EUROPEAN CENTRAL BANK

EUROSYSTEM

Christine LAGARDE
President

Mr Chris MacManus
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 19 April 2022

L/CL/22/116

Re: Your letter (QZ-003)

Honourable Member of the European Parliament, dear Mr MacManus,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 18 February 2022.

As regards the role of the secondary objective in formulating monetary policy to which you refer, the European Central Bank (ECB) strategy review completed in 2021 clarified that, without prejudice to price stability, the Governing Council in its monetary policy decisions caters for other considerations relevant to the conduct of monetary policy.[1] Without prejudice to the objective of maintaining price stability, the Treaty requires the Eurosystem to support the general economic policies in the European Union with a view to

Union. These objectives include balanced economic growth, a highly competitive social market economy aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. The Eurosystem shall also contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

1 See *The ECB's monetary policy strategy statement*, available at: https://www.ecb.europa.eu/home/search/review/html/ecb.strategyreview_monpol_strategy_statement.en.html, and , *Economic Bulletin*, Issue 5, ECB, 2021, available at: https://www.ecb.europa.eu/pub/economic-bulletin/articles/2021/html/ecb.ebart202105_01~d813529721.en.html.

The Governing Council bases its assessment in particular on the relevance of these considerations for the , and the Union, with a . Moreover, it takes into account the principle of institutional balance, which allocates the primary responsibility for attaining objectives beyond price stability to other EU and to national institutions. Such considerations, including for instance financial stability, have informed the conduct of monetary policy.

the general economic policies in the Union as formulated in the 2021 strategy review is most evident when a given monetary policy instrument is adjusted. For example, as announced in its strategy review, the Governing Council will adapt the design of its monetary policy operational framework in relation to disclosures, risk assessments, corporate sector asset purchases and the collateral framework.[2] Such revisions, that currently are subject to a careful examination, could positively contribute to addressing climate change, thus supporting the general economic policies of the EU without adversely affecting the impact of monetary policy on price stability.

Yours sincerely,

[signed]

Christine Lagarde

[2] Detailed roadmap of climate change-related actions, available at: https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708_1_annex~f84ab35968.en.pdf.

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