief Minister  
..... Hon. Evans McNeil Rogers, Minister of Social Development  
(Temporary Alternate Council Member)

**ANTIGUA AND BARBUDA** ..... Hon. Baldwin Spencer, Prime Minister  
..... Dr the Hon. Errol Cort, Minister of Finance

**COMMONWEALTH OF DOMINICA** ..... Hon. Roosevelt Skerit, Prime Minister  
and Minister of Finance

**GRENADA** ..... Hon. Tillman Thomas, Prime Minister  
..... Hon. V. Nazim Burke, Minister of Finance

**MONTSERRAT** ..... Dr the Hon. Lowell Lewis, Chief Minister  
and Minister of Finance  
..... Hon. Rueben Meade, Minister of Economic Development

**ST KITTS AND NEVIS** ..... Dr the Hon. Denzil Douglas, Prime Minister  
..... Dr the Hon. Timothy Harris, Minister of Finance

**SAINT LUCIA** ..... Hon. Stephenson King, Prime Minister and Minister of Finance

**ST VINCENT AND THE GRENADINES** ..... Dr the Hon. Ralph Gonsalves,  
Prime Minister and Minister of Finance

**OECS** ..... Mr Randolph Cato, Director of Economic Affairs

**ECCB** ..... Sir K. Dwight Venner, Governor

The Special Meeting followed a recommendation from the 63<sup>rd</sup> Meeting of the ECCB Monetary Council on 24 October 2008, for a joint meeting of the OECS Authority and

the ECCB Monetary Council to engage in an in-depth assessment of the impact of the global financial and economic crisis on member countries, discussed plans and strategies and took critical decisions to respond to the crisis.

Member States acknowledged that the situation was grave, given the scale and scope of the international crisis and the more than likely possibility that it will be prolonged. They agreed that it was therefore important to undertake appropriate policy measures to deal with the effects of the crisis and to position the countries to take advantage of the recovery when it comes.

The meeting received presentations from Member States on the critical economic and financial issues being faced and specific actions taken to date to mitigate the hardships faced by individuals and businesses. The meeting recognised that there were a number of underlying challenges to individual Member States some of which could be better addressed in a collective manner. It was further recognised that there are structural problems within the individual economies that constrain development such as size, scale, productive capacity and opportunities for growth, still, there are strengths and possibilities inherent in the OECS Economies through which the challenges can be met successfully.

In framing a response to the emerging challenges, the meeting identified several areas as being critical to the stability and growth of the OECS region.

### **FINANCIAL SYSTEM**

The meeting was informed that the ECCB is taking all necessary steps to maintain and preserve the stability of the currency and the financial system and is keeping in very close touch with developments in the regional and international financial community. Contingency plans have been drawn up to address any possible issue that may arise and the ECCB is in constant contact with the banking sector within the Currency Union.

### **TOURISM**

The meeting recognised that tourism is the most important economic activity in Member States, and that the sector's performance in 2008 reflected a significant downturn, resulting in job losses and cutbacks in hotel development projects. Projections for 2009 are that the downward trends will continue and may worsen, particularly in light of the continued recession in the major tourism source markets.

Accordingly, the Meeting agreed on the following measures:

For the short term:

1. Member States would provide a short term tax relief package to the hotel industry tailored to the individual circumstances of individual Member States, on condition that the industry takes proactive innovative measures to preserve employment levels, increase operating efficiency and reduce operating costs;
2. Member governments will strengthen markedly, their partnership with the industry in supporting marketing, product enhancement and other facilitating

measures that position the industry to respond readily when the tourism source markets recover;

For the medium to long term:

3. Member States agreed in principle to the establishment of an Executive Committee of Ministers of Tourism to oversee and give direction to the long term OECS tourism development agenda.
4. Member States agreed in principle, subject to the determination of the specific functions and cost of operations, to the possibility of setting up an OECS Tourism Authority with the capacity for planning, coordinating, regulating, marketing and research and development, which will initially function as a secretariat to the Executive Committee of Ministers. The proposed Tourism Authority will initially play a coordinating role, working in tandem with OECS Ministries of Tourism, and drawing on the resources of the ECCB and the OECS Secretariat.
5. Member States agreed to collaborate more closely in the marketing of the region. Accordingly, they agreed in principle, subject to agreement by the wider Caribbean, to the implementation of a US\$3 levy on airline tickets for persons travelling to the OECS and the wider Caribbean originating in overseas markets; the proceeds of which will be used to establish a sustainable funding mechanism to ensure adequate public funding of regional market campaigns.
6. In furthering the linkages between tourism and the rest of the economy, Member States agreed to urgently schedule a video-conference between the Ministries of Finance, Ministries of Agriculture, Ministries of Tourism, the OECS and the ECCB.

## **CONSTRUCTION**

The meeting emphasised the importance of the construction sector to recent economic activity and was of the view that this sector was important in leading the recovery effort. It was also felt that there were lessons to be learnt from the work done in other Member States.

