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COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS**MONETARY DIALOGUE WITH CHRISTINE LAGARDE,
PRESIDENT OF THE EUROPEAN CENTRAL BANK
(PURSUANT TO ARTICLE 284(3) TFEU)****BRUSSELS
THURSDAY, 20 MARCH 2025**

1-0002-0000

IN THE CHAIR: AURORE LALUCQ
President of the Committee on Economic and Monetary Affairs

1-0003-0000

(The Monetary Dialogue opened at 09:08)

1-0004-0000

Présidente. – Je suis ravie d'accueillir aujourd'hui, pour la troisième fois depuis le début de cette législature, la présidente de la Banque centrale européenne, Madame Christine Lagarde. Nous avons le plaisir d'avoir ces dialogues sur une base très régulière, dialogues qui sont d'autant plus importants dans le contexte actuel.

Aujourd'hui, nous allons discuter principalement de deux sujets. Le premier, c'est l'évaluation trimestrielle de l'orientation de la politique monétaire de la Banque centrale européenne. Le second sujet porte sur le virage protectionniste des États-Unis et son impact sur l'économie de la zone euro. Nous avons toutes et tous ici des inquiétudes.

Quelques éléments peut-être sur l'inflation. L'inflation globale dans la zone euro était de 2,3 % en février, après avoir atteint 2,5 % en janvier et 2,4 % en décembre. L'inflation sous-jacente a atteint 2,6 % en février, contre 2,7 % en décembre. On voit une évolution positive.

Dans ce contexte, le Conseil des gouverneurs de la Banque centrale européenne a décidé de baisser de nouveau les taux directeurs de 25 points de base. Il s'agit de la sixième baisse consécutive des taux d'intérêt et le taux de la facilité de dépôt s'élève désormais à 2,5 %. Parallèlement, le bilan de l'Eurosystème continue de se réduire progressivement.

En ce qui concerne notre second sujet, le virage protectionniste des États-Unis et son impact sur l'économie de la zone euro, force est de constater que l'incertitude géopolitique actuelle représente un défi pour la politique monétaire et pour la Banque centrale européenne en particulier. La guerre commerciale avec les États-Unis pourrait entraîner des risques économiques significatifs des deux côtés de l'Atlantique. Nous avons des inquiétudes sur l'augmentation des droits de douane. Quelles vont être leurs conséquences sur l'inflation aux États-Unis, mais sur l'inflation aussi, potentiellement, chez nous, en Europe? Cela peut-il aussi créer une sorte d'instabilité?

Nous serons extrêmement heureux de vous écouter et nous serons très attentifs à vos propos aujourd'hui, comme d'habitude, mais peut-être plus encore que d'habitude, Madame Lagarde, sur ces deux sujets.

Vous avez évidemment à votre disposition tous les documents qui ont été préparés par le panel d'experts qui ont présenté leurs travaux avant-hier.

Mme Lagarde va commencer par une introduction, comme d'habitude, environ dix minutes, puis nous aurons un premier tour de questions-réponses. Je vais vous demander de respecter, toutes et tous, votre temps de parole, puisque je vois qu'il y a une longue liste d'intervenants aujourd'hui.

Madame Lagarde, encore merci à vous d'être ici, je vous laisse la parole pour dix minutes.

1-0005-0000

Christine Lagarde, *Présidente de la Banque centrale européenne*. – Madame la Présidente, je vous remercie et je vous redis le plaisir que j'ai à me trouver sous votre présidence, en présence des membres de la commission ECON.

For those of you who wondered if we would have a full-fledged, full-steam-ahead French session, I regret to disappoint you!

It's a great pleasure to be back in Brussels and to be in this new space, which is actually an old space – but sometimes, you know, there's nothing wrong with being old, if I may say!

So since we last met – this was in 2024, a long time ago – the new US administration has taken office and embarked on a new course in both domestic and foreign policy. This has – as you've indicated, Madam Chair – far-reaching implications for the global economic and political landscape and it forces Europe to address both long-standing and new challenges in trade, in economic competitiveness and in defence.

It is clear that the world is not waiting for us. But the good news is that we will not wait for the world. In this context, your chosen topic of trade policies is relevant and very timely. But before we discuss this topic in detail – because I'm sure you will have questions about this item – I would like to start by updating you on the euro area economic outlook and the ECB monetary policy stance that you reminded us of.

If we look at the euro area economic outlook, it is based on the latest projections that have been aggregated within the euro system and that we published in the last two weeks. In 2024, the euro area economy recovered despite many headwinds. Euro area GDP grew by 0.9 % on average, which is about twice as much as it did in 2023. Growth slowed in the fourth quarter of 2024, and the first months of this year have seen a continuation of many of last year's underlying patterns.

Manufacturing is still contracting, although survey indicators are improving. High domestic and global policy uncertainty is holding back investment and competitiveness challenges are weighing on exports. But at the same time services remain resilient. In addition, rising household incomes and a robust labour market still are supporting a gradual pick-up in consumption that we have seen in the latest data that we collected.

Heightened uncertainty is likely to dampen investment and exports more than previously anticipated, but growth is expected to be supported by higher incomes and lower borrowing costs, as you've just indicated. Additionally, exports should benefit from rising global demand, but this, of course, remains contingent upon developments in international trade policies.

The latest ECB staff projections expect the economy to grow by 0.9 % in 2025, so the same as in 2024, 1.2 % in 2026 and 1.3 % in 2027. You have in the two pages that have been made available to you, in the left-hand column, the indication of that growth projection and the distribution amongst the drivers of growth. These estimates are subject to considerable

uncertainty, also owing to the trade policy environment, which we will discuss and which you have heard about and read about in the last few days.

So looking now at price developments, the disinflation process is well on track. Headline inflation decreased from 2.5 % in January to 2.3 % in February, mainly on account of a drop in energy inflation. Core inflation, taking out energy and food also declined slightly from 2.7 % in January, to 2.6 % in February, reflecting lower services inflation. That's important. Domestic inflation edged down in February, but remains high as wages and services prices in certain sectors are still adjusting to past inflation surges. They are the ones that I call the 'latecomers'.

Nominal wage growth moderated over the course of 2024, and it is expected to continue decelerating in the coming months, as real wages have caught up with levels seen before the surge in inflation, leading to fewer demands for inflation compensation. Again, you have a good indication of that in the two pages that you have available, with the ECB wage tracker, which indicates where it's coming back.

Before I turn to our monetary policy stance, let me also give you the forecast that we have for inflation. We expect headline inflation to average at 2.3 % in 2025, 1.9 % in 2026, and 2 % in 2027. You will remember that our target is 2 % medium-term sustainable.

So earlier this month, two weeks ago exactly, we lowered our key interest rates by another 25 basis points. Inflation is developing broadly as expected in our baseline, with most measures of underlying inflation suggesting that inflation will settle at around our 2 % medium term target on a sustained basis. The deposit facility rate now stands at 2.5 %, which is 150 basis points below the highest level that we had, at 4 %.

Our monetary policy is becoming meaningfully less restrictive, and new borrowing is becoming less expensive for both firms, corporate and households, while loan growth is picking up – so rates are coming down and the volume of loans is picking up.

At the same time, past interest rate hikes are still being transmitted to the stock of loans, and lending remains subdued overall. We are determined to ensure that inflation stabilises sustainably at our 2 % medium-term target, especially in current conditions of rising uncertainty. We will follow a data-dependent and meeting-by-meeting approach to determine the appropriate monetary policy stance, and we are not pre-committing to any particular rate path.

