EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Christine LAGARDE
President

Ms Roberta Metsola
President of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Brussels, 5 June 2023

Dear President of the European Parliament,

In past years, the European Central Bank (ECB) and European Parliament have together developed a number of practices and informal arrangements in their interaction in the area of central banking, with the aim of enabling the ECB to effectively discharge its accountability and transparency obligations in full respect of the requirements set out in the Treaty on the Functioning of the European Union.

As a follow-up to the fruitful discussions held over the last months between our two institutions, I am pleased to confirm that the elements set out in the Annex constitute the common understanding on the arrangements between the ECB and the Parliament for structuring the practices for interaction in the area of central banking.

Yours sincerely,

[signed]

Christine Lagarde

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal address
European Central Bank
60640 Frankfurt am Main
Germany

Tel: +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

European Parliament

The President

Ms Christine Lagarde
President
European Central Bank
Sonnemannstraße 20
60314 Frankfurt am Main
Germany

Brussels, 5 June 2023

Dear President,

Further to your letter, I have the pleasure to confirm that the elements set out in the Annex to this letter constitute the common understanding on the arrangements between the European Parliament and the European Central Bank (ECB) for structuring the practices for interaction in the area of central banking.

The aim of these arrangements is to enable the ECB to effectively discharge its

ANNEX: ARRANGEMENTS IN THE FORM OF AN EXCHANGE OF LETTERS BETWEEN THE EUROPEAN PARLIAMENT AND THE EUROPEAN CENTRAL BANK (ECB) ON STRUCTURING THEIR INTERACTION PRACTICES IN THE AREA OF CENTRAL BANKING

The ECB's relationship with Parliament in the area of central banking is enshrined in the Treaty on the Functioning of the European Union and has developed through various interaction practices since the ECB's establishment in 1998.

The Treaty on the Functioning of the European Union sets clear parameters in terms of the ECB's independence, its accountability towards Parliament, its advisory role in the Union legislative process as well as its openness towards the public.

The ECB appreciates the role played by Parliament over the years in enabling the ECB to discharge effectively its accountability and transparency obligations. In this context, Parliament acts as a bridge between the ECB and the citizens of the Union. The ECB benefits from its interaction with Parliament, which is composed of representatives of the citizens of the Union. Accordingly, Parliament can channel the concerns of those citizens and provide a forum for the ECB to explain its policies to the broader public. The legal framework for the relationship has formed the basis on which the two institutions have shaped their effective cooperation in recent years, facilitating the ECB in communicating its policies and their underlying rationale to the citizens of the Union and their elected representatives.

To promote continued common understanding and effective cooperation, the elements set out below, which reflect the aspirations of both sides, have been identified for structuring the interaction practices between Parliament and the ECB in the area of central banking.

The ECB's Annual Report

Parliament and the ECB seek to continue having a structured yearly engagement around the ECB's Annual Report, which describes the tasks and activities of the European System of Central Banks (ESCB) and also reports on the Eurosystem's monetary policy.

The ECB's Annual Report should continue to be sufficiently detailed to allow a meaningful dialogue with Members of Parliament (MEPs) regarding the ECB's policies. To that end, the ECB intends to include in its Annual Report, inter alia, a detailed analysis of its policies and activities against the backdrop of the economic, financial and monetary developments of that year.

In particular, the endeavours of Parliament and the ECB should include the following practices.

- the ECB intends to submit its Annual Report to Parliament every year, transmitting it as an embargoed copy ahead of publication and accompanied by detailed feedback from the ECB on Parliament's resolution on the ECB's Annual Report of the previous year. The feedback will be published on the ECB's website on the day of publication of the ECB's Annual Report.

- Parliament and the ECB seek to continue the practice whereby every year, on the day of publication of the ECB's Annual Report, a dedicated session of Parliament's Committee on Economic and Monetary Affairs (ECON Committee) is organised to discuss its content. During the session, the Vice-President of the ECB makes an introductory statement, presents the ECB's Annual Report to the ECON Committee and answers questions by MEPs.

- Parliament intends to adopt a resolution every year summarising its view on the ECB's policies and activities presented in the ECB's Annual Report. The resolution is discussed in Parliament's Plenary in a dedicated debate. During the debate, the President of the ECB makes an introductory statement presenting the Annual Report and, following interventions by MEPs, delivers a concluding statement reacting to MEPs' interventions.

Hearings before the ECON Committee

Parliament and the ECB envisage that the President of the ECB appears in a public hearing before the ECON Committee at least four times per year. This includes that, during the hearing, the President of the ECB makes a statement and answers questions by MEPs in public. Parliament streams the public hearings live and also records them, subsequently making a video of each hearing available to the public on Parliament's website. Parliament also draws up a verbatim report of each public hearing, which is then also made available to the public on the websites of both institutions.

Questions for written answer

Parliament and the ECB endeavour to maintain the practice in place since the early 2000s whereby the President of the ECB answers questions for written answer in the ECB's fields of competence submitted by MEPs. Parliament and the ECB intend to publish the written answers to those