Accordingly, the meeting agreed that an urgent meeting will be convened in St Vincent and the Grenadines in March 2009, involving officials from the Ministry of Finance, Ministry of Works, Ministry of Housing, the private construction sector, banking sector, Caribbean Development Bank (CDB) and the ECCB to craft a strategy for ensuring that the construction sector makes a greater contribution to the effort.

## **FISHERIES**

As small islands surrounded by water, the meeting discussed the importance of the fisheries sector as one of the transformational industries which required particular attention in order to realise the significant contribution which could be made to the economic growth prospects of the member countries. Member States agreed that a

meeting with the appropriate representation should be convened at the earliest opportunity.

## **TRANSPORTATION**

In view of the impending establishment of the OECS Economic Union, the meeting agreed that this demanded the existence of an efficient transportation system within the region.

The meeting acknowledged the deficiencies which currently exist in the movement of people and goods across the region, and the importance of an efficient transportation system to the sustainability of the tourism sector and to food security.

The meeting therefore agreed:

- to mandate the OECS Secretariat to explore with the Regional Councils of Martinique and Guadeloupe opportunities for expanding the fast ferry service which currently includes Dominica and Saint Lucia to other OECS member countries. Member States will also continue to monitor a fast ferry initiative being led by the Government of Trinidad and Tobago which is being developed to service OECS Member States.

The meeting agreed that work should be accelerated towards the establishment of the OECS Distribution and Transportation Company (ODTC) mandated by the Monetary Council and spearheaded by the ECCB.

Member governments should consider partnering with the private sector for the ownership of vessels for the development of a viable sea transportation sector.

The meeting agreed to the establishment of a regional Regulatory Commission to oversee both air and sea transportation.

The Meeting agreed that there was need for greater collaboration between the regional airlines to improve the efficiency and reduce cost of regional travel.

## **SOCIAL SAFETY NET**

The meeting acknowledged that a critical challenge facing the region is the need to ensure minimal social repercussions from the present economic crisis. The meeting therefore agreed that:

1. The Social Policy Unit of the OECS Secretariat, with the assistance of the ECCB, and the full and unequivocal support of the Member States, will conduct an updated situational analysis with a view towards producing a report by the third week in February 2009. It was further agreed that while this review is being undertaken, the Ministries of Social Development/Social Transformation should revisit the findings of their most recent Country Poverty Assessments or Surveys of Living Conditions, and in dialogue with their relevant stakeholders, identify those persons and groups most vulnerable to the global downturn in economic activity. That information should then be used to facilitate the generation of a regional database of vulnerable groups.

2. A meeting should be convened, via video-conference, of the Prime/Chief Ministers Offices, Ministries of Social Transformation, the OECS Secretariat and the ECCB, to articulate a comprehensive regional social safety net programme that takes into account existing interventions, makes recommendations for refocusing and re-targetting where appropriate, identifies the stakeholders who should partner with governments in programme delivery and oversight, details the funding requirements, and recommends the development partners who should be approached to assist with providing financial and technical assistance to the programme. This meeting should be convened before the end of February 2009.
3. The final step in this process will involve the convening of meetings with the respective development partners to mobilise support for the regional safety net programme. These meetings should be concluded by the end of March 2009.

### **POLICY FRAMEWORK OECS/NATIONAL**

The meeting agreed that given the prevailing conditions, it is imperative that policy arrangements be strengthened and coordinated at both the country and regional levels to facilitate renewed growth and sustainable development.

Accordingly, the meeting agreed to:

- Endorse, with modification to include the Regional Integration Units, a model for **“Policymaking Framework and Architecture in the Eastern Caribbean Currency Union/Organisation of the Eastern Caribbean States”** prepared by the ECCB. Among other things, the ECCB proposal identifies the Committee of Permanent Secretaries as having a coordinating/collaborating role in policy formulation and implementation.
- Establish a Task Force, under the chairmanship of the Prime Minister of St Vincent and the Grenadines, and including the Chairman of the OECS Authority, the Chairman of the ECCB Monetary Council, the Governor of ECCB, and the Director General of the OECS, to provide oversight and coordination of the implementation of the action plan.

### **SUPPORT FROM REGIONAL AND INTERNATIONAL SOURCES**

Member states agreed that support should be sought from regional and international institutions, countries and the private sector, in the form of lines of credit, financial support and investments.

### **INSTITUTIONAL FRAMEWORK FOR A PROGRAMME OF ACTION**

The meeting outlined the main elements of the institutional framework for implementing and monitoring the programme of action in addressing the current situation in member countries, and discussed the assignment of responsibilities and the monitoring function in the following areas:

1. Transitional arrangements for addressing crisis and achieving economic union status by December 2009;
2. Domestic policy and institutional arrangements to facilitate programme;

3. Social safety nets;
4. Fiscal and tax implications of crisis;
5. Energy;
6. Bulk procurement of essential goods;
7. Construction; and
8. Tourism.
9. Fisheries

Regional Integration Units, established in the Offices of the Prime Ministers, are mandated to assist with the coordination of implementation of the programme of action.