Let me now turn to the second topic – the one that you've identified as your topic of particular interest – which is the impact of the shift in US trade policies on the euro area. The new US administration is changing direction in several policy areas, with trade being a focal point. As a result, uncertainty about the future path of trade policy has soared to exceptionally high levels. You have an interesting chart on the back of the two pages, which is this one in the left-hand corner, which gives you the trade policy uncertainty in this. It's really worth having a look at and comparing, in particular, with the uncertainty that we had during Covid, for instance, and what we are experiencing and the speed at which it has developed over the last few, not months, but weeks.

In our interconnected world, increased trade frictions are detrimental to global growth and welfare. They raise costs, they disrupt production, and they often lead to an adjustment of supply chain. This also encourages tit-for-tat retaliatory policies, further undermining the benefits of free trade. The euro area, which is very open to trade and deeply integrated into global supply chains, especially with the United States, is particularly exposed to shifts in trade policy changes.

As regards the impact of specific trade measures, the situation is, of course, evolving almost on a daily basis. As a result, any estimate that we give is subject to maximum uncertainty. Our analysis – I was going to say 'at this point in time' – suggests that a US tariff of 25 % on imports from Europe to the United States would lower euro area growth by about 0.3 of a percentage point in the first year. A European response in the form of raising tariffs on US imports would further increase this to about half a percentage point.

The brunt of the impact on economic growth would concentrate around the first year after the rise in tariffs, leaving a persistent negative effect on the level of output. In such a case, the inflation outlook would become significantly more uncertain. In the near term, EU retaliatory measures and a weaker euro exchange rate resulting from lower US demand addressed to Europe for European products could lift inflation by around half a percentage point. The effect would ease in the medium term due to lower economic activity dampening inflationary pressures.

But let me again stress that these estimates are subject to very high uncertainty, given that the impact of tariff increases may be non-linear, for instance due to a significant reconfiguration of global supply chains. Of course, the high level of policy uncertainty requires us to remain vigilant and ready to act to protect price stability. Crucially, the answer to the current shift in US trade policies should be more, not less trade integration both with trade partners around the globe but also within the European Union. Trade integration, including free trade agreements, has been a driver of economic prosperity and can protect against unilateral trade measures. In fact, let me mention some ECB analysis that we have conducted recently. This indicates that closer integration with the rest of the world – so that means excluding the United States – could more than offset the losses incurred from unilateral tariffs, including retaliation. So the consequences that I have mentioned as a result of the tariffs and the retaliation could actually be offset by this further and deeper integration with the rest of the world. So it is important that the EU remains open to trade and swiftly finalises recent trade agreements with other international partners, because that would be also a powerful signal.

We must also use these developments as a catalyst for deepening trade between European Union Member States. The single market is estimated to have added between 12 % and 22 % to long-run EU GDP in its first 30 years, and the level of trade between Member States has doubled since its integration. A deeper single market is crucial for reducing trade barriers within Europe and creating the scale so necessary for firms to thrive. In addition, the more we exploit our own market, the more resilient Europe is to the impact of global fragmentation and external shocks more generally.

With its Competitiveness Compass, the European Commission has put forward a concrete roadmap that should be implemented urgently. In this context, the plan for the Savings and Investment Union presented yesterday is another crucial step. By enhancing our strategic autonomy and increasing our economic clout, Europe negotiates with trade partners from a position of greater strength – strength that can only be harnessed and benefited from collectively.

At the ECB, we will continue to carefully monitor global trade developments and take its impact into account in our monetary policy deliberations. In the current environment, it is important that we anticipate and assess implications of the potential trade policy changes. Careful analysis and communication are key, and we are exploring both aspects further as part of our ongoing strategy assessment.

To conclude, in today's turbulent environment, only a united Europe is a stronger Europe. I can't resist quoting Jean Monnet, who once said – though I will actually amend his quote. He said

'make men' – and I will amend this to 'make women' as well 'work together; show them that, beyond their differences and geographical boundaries, there lies a common interest'.

Paul Valéry said something very similar which was beautiful as well, but I'll spare you the quote. This common interest is the prosperity of people in the EU. To achieve it, we must continue to uphold free trade, and we must strengthen our Union.

The single market enables this, as it can contain the impact of global trade fragmentation. Let us continue to strengthen this precious tool and forge our own destiny in the interest of all Europeans.

Thank you very much for your attention, and I look forward to your questions.

1-0007-0000

Présidente. – Merci, Madame la Présidente, pour cet exposé très exhaustif. Je crois que c'est tout à fait nécessaire dans le contexte actuel.

We now turn to the Q&A session, with 1.5 minutes for the questions, three minutes for the answer. I start with Markus Ferber for the EPP.

1-0009-0000

Markus Ferber (PPE). – Vielen Dank, Frau Präsidentin, für diesen Einblick in diese herausfordernden Zeiten.

Ich denke, wir müssen, was die Inflationserwartungen betrifft, nicht nur nach außen schauen, sondern auch nach innen. Wenn heute und morgen der Rat darüber berät, 800 Milliarden EUR für Verteidigung zur Verfügung zu stellen, und wir sind nicht in der Lage, ein entsprechendes Angebot auf der Produktionsseite anzubieten, kann das ja auch ein großer Inflationstreiber sein. Können Sie dazu ein paar Sätze sagen?

Aber ich hätte noch ein zweites Thema, das mir große Sorgen macht: das Thema Cybersicherheit und Sicherheit von kritischer Infrastruktur. Weil Ende Februar gab es ja in der Europäischen Zentralbank selber einen Fall, bei dem Fragen zur Sicherheit und zur Resilienz aufgekommen sind. Es kam zu stundenlangen Störungen auf der Plattform Target2 für große Zahlungen und T2S für Wertpapierübertragungen. Grund war wohl eine defekte Hardware, und Back-up-Hardware, die hätte übernehmen können, war nicht verfügbar. Diese Ausfälle haben ja auch Auswirkungen in den Mitgliedstaaten gehabt – Gehaltszahlungen, Rentenzahlungen, die verzögert wurden, – und haben natürlich auch einen Impakt auf das Vertrauen in die Leistungsfähigkeit des Euro-Systems.

Ich gehe davon aus, Sie haben schon umfangreiche Ursachenforschung betrieben. Was hat diese Ursachenforschung ergeben und welche Schlüsse ziehen Sie als Europäische Zentralbank daraus? Dankeschön.

1-0010-0000

Christine Lagarde, President of the European Central Bank. – Thank you very much. I was going to call you by your first name, but I'll refrain from that; I have to be very respectful. 'Member of Parliament Ferber' is probably much better. So, two things. One is, yes, there are major investments that are being discussed at the moment. Obviously those investments will have consequences both in terms of growth output and in terms inflation and level of prices. But all of that is going to be a factor of how financing is produced, what is the sourcing of the products that will be purchased. I think that we need to be very attentive to that. So sourcing financing, is it going to be a combination of national approaches? Is it going to be

European-driven predominantly? All of those factors are going to impact and will determine the exact level of changes that it will produce on growth, inflation and cost of financing. I think we will be very attentive to that. But we have been complaining so much that investment was lagging behind, that there was not enough investment, that now that we are seeing investment, of course, it needs to be well invested, but investment is now really showing its head and this is a welcome change.

