

**Date:** 07 July 2023

**Attention:** News Editor

**Ref:** 8/1/2/2

FOR IMMEDIATE RELEASE

## **COMMON MONETARY AREA (CMA) GOVERNORS MEETING HELD AT SWAKOPMUND**

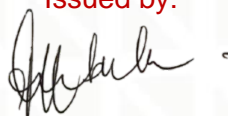
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1. The Bank of Namibia recently hosted the central bank Governors of the Common Monetary Area (CMA), South Africa, Lesotho, and Eswatini, for the second quarterly CMA Governor's meeting this year. Held in Swakopmund, the meeting aimed to build upon discussions from the previous gathering in Maseru, Lesotho, during March 2023, and assess the state of the economy in the region and progress on the implementation of the CMA strategy.
2. Hosting the meeting, the Governor of the Bank of Namibia, Mr. Johannes !Gawaxab recognised that the persistently high cost of living had understandably raised concerns among the public. However, he assured the delegation that as central banks, they should remain committed to combating inflation that disproportionately affects vulnerable members of society. Although headline inflation in the CMA remained elevated, averaging 6.4% in the first quarter of 2023, he noted that the area was witnessing a decline in the inflation rate as the shocks that contributed to its rise had begun to diminish. Moreover, the Governor noted that the CMA's collective monetary policy actions were effectively transmitted to the economy and that inflation expectations appeared to be stabilising. While challenges persist, the Governor expressed that the CMA members are resolute in bringing inflation down to more manageable levels.
3. As they convened, the Governors deliberated on the multifaceted challenges facing policymakers across the globe. The world finds itself in a state of near stagflation (high inflation and low growth), with geopolitical fault lines becoming more pronounced. Ongoing conflicts, such as the war between Russia and Ukraine, coupled with escalating competition and tension between major powers like the United States and China, present a unique constellation of challenges.

Central banks worldwide are grappling with the dual task of reining in inflation while addressing widespread financial vulnerabilities, which together pose formidable hurdles to overcome.

4. The CMA Governors - Governor Letseja Kganyago (South African Reserve Bank), Governor Emmanuel Letete (Central Bank of Lesotho and Governor Phil Mnisi (Central Bank of Eswatini), Governor Johannes !Gawaxab (Bank of Namibia) observed and discussed the impact of the recent weakness of the Rand among CMA countries, with spillover effects being felt particularly by smaller countries within the CMA that rely on imports and other economic and financial developments within the region.
5. In this regard, Governor !Gawaxab said it was essential to address these concerns openly and explore strategies to mitigate the varied impacts experienced by each nation. He, however, pointed out that despite these recent developments, the benefits of the country's membership in the CMA outweigh the costs, said the hosting Chairperson.
6. A comprehensive analysis of the global economic and financial developments, recent economic developments in the CMA economies, and the common economic challenges facing the CMA economies was carried out. In addition, progress on various initiatives of the CMA projects, such as Central Bank Digital Currencies (CBDCs), Deposit Insurance Schemes, Cross-Border Payments, Exchange Control, and financial stability, were also discussed. Continuous engagements on these issues are important to supporting the macroeconomic stability of the CMA countries.

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