



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Christine LAGARDE
President

Ms Manon Aubry
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 5 February 2021

L/CL/21/22

Re: Your letter (QZ-005)

Honourable Member of the European Parliament, dear Ms Aubry,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs (ECON), accompanied by a cover letter dated 19 January 2021.

As I clarified during my latest hearing before the ECON Committee on 19 November¹, the cancellation of public debt by the ECB is not compatible with the Treaties because it would violate the prohibition of monetary financing as laid down in Article 123 of the Treaty on the Functioning of the European Union. Accordingly, the ECB and the national central banks of the Member States are legally prevented from granting financial assistance to the Member States.

Let me also note that the European Union is based on the rule of law and that its Member States have freely and voluntarily committed themselves to respecting their common values. They have also committed themselves to a common single currency, the euro, within the economic and monetary framework embodied in the Treaties, of which the prohibition of monetary financing is a fundamental pillar. The irrevocability of the euro is part of this framework, as the establishment of an economic and monetary union with a common currency, the euro, is one of the EU's main objectives embedded in the Treaties.

¹ See *Transcript of Monetary dialogue with Christine Lagarde, President of the ECB*, Committee on Economic and Monetary Affairs, 19 November 2020, available at:
https://www.ecb.europa.eu/press/key/date/2020/html/ecb.sp201119_transcript~353ee9966e.en.pdf?2d3c28180ae9e954238c36f2ab0b2f0f.

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Yours sincerely,
[signed]
Christine Lagarde

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