On the issue that you referred to, yes, the TARGET system that we have in place and which operates between banks had a breakdown last week, and it was a breakdown that is experienced by many payment systems around the world, many security settlement systems around the world, because no system is ever perfect, let's face it. On this particular front, as you indicated, it was diagnosed after quite a while because there was the assumption that it was related and based on a software defect. It was not software, it was just a basic hardware problem that took a bit of time to identify. That was fixed, the remedies were put in place promptly, but it still took too long in the view of those who supervise these systems.

So the matter is under investigation at the moment. It's a system that is operated by four national central banks – predominantly by Banca d'Italia and the Bundesbank but the Banque de France and Banco de España are also involved in the process; it's operated by these four. Typically, when one is suffering a 'down' which happens, the other national central banks are expected to take the baton and carry over. In this particular case, all the national central banks are going to investigate and the supervisor, which is one of the big auditing firms which has the duty to do that, is also going to be brought into the investigation to really identify why it took so long to identify in the first place, and why the backup system, which normally automatically takes over, was not activated instantly.

So as soon as that is out, we will publish the report, because it's an issue of standing and reputation. We don't want the reputation to be hurt and damaged as a result of what happened, which happens, as I said, across the board to all systems, particularly ones that sophisticated. But we need to be totally transparent as to what it is and how we're fixing it so that it doesn't happen.

1-0011-0000

Jonás Fernández (S&D). – Decía que, desde la ruptura del patrón oro-dólar en los años 70, nuestro sistema monetario basado en la moneda fiat está basado fundamentalmente en la confianza: en la confianza entre los ciudadanos, pero también en la confianza entre los bancos centrales, que, para dirigir su política monetaria, necesitan de alguna manera conocer la función de reacción de otros bancos centrales, intentando así todos los bancos centrales estabilizar los precios de una moneda que se basa en la confianza.

Hemos hablado de los aranceles. Ha hablado usted de los aranceles de la nueva Administración Trump, pero a mí me gustaría preguntarle por las lecturas de estos últimos días sobre ese Acuerdo de Mar-a-Lago.

Con esos acuerdos, parece que la Administración Trump estuviera buscando una devaluación muy pronunciada del dólar con la posibilidad de la emisión de deuda perpetua que forzara a los actuales tenedores de deuda pública estadounidense a cambiarla por esa deuda perpetua, así como la posibilidad también de posibles controles en los flujos de capitales, si realmente la política mercantilista para equilibrar la cuenta corriente es el único objetivo de las autoridades estadounidenses. Y, claro, si una de las jurisdicciones del entorno internacional juega con otras funciones de reacción que nada tienen que ver con la política monetaria y la estabilidad de precios, esto genera notables interrogantes sobre lo que debería hacer el BCE o sobre la estabilidad de los sistemas financieros y de los mercados de deuda.

Quería preguntarle por esos acuerdos de Mar-a-Lago.

1-0012-0000

Christine Lagarde, *President of the European Central Bank*. – Thank you very much for your questions. This unidentified object that you referred to lacks substance, definition, description, framework. This is all sort of a derivative of assumptions that result from one or two reports that have been issued by economists prior to the November elections, and which have been elaborated upon by very competent journalists in the last few days in particular. So, you know, I would refrain from taking any kind of view on this speculative unidentified arrangement because we have no idea what it is. But to me, what it means is that we as central bank, we all together as Europeans, we have to be very focused on being stronger together, on delivering on our mandate, in defending our currency and in making sure that we are not vulnerable in any shape or form. And that for from my perspective, takes the form of pushing fast on the digital euro wholesale and retailers making sure that we have payment infrastructures that function well and deepening the single market to remove the trade barriers that we stupidly impose upon ourselves. And third, developing the capital Market union at an accelerated pace so that we can raise funding that will be safe here. Okay. The rest, I would say, is highly speculative, but I think we should stand ready for anything. That is the strategy of others to consolidate, weaken, strengthen, repatriate, manufacturing, use, tariff as a weapons, blackmail, whatever. It should really sort of reinforce our determination to be strong.

1-0013-0000

Pierre Pimpie (PFE). – La concentration bancaire en Europe est une tendance qui s'accélère et la récente décision de la BCE d'autoriser UniCredit à renforcer sa participation dans Commerzbank en est un parfait exemple.

D'un côté, la consolidation peut renforcer la compétitivité des banques européennes face aux géants américains et asiatiques, améliorer leur résilience en cas de crise et stimuler l'investissement. De l'autre, elle pose un vrai risque pour la souveraineté financière des États et la concurrence, en créant des acteurs trop grands pour faire faillite et dont la faillite pourrait peser lourdement sur les contribuables.

Comment la BCE veille-t-elle à trouver le bon équilibre entre compétitivité et diversité bancaire? Quels outils la BCE met-elle en place pour éviter un oligopole bancaire européen tout en s'assurant que nos banques restent fortes face à la concurrence mondiale?

L'enjeu est de ne pas sacrifier la stabilité financière et la souveraineté des États sur l'autel de la compétitivité. La BCE a un rôle clé à jouer pour garantir que cette concentration bancaire ne devienne pas un risque systémique.

1-0014-0000

Christine Lagarde, *President of the European Central Bank*. – Thank you very much for your question. It is a fact that, on 13 March, the ECB published its decision not to oppose the proposed plan by UniCredit of converting derivatives into a position that would give it a significant stake in the capital of Commerzbank. I'm not going to comment any further than that because the work has been done, the SSM is in charge of this particular process and the decision has been published. Obviously, you know, we all have gone through the 'too big to fail' period and we all have gone through the proposal to elaborate living wills, and we all have gone through the elaboration of Basel III.

You give me the opportunity to remind all of us that a framework which supports the resilience of banks is critically important, and that in the name of simplicity or in the name – I was going to say of complicity, but it's not the right word – of alignment on what other continents in the

world are asking for, we should not give up the framework that gives the banks the resilience that is needed for us, all Europeans, because a safe European banking sector is critically important.

So the Basel III Agreements, as they have been approved here, should certainly continue to be respected. There are segments in the Basel III Agreement, particularly relating to the trading book, which have a bit of a time lag for banks to adjust, and this is fine, but obviously whether they are small, medium, large, standalone or the result of mergers, all banks located in the European Union would have to abide by the Basel III requirements.

1-0015-0000

Giovanni Crosetto (ECR). – Signora Presidente Lagarde, come lei ci ha detto, la crescita economica per il 2025 rimane bassa, sotto l'1%. Abbiamo un problema di produzione industriale, soprattutto per le principali manifatture europee.

L'Unione europea, inoltre, non è uscita bene dalla crisi del COVID: la fiducia dei consumatori si è abbassata, la propensione al risparmio è aumentata e la crescita globale continua ad essere guidata da tecnologie e intelligenza artificiale. Questo pone delle sfide molto grandi per le nostre economie e i nostri modelli di *business*, quindi, stanno entrando in crisi.

Prima la Commissione, poi la Germania, decidono, fortunatamente, di reagire, impegnandosi ad aumentare la spesa per difesa e per infrastrutture. Si rende quindi necessario capire quale coordinamento deve esserci tra politica monetaria e politica economica. Lei stessa, Presidente Lagarde, ha riconosciuto la difficoltà di raggiungere questi obiettivi in termini di politica economica.

Ora, sappiamo che le politiche economiche sono più efficaci in un contesto di tassi bassi. Ma lei, Presidente Lagarde, ha detto che non vede un collegamento tra politica economica e politica monetaria. Durante l'ultima *press conference* ha ripetuto che il vostro mandato, ai sensi dell'articolo 127 dei trattati, è la stabilità dei prezzi.

Io però, Presidente Lagarde, le chiedo: poiché l'articolo 127 dei trattati dice "*fatto salvo l'obiettivo della stabilità dei prezzi, il sistema europeo delle banche centrali sostiene le politiche economiche generali dell'Unione al fine di conseguire gli obiettivi dell'articolo 3 dei trattati*", e cioè anche competitività e piena occupazione, non ritiene che la BCE dovrebbe avere un ruolo più attivo in termini di coordinamento tra politica economica e politiche monetarie?

1-0016-0000

Christine Lagarde, President of the European Central Bank. – Thank you so much. In a way, you've provided part of the answer to your own question, as you referred, obviously, to Article 127 and the primary objective of the mandate of the ECB, which is, as you rightly said, price stability.

Frankly, at a time when investment at a very high level and scale are required – whether it is for the green transition, whether it is for digitalisation or whether it is for defence – the best service that the European Central Bank can offer to Europe is price stability and sustainable price stability, because those investments are going to be for the long term. It's not, you know, a couple of years investment and then we are away.

It's a long-standing process, the returns of which will come over the course of time, and there is nothing like an unstable environment, or the risk that a central bank will not actually do what it takes to control inflation, to actually discourage those investments. So the best we can do is to provide price stability.

You mentioned the secondary objective. The secondary objectives are what you read from Article 127. They are without prejudice to the primary objective, so the primary objective that we have is indeed price stability, and if we are faced with two possible options in order to reach price stability, one of which is also in compliance with support for the secondary objective, then we can opt for that latter. But the first and foremost priority that we have is price stability, and that's what we will continue to do, I can assure you.

1-0017-0000

Giovanni Crosetto (ECR). – Avrei una veloce domanda da farle sull'euro digitale. I temi sono molti: sovranità monetaria; i mezzi di pagamento attuali non rispondono alle esigenze; dipendere oggi dagli Stati Uniti vuol dire dipendere domani, magari, dalla Cina. Inoltre, i costi stanno aumentando.

Dalle fonti BCE leggiamo che ci sarebbe la disponibilità di pagamenti offline, che non sostituirebbero i contanti: i pagamenti sarebbero istantanei e, inoltre, il sistema avrebbe il vantaggio di essere una moneta garantita dalle banche centrali.

Io però penso che non si possa trascurare la contrarietà di Trump e quindi degli Stati Uniti, alla digitalizzazione del dollaro.

La mia domanda: senza il dollaro digitale, lei non vede dei problemi in termini operativi con le altre eventuali valute digitali? Oppure ritiene che dovremmo accelerare il processo di euro digitale, anche in risposta agli *stable coin* ancorati alle altre valute?

1-0018-0000

Christine Lagarde, President of the European Central Bank. – My strong conviction is that we have to accelerate the digital euro both at wholesale and retail levels, and obviously it is going to be subject to all of you because it will not happen without the legislative framework within which to build it – and I honestly count on you very much in order to expedite this matter and attach your priority attention to it. I'm saying that not in a vacuum because it's a tantrum, but because there is a serious series of changes happening in that sphere – whether it is the focus of the US administration on stablecoins, which are encouraged to develop massively, or whether it is the support for cryptocurrencies that suddenly find their way into this reserve account that has been set up. I believe that in order to reduce our potential vulnerability which exists as at today, we should be able to have both wholesale and retail as well as payment infrastructure in place so that we do not actually depend on someone else deciding whether or not we should be entitled to continue to operate on the backbone of existing non-European solutions.

1-0019-0000

Anouk Van Brug (Renew). – Thank you for coming here, Madame Lagarde.

I have a question regarding the frozen Russian assets. The ECB has constantly cautioned against the potential risk of confiscating the assets of the Russian Central Bank held at Euroclear. How do you assess the economic consequences of such a measure? And what steps could be taken to mitigate these effects if we were to move forward with the confiscation of central bank assets, either fully or partially?

1-0020-0000

Christine Lagarde, President of the European Central Bank. – Thank you for your interesting question. I just want to remind you that, under a G7 agreement, those assets that belong to the National Central Bank of Russia are currently being used. Those assets which are frozen at the moment with Euroclear are being used in terms of the dividend that is provided by the frozen

assets, and this is used to back and guarantee the payment of interest on a EUR 50 billion loan granted by the likes of Europe, Japan, the US, the UK and Canada. So they are being used. Any further use that would be explored in the future would be decided by governments. My suspicion is that it would be decided at G7 level. So it's not my decision. I don't think it's your decision either. It would be in the hands of those who decided a set of sanctions and, well, sanctions eventually are decided at your level, but any such thing would have to really account for the financial stability consequences in the monetary order, and for the international law principles that we are so keen to see a country like Russia actually respect rather than violate. I think on both those accounts, governments will have to think long and hard before they decide to move in any direction. But it's not for me to have a view.

1-0021-0000

Chair. – A follow-up question? No. And no one is here for the Greens, so I give the floor to Gaetano Pedullà for The Left.

1-0022-0000

Gaetano Pedulla' (The Left). – Signora Presidente Lalucq, Signora Presidente Lagarde, due domande.

La prima: ieri la Commissione ha presentato la sua strategia per l'unione dei risparmi e degli investimenti. Lei non vede, in questo provvedimento, la volontà di spostare il rischio dei maggiori investimenti finalizzati alla competitività dal tradizionale sistema finanziario all'*equity*, cioè al mercato dei risparmiatori? A suo avviso, questo non costituisce un rischio aggiuntivo per la stabilità finanziaria?

Seconda questione: l'effetto negativo dei dazi, di cui ci ha spiegato poco fa benissimo, non sarebbe simmetrico per i paesi europei e, all'interno degli stessi paesi, tra le diverse aree produttive: le regioni con grandi distretti industriali e produttivi finalizzati all'export pagherebbero un prezzo più alto, anche insostenibile, per questa guerra commerciale.

Che ne pensa, Presidente, di prevedere misure finanziarie europee compensative per le regioni maggiormente penalizzate dai dazi? Capisco che questa seconda domanda travalica i poteri della sola BCE, ma sarei molto grato di un suo commento.

1-0023-0000

Christine Lagarde, President of the European Central Bank. – Thank you very much for your two questions. I'll focus, as you will appreciate maybe, on the first one, but I will not escape the second one – but as you mentioned, it's not really for me.

The savings and investment union, which, as you said, was presented yesterday in its five dimensions, is obviously intended to increase the level of equity holdings in our European economy. If you compare with other advanced economies, Europe at large has a much lower holding of equities than other countries, particularly, of course, with the United States.

What I can tell you, based on studies and analyses that have been conducted at the ECB, is that the financing of economic activity through either bond issuance or through equities is generally more solid in the long term and is also more propitious for innovation. These are analyses that we have conducted and that we published about four years ago, and which would still apply today.

So rather than weakening the economic financial structure by bond issuance and equity issuance that would be traded on a single capital markets union, I think it would, on the contrary, have as a purpose to strengthen and solidify the corporates but also the SMEs – because it shouldn't

be a capital markets union that is intended only for large corporate accounts, and it should be structured in such a way that SMEs can easily access the capital market, which is certainly not the case at the moment.

I would add to that, that it would not be intended and probably would not have the effect of removing the banking financing from the equation, because I think that they would also be involved and participating in the process of the opening of the equity capital, of the issuance of bonds, but it would take a different form of revenue for them. It would not necessarily be interest generated by loans, but certainly on bond issuance and on equity issuance banks can be engaged and involved as well, and that would generate indeed the fees that they're usually, you know, happy to structure appropriately.

On the heterogeneity of impact amongst the various Member States, clearly this is something that the Commission, you, the European Council, will be attentive to, because there are regions that are highly dependent on exports, more so than others. But I would say that, at large, 17 % of our exports go to the United States. So it's a significant amount of goods. It's also a significant amount of services because we always focus on goods and the US authorities focus predominantly on goods, but it's both a two-way street and also a two-layer trade, where we import services more than we export, and we export more goods than we import. But at the end of the day, it's almost a wash between the two. So I think we have to look at the whole picture and make sure that all the people involved in trade appreciate that it's a whole picture. It's not just about goods, it's also about services.

I would suggest – and really I'm out of my depth on this one – but on the RRF the European authorities were good at identifying who was bearing the brunt of the damage and, as a result, tailoring grants and loans adequately. Now whether that is going to be the case with trade I have no idea, and I don't know whether supports would be considered or whatever, but my hope is that damaging consequences can be mitigated. I'll leave it there.

1-0024-0000

Gaetano Pedulla' (The Left). – Un tema diverso. La strategia del Presidente Trump sulle criptovalute può avere, a suo avviso, nuovi effetti distorsivi sul mercato dei capitali? Può agevolare nuove speculazioni e persino *shock* per gli investitori?

C'è una grande attenzione su cosa sta facendo Trump sulle cripto.

1-0025-0000

Christine Lagarde, President of the European Central Bank. – Well, we have to pay special attention to anything that is, you know, going through the US screen at the moment. Whether it is stablecoins or whether it is cryptos, we have to pay attention, and we have to monitor particularly the legal framework that will be put in place, because clearly, under the Genius Act which is currently pending before the House, it will be a matter for the US legislature now to look at what kind of framework it wants to put around both stablecoins and cryptos, which for the moment remain a purely speculative and highly speculative asset and certainly nothing like a currency as it pretended to be.

1-0026-0000

Chair. – Thank you. Now a second round of questions, with one minute for the question. I give the floor to Lúcia Pereira for the EPP.

1-0027-0000

Lúcia Pereira (PPE). – Senhora Presidente, é sempre bom tê-la neste momento de diálogo monetário, e cumprimento-a, desde já.

A minha pergunta tem a ver com a competitividade, que é a palavra da moda. Muitos dos apelos deste Parlamento têm sido, nos últimos cinco anos — em particular deste grupo político —, no sentido de conseguirmos entregar resultados do ponto de vista da competitividade europeia. Felizmente, há hoje um consenso alargado para isso mesmo.

A inflação está a estabilizar, o que significa um sucesso na política monetária com as descidas das taxas de juro, mas, infelizmente, há ainda muitas famílias que não sentem os efeitos dessas decisões.

A Comissão Europeia está também empenhada nas questões da competitividade e, portanto, em reduzir a burocracia e em simplificar a vida das empresas, mas é necessário que todas as instituições europeias e os governos nacionais estejam mobilizados para tal.

Portanto, pergunto-lhe como é que o Banco Central pode contribuir para esta causa da simplificação e, no fundo, da libertação de recursos das empresas, no caso os bancos, para que estes possam emprestar mais dinheiro e apresentar melhores condições, como baixar os juros dos créditos que estrangulam tantas famílias? Como é que podemos ter uma supervisão séria, transparente e eficaz com menos custos e encargos?

1-0028-0000

Christine Lagarde, *President of the European Central Bank*. – Thank you very much for your question, and thank you for your comment about inflation because yes, it is a fact that inflation has gone down significantly and is on its way now to target, as we want it to be. It's a fight that we have led. We were not the only one, but we were acting very forcefully to make sure that inflation went down. And inflation, you know, has a level of heterogeneity within the European Union, but on average it's now less. The latest reading was 2.3 %.

Now I hear people, when I go to the shop or when I go to the supermarket, who come to me and say, well, it is still expensive and yes, it's a fact that the level of prices has gone up and in most instances, except when there are major productivity gains or major technology breakthrough, prices will not go down. What we can engineer through our monetary policy is to make sure that inflation is under control and stable, sustainable at that 2 % target.

But we cannot force prices down and price setters typically don't do that. For the consumers, it's difficult to understand why the price of butter or sugar or eggs has not gone down. The only comfort that we can give is that it does not go up except, you know, by a minimal amount over the course of time, but it is stable. So that's what we can do and have done.

One thing that would be very desirable is improved productivity. So, competitiveness is one thing, but productivity from our inflation perspective is the one that we would like to see improved. It is improving a little bit, but we would like to see more of that. The rest is going to be the work that you do, the work that national governments do in Member States, the work that is encouraged by the Commission – and I think that the Competitiveness Compass is one example of the directions to be taken.

In our field, as I said, simplification does not mean deregulation. We need to provide the resilience and the framework around financial institutions to make sure that, you know, we don't end up with something that we would live to regret.

1-0029-0000

Evelyn Regner (S&D). – Sehr geehrte Frau Präsidentin! Ich setze bei Ihren Ausführungen zur Inflation fort.

Die europäische Antwort auf die erhöhten Zölle der Trump-Administration könnten nun die inflationären Tendenzen verstärken. Und dieser Umstand, plus die riesigen Ausgaben für Verteidigung, die anstehen, ist das nicht eine doppelte Gefahr für die Inflation? Und jetzt weiß ich natürlich, dass Sie da nicht im Detail antworten werden, aber es geht darum, so quasi in die Denke des Mandats der Europäischen Zentralbank ein bisschen tiefer zu gehen. Heißt das nicht, dass die EZB ihrem Mandat folgend vorsichtiger wird und die Zinssenkungen nicht fortsetzt?

1-0030-0000

Christine Lagarde, *President of the European Central Bank*. – So, in my introductory remarks, I volunteered a few assumptions. You will have noted that I referred to a potential decline in growth and a potential increase in inflation. But I must have mentioned about three or four times in the context of that 'daring endeavour' on my part 'uncertainty, uncertainty, uncertainty'.

To understand it precisely, the impact that tariffs will have on growth and on inflation is subject to a lot of further clarification and understanding and data that we do not have at the moment, and we will need quite a lot of that to really appreciate and understand and calculate with a higher degree of certainty – if there was such a thing as certainty in the field of projections!

But let me also mention that I would hope that, as part of the negotiations, as part of the relationship between the two blocks – the US and the European Union on the other hand – there will be a serious attempt to mitigate and hopefully avoid the negative consequences of tariffs. I'm not only here speaking about negative consequences for the European Union or the euro area. I think it will have consequences for the United States as well.

Part of the comments that I made in my opening remarks had to do with making ourselves less vulnerable, being stronger at home, removing the self-imposed barriers that we have, linking up more strongly and sustainably with other trading partners around the world so that we can be stronger. Because negotiating from a stronger position is always a much better option than the other way around.

So my hope is that we can mitigate this, avoid it to the extent possible. But if it was to materialise and those are risks at the moment, none of it except I think the tariffs imposed on China, but the rest of it is not included in our current projections. So it's only the confidence effect that we have, or the lack of it and the uncertainty-caused lack of confidence that has been incorporated in our baseline. But as things develop, we will indeed incorporate more precise data.

1-0031-0000

Dirk Gotink (PPE). – *Bonjour Madame la Présidente* – it's always good to see you here in this room for these exchanges.

I have two questions, both based on the options that the ECB will have in the future related to monetary policy, and one is that the German investment machine has been put to work and I believe this is good news for Europe as they have a lot of space, but does this not create a new equilibrium in the credibility of the debt situation for the rest and for the bigger sort of collective?

In my view, it doesn't really matter – and that's the bridge to my second question – as the financial markets don't really care what Brussels thinks about debt sustainability, and they have their own judgement on that and they simply look at the facts on the ground, so would the escape clauses that are now being proposed for four years not limit your monetary policy instrumentalism if, let's say, all countries would indeed do 1.5 % plus? And what does that mean for the ECB?

1-0032-0000

Christine Lagarde, President of the European Central Bank. – Thank you so much for your question. Let me point you in two directions. One is 'time', because you are right that investment has been woken up in a very significant way and by one particular country – Germany. But, you know, we get overexcited by amounts, but we forget about time, and this investment that has been anticipated and that is coming for a second vote, if I recall, tomorrow – so we're not talking about something which is yet final, it might very well be but it's in process – is scheduled over the course of 12 years, right? So we're not talking about a massive investment that is taking place in a year's time. It's going to be over a period of time. So that is number one.

That is the reason, number two, why markets are paying attention – and you are right, we all calculate things and we all have probably similar models, we all put to use the best possible brains we have and, surprise, surprise, we come up with similar conclusions – and what I look at is how the yields have increased, right?

So that is the expectations that there will be growth financed by additional bond issuance over the course of those 12 years. Hence, if you look at the ten year yields, there has been a significant increase. But it's not enough to look at yields. You have to look at spreads to see how markets also appreciate the risks within Europe. And those, friends, if anything, have actually tightened. They've not widened, they've tightened. So my suspicion is that markets are seeing it as a growth increase in the future, financed over the course of a long period of time, which will improve the output and the potential output of the whole European Union.

Is there a little inflation anticipation associated with that? Probably, but not one that significant based on our calculation.

1-0033-0000

Pierre Pimpie (PfE). – L'euro a fait récemment une remontée soudaine et rapide face au dollar. Quel serait le taux de change le plus efficient, selon vous, par rapport aux réalités économiques actuelles? Se pourrait-il que la BCE intervienne si le taux de change continuait d'évoluer sur cette pente et devenait préjudiciable à nos exportations? Quelles sont vos marges de manœuvre sur le sujet?

Si j'ai un peu de temps, j'ai une seconde question. La BCE a enregistré une perte record de 8 milliards d'euros en 2024. Est-ce que cette situation limite sa capacité d'intervention en cas de choc économique?

1-0034-0000

Christine Lagarde, President of the European Central Bank. – Thank you so much for your two questions. My answer to the first one will be fast, because I don't take a view and certainly not a public view about the exchange rate. All we can do is observe what happens. Yes, the euro has, relative to the dollar, appreciated by about 1.1 %. Euro-dollar trading operates in a fairly narrow range, if you look at the last three months or so. We pay attention because it does have an impact on inflation through various channels, but other than that, there is no other conclusions that I would draw in relation to the appreciation of one versus the other.

On your second question, which points to the losses generated, a couple of points. One: a central bank is not intended for profit purposes. If it was, it would defeat the mandate that we have, which is price stability. If it were driven by profit, it would impair our capacity to deliver on our mandate. That's point number one.

Point number two: yes, there have been losses in the last couple of years and there might be a few more losses in the coming years, albeit at a significantly lower level. Those losses were obviously caused by the variation in interest rates and the interest rates that we had to serve over the course of time.

Number three: we have served significant profits over the last 10 years – I'm going to grab my paper to make sure that I don't say anything stupid to you and anything that would be wrong. The profits for the whole Eurosystem between 2012 and 2021, which is a whole period of time during which we have delivered profits around the whole system, was EUR 300 billion. That's the volume of profits that have been generated by the whole Eurosystem. For the ECB in and of itself, it was EUR 13 billion cumulatively over that period.

I think I should add one thing: it will not hamper our capacity to deliver on our mandate and to do whatever it takes to that end.

1-0035-0000

Engin Eroglu (Renew). – Frau Lagarde! Es ist wirklich schön, Sie wieder hier zu haben, dass wir wieder miteinander diskutieren können. Und der Kollege hat es ja angesprochen – DigitalerEuro. Und ich habe Ihre Pressekonferenz am 6. März verfolgen dürfen, und dort habe ich ja gesehen, dass der Digitale Euro Ihnen persönlich ja sehr, sehr wichtig ist und dass Sie sagen: Bis Ende Oktober hat das Parlament jetzt der Einführung zuzustimmen und wir sollen alles dorthin bewegen.

Nun ist es ja so, dass am Ende des Tages wir hier im Parlament gerade sehr viel zu tun haben – wir müssen massiv deregulieren, damit die Finanzindustrie wieder funktioniert, und am Ende des Tages die Bankenunion abschließen. Und wenn wir das jetzt nicht schaffen sollten, was Sie sich wünschen, oder vielleicht sogar die Institutionen den Digitalen Euro ablehnen, was passiert dann?

1-0036-0000

Christine Lagarde, President of the European Central Bank. – Thank you for your question. You have given me a chance to clarify a few things.

Number one: the digital euro will not replace cash. We're working actively on cash. We're actually working on the new face of banknotes going forward. Cash will always be around.

Number two: you set the tempo – not me. Who am I to say you have to vote by October? I wish I could do that, but I can't. It's not for me. You would not listen to me, right? No. Your agenda is set by you and your authorities and according to your respective processes, and I totally respect that.

What I said is that we stand ready and we will have completed the homework that we have to do from a technical point of view, from a financial stability point of view and from a single rule book point of view, which is heavy duty work. We shall stand ready in October.

So if before October or at any point in time you complete the legislative process, we roll. I would submit that you have already done a lot of hard work because before the previous Parliament completed its term, you had advanced a lot the process. My hope is that it will not give you too much overtime. It's not healthy.

But my very sincere hope is that you can actually manage to squeeze that project into the big-ticket items that you have, so that we can remove that vulnerability to which we are exposed. Really.

1-0037-0000

Tsvetelina Penkova (S&D). – Thank you, President, for being here.

I have two questions. We all know the fact that the ECB cut the rates by 25 basis points. Some experts are saying that probably the growth projections might be a bit too optimistic given the current geopolitical tension and situation. My first question is: if the US actually imposes the very high tariffs on the EU, how would you adjust ECB policy to ensure the protection of the EU economy? That's my first question.

I am representing Bulgaria and we are aiming to join the euro area, probably in 2026. Of course, it depends on the convergence report that we're waiting for now. My second question is: how would you see the ECB's role in supporting Bulgaria's transition to the euro while ensuring financial stability? Of course, our situation is particular, being in a currency board at the moment.

1-0038-0000

Christine Lagarde, President of the European Central Bank. – Thank you very much for both your questions. I can only repeat what I said because things are decided by the Governing Council under my Presidency on the basis of data, meeting by meeting, with no predetermined rate path. I'm not going to vary from that one iota. But don't forget what I have mentioned during my introductory statement, which is that the impact of trade, with all the uncertainty associated with it, is expected to have an impact one year later than the time when it is decided. So, whatever happens has either already been priced in in terms of uncertainty and lack of confidence as a result.

Incidentally, confidence is picking up in Europe at the moment, and I would contend that this animal spirit is probably rising a bit more than we care to say. We will take into account the economic consequences of decisions – retaliations eventually – and adjust the baseline as we normally do.

I said in a previous speech last week at what is called the ECB Watchers' Conference, that we will have to demonstrate agility and clarity at the same time, to be able to respond and react – not overreact, but react – but also explain very clearly what we are observing and how we are basing our decisions.

On Bulgaria, there is a process underway. As you know probably, Bulgaria has asked for an ad-hoc convergence report that will be conducted, the results of which should be completed in June 2025. We are encouraged by the progress made by Bulgaria on the inflation front in particular, which is the part to which the ECB is particularly attentive and provides its findings and considerations.

We apply and we will apply to Bulgaria in that process and in this convergence review the same principles that we have applied to previous candidates to enter the euro area. As you know, there are also pieces of legislation in terms of central banking particularly and anti-money laundering that are in progress at the moment and that we hope will be completed in due course.

We look forward to it and, as you can imagine, we are prepared to provide all the technical assistance that will be needed once the convergence is concluded positively, which we very much hope.

1-0039-0000

Catch-the-eye procedure

1-0040-0000

Fernando Navarrete Rojas (PPE). – Thank you President for attending this dialogue. I think it's very constructive.

I would like to point out that I really appreciate, in particular, two of your comments. The first one is the clarification on the timing and responsibilities regarding the digital euro or, more broadly, how to face challenges in the digital payment arena in Europe. But I would like to link that with a comment that you made more broadly at the very beginning on not just trying to be on the defensive, that maybe with all this uncertainty, if we do things right, maybe in Europe we can benefit from it as well – not just offsetting, but also to get global prominence.

In this regard, mixing this with general comments you made, don't you think that for the first time in, let's say, 60 years we clearly have to work for a digital payment solution that is not only pan-European, but also has the potential to globally compete with international card schemes. The geopolitical risk we are feeling – it's not just us who are feeling that; other parts of the world are also feeling that.

In this regard, I think that clearly a technical solution that is based at its core on central bank money will never have that potential to compete globally. That is why I'm simply asking this House, and you also, not to be fixated with one particular technical solution, but to have a meaningful strategic and political discussion on the matter – although a speedy discussion – because I think it's worth it for the well-being of our citizens. Don't you think this is worth it as well?

1-0041-0000

Christine Lagarde, President of the European Central Bank. – Thank you very much, and thank you for paying close attention to the various comments that I've made. Yes, I agree that if we do the right thing and if we invest well, we stand a chance to improve our game significantly and be ourselves in a very competitive position in many respects.

I think ambition number one from both digital payment and payment infrastructure – so wholesale retail and infrastructure on three accounts – is that we have something that works within the European Union. As you know, from the 27 countries, there's a large number of countries that simply do not have digital payment. As far as infrastructure is concerned, we rely heavily on the likes of – I will not mention names in this institution – but you know who I'm talking about and they're not European solutions. So that's ambition number one. And I hope that what we build together can actually achieve that, without prejudice to interoperability with other payment systems and digital currencies that would be activated around the world.

I think you're absolutely right, and the contacts that we have with India, for instance, with some of the Gulf countries, and in Latin America, in particular, are indicative of their appetite for European solutions to many of their concerns and their own vulnerabilities. So, we should be attentive to that.

I think we should also pay attention to what the International Monetary Fund has published in terms of interoperability and making sure that we have that dimension taken into account. My hope and my concern is that we do not use that larger ambition to actually slow down the process to the point that, in two or three years' time, we're still debating about interoperability and the way in which we can have something that actually applies not only in the European Union but can be – I don't want to get out of my depth – used in payment platforms or infrastructure in non-European countries so that we actually delay the process as a result of that. I would be very concerned about this.

I will mention one or two things to you, but I think you're aware of it. As you probably know, TIPS – the instant payment system that we have and that we operate within the euro area – has now been extended to one and soon two Nordic countries. We are in negotiations at the moment with some of the Balkan countries, because they are clearly interested in our technologies and in the way in which they can themselves benefit from it and be tied to us.

It's particularly interesting, because when you do that with the non-euro area, you're talking about a multi-currency system. So that also gives us a leg in the direction that you are mentioning. It's different; no question. Instant payment is different from what you were talking about and commenting on. But what I'm trying to say is that it's not alien to us. It's something that we have developed in terms of attitude, approach and governance, which is a difficult one, but that we should continue to explore.

1-0042-0000

Ludovít Ódor (Renew). – Thank you, Madam President, for coming and explaining your views on many topics.

I have a similar question and broaden the previous question a bit, because I think that there is sometimes a period when the best defence is a good offence. If the US is trying to undermine its role as a global reserve currency with this Mar-A-Lago agreement, then there is a place for Europe to step in.

It is related to the previous question, but I'm not talking just about the payment infrastructure, but also as a reserve currency status. You mentioned that with trade agreements with others, we can offset some of the negative impacts of the tariffs. The same applies also to the financial system, not just the trade of goods and services. From this perspective, I clearly see some advantages.

And, of course, a digital euro can also serve as an anchor for these agreements with other parts of the world, so I don't think that there is a contradiction in the role of the euro as a global currency and a digital euro as an anchor.

1-0043-0000

Christine Lagarde, President of the European Central Bank. – I agree. It's not a question, it's an assessment and a statement.

1-0044-0000

Fabio De Masi (NI). – Frau Lagarde, wir wissen ja, dass ein Großteil der Rüstungsausgaben konsumtiv sind. Das Internet als ein Spin-off der Rüstungsforschung ist vielleicht eine Ausnahme – in der Regel erweitert Rüstung nicht die produktiven Kapazitäten. Und in der Vergangenheit sind viele der europäischen Rüstungsprojekte in die USA geflossen – es gibt ja auch bestimmte komplementäre Systeme, die nur überhaupt mit den Vereinigten Staaten funktionieren.

Deswegen möchte ich Sie fragen, inwieweit Sie dieses Risiko mit einpreisen, dass ein Großteil eben der Investitionen in die USA gehen und entsprechend nicht unsere produktiven Kapazitäten erweitern?

Und zweitens: Ich erinnere mich, dass die EZB Verizon als Telekommunikationssystem genutzt hat in der Vergangenheit. Verizon beliefert – das wissen wir aus dem NSA-Skandal – die US-Sicherheitsbehörden. Inwiefern wollen Sie diese Entscheidung in der EZB neu bewerten, damit nicht die Dinge, die Sie in der EZB diskutieren, dann in Washington oder Mar-a-Lago landen?

1-0045-0000

Christine Lagarde, *President of the European Central Bank*. – I was trying to understand what communication issue we have because we are currently making sure that our communication is as clear and as explicit as possible. So I was wondering if it had anything to do with our strategy on communication, but it doesn't, so fine.

I'm not a military expert. I'm not a defence investment expert. So I cannot field those questions. What I see is what you see as well, which is that the communication on ReArm Europe, the EUR 150 billion that would be issued by Europe through the Commission would be associated with purchases from sources that are clearly identified and do not include, to my knowledge, the United States, nor other countries that are clearly specified unless they have a security agreement that is signed with Europe. I think that particular aspect is something that we all know.

But the rest is far too technical, and I would clearly be out of my depth in trying to respond to you. We are all anxious to hear how it's working and all of that, but it's not for me.

On communication, I can assure you that we work hard to communicate as clearly as we can. If you're familiar with our website, we also have 'monetary policy for dummies'. Not any of you, of course, so you know nothing about this particular aspect of our website. But it's just to make sure that people who do not have expertise and the knowledge that you all have actually understand why and how things work.

We will continue doing that as we will continue to support financial literacy. We recently held an event on International Women's Day that focused on financial literacy and under which we are going to pursue a programme of three years, together with all the national central banks, in order to increase financial literacy. I think it's very fitting in the context of the capital markets union and investment that we Europeans will be offered to do.

1-0046-0000

Fabio De Masi (NI). – Apologies, Madam Chair, I think there was an issue with the translation because I think my question was misunderstood. Sorry for that.

I know that 10 years ago the ECB used to work with Verizon as a communication provider – a US telecommunication company which used to deliver intelligence to the US intelligence services, which we know from court documents. I wanted to know whether the ECB is sticking with that provider or reassessing that in light of US–Europe relations not being at their peak, let's put it that way.

1-0047-0000

Christine Lagarde, *President of the European Central Bank*. – I can't tell you exactly which provider is providing what, but what I can assure you of is that we are constantly, and probably more so recently, assessing the reliability and potential vulnerability of all our systems.

1-0048-0000

Evelyn Regner (S&D). – On Fed–ECB relations, I don't know how in depth you could go right now, President Lagarde, but I'd be really interested in getting a bit of an insight on how the changed situation of the Trump administration has an impact on daily cooperation and daily relations of the ECB with the Fed. I'd be really interested in knowing a little bit more about that.

1-0049-0000

Christine Lagarde, *President of the European Central Bank*. – What I can tell you is that at technical levels our teams operate very well together. There is the right exchange of views, information, comparison, as we always have. I was at the G20 about three weeks ago, so was the Chair of the Fed, and we had the same level and the same quality of exchange of views and analysis. That hasn't varied a bit.

1-0050-0000

Hanna Gronkiewicz-Waltz (PPE). – Madam President, it's a pleasure to see you again. I have a political question, but you have been a member of the government in France, so you have been a politician as well in your career.

I will speak in Polish, because this is a very important question for the public opinion in Poland.

1-0051-0000

Hanna Gronkiewicz-Waltz (PPE). – Otóż po inwazji Rosji na Ukrainę w 2022 roku wiele europejskich banków zdecydowało się na wycofanie, takie też były sankcje. Natomiast mamy tutaj dane z 4 lutego tego roku, że jeszcze działają, tylko ograniczyły działalność, Raiffeisen Bank International, następnie Unicredit, Intesa Sanpaolo, OTP Bank (to jest węgierski bank) i Deutsche Bank.

Chciałabym się dowiedzieć, dlaczego nadzór EBC nie zmusił do tej pory tych banków do tego, żeby jednak stosowały sankcje. Często się mówi, że sankcje są nieskuteczne. One są skuteczne jeśli je się stosuje.

1-0052-0000

Christine Lagarde, *President of the European Central Bank*. – Thank you for your important question. I will mention two things.

One is that it falls under the ambit of the SSM, which operates under the overall umbrella of the European Central Bank but operates independently. I'm very attentive to respecting the Chinese Wall between the SSM and the ECB.

I also know that the SSM has taken serious and steep measures in relation to the banks over which it has supervisory authority – not all of the banks that you have mentioned, but certainly at least two of them, which as a result have had to take action and to reduce, if not completely stop, their activity. They are under strict review and control at European level and at other levels as well.

1-0053-0000

Γεώργιος Αυτιάς (PPE). – Κύρια Πρόεδρε, σας ευχαριστώ θερμά, γνωρίζομαστε πολλά χρόνια από τότε που ασκείτε τα καθήκοντά σας, εγώ ως δημοσιογράφος, εσείς ως Πρόεδρος. Η κυρία Πρόεδρος της Ευρωπαϊκής Επιτροπής με απόλυτη σαφήνεια —και σήμερα το ξεκαθαρίσατε— αποκλείει από τα 150 δισ. της χρηματοδότησης των αμυντικών δαπανών χώρες όπως οι ΗΠΑ, η Βρετανία και η Τουρκία, η οποία Τουρκία ξέρετε πολύ καλά ότι κατέχει το βόρειο τμήμα της Κύπρου και απειλεί ευθέως και την πατρίδα μου, την Ελλάδα. Αυτό είναι μία διαβεβαίωση η οποία εμάς μας δίνει μεγάλη ικανοποίηση ως Ελλάδα. Και το δεύτερο, κυρία Lagarde: Επειδή κοινωνικά είστε δίπλα στον κόσμο, αυτή η ρήτρα διαφυγής πόσο θα δώσει τη δυνατότητα στους υπουργούς Οικονομικών της Ευρώπης για ανάσες, προκειμένου να προχωρήσουν σε κοινωνικές παροχές; Σας ευχαριστώ πολύ.

1-0054-0000

Christine Lagarde, *President of the European Central Bank*. – Thank you so much. I always remember fondly the time that we met under different circumstances, with you as a journalist.

It's not for me to identify exactly the scope, and I share your sentiment about the exclusion. I think that it will be for the Commission, for the Council, for you to actually identify what is the scope. We all know that it is debated and that it will be tempting to try to put as much as possible into that envelope, but hopefully focused and good investment will prevail. That's all I will say.

By the way, in response to the Polish colleague, I just want to mention that Claudia Buch, who is the Chair of the SSM, will be here with you on 27 March. It's clearly within her jurisdiction more than mine. I hope you can get all the clarification to expand on what I said, which I think is correct in terms of general principles.

1-0055-0000

Gilles Boyer (Renew). – Madame Lagarde, merci pour vos éléments de réponse.

J'ai plus une remarque qu'une question. Je voulais vous dire qu'il y a aussi dans cette salle des députés désireux d'avancer sur l'euro numérique. Je ne voudrais pas que vous repartiez d'ici en ayant l'impression d'un scepticisme généralisé.

Je fais partie de ceux qui sont désireux d'avancer. Évidemment, nous aurons des conditions à poser, des précautions à prendre pour éviter que ce nouvel outil important puisse remettre en question l'équilibre de notre système financier. Nous aurons aussi des garanties à prendre en termes de respect de la vie privée. Mais je pense que cette déclinaison digitale de la monnaie publique devient un élément important au service de notre souveraineté européenne, qui ne doit sans doute pas nous empêcher de favoriser aussi l'émergence d'une solution de paiement européen privé.

Dans le contexte géopolitique que vous avez évoqué et que nous connaissons, je ne pense pas que les deux démarches soient incompatibles, qu'il s'agisse de l'extension de l'initiative Wero ou d'une autre. Donc pardon pour cette intervention qui n'est pas une question, mais qui devrait vous permettre de retourner à Francfort le cœur un peu plus léger!

1-0056-0000

(End of catch-the-eye procedure)

1-0057-0000

Christine Lagarde, *Présidente de la Banque centrale européenne*. – Merci infiniment, mais je retourne toujours à Francfort le cœur léger quand j'ai fini une session avec vous tous, mais merci, merci vraiment pour cette clarification!

I really want to assure you that we are ready and open to listen, to appreciate, to understand and to move. We are not the ultimate holder of the providential truth. We are very keen to work on something that will be operational, that will protect us and that will shield us from the vulnerability that otherwise we see as a clear evidence. So I look forward to those.

And I know that Piero Cipollone, who on my board is the board member who is responsible for those issues, will be here as well with you in the chair, Madam Chair. I know he will also be keen to move forward.

1-0059-0000

Chair. – Thank you so much. I think there are no more requests for the floor.

I don't know if you want to say a few words as concluding remarks, Ms Lagarde?

I see that is not the case, and that you are happy thanks to Gilles Boyer!

Thank you so much for being with us today. We are very happy to have this scrutiny power, of course, but also to have this cooperation with you. Thank you so much, Ms Lagarde.

The meeting is closed.

1-0060-0000

(The Monetary Dialogue closed at 10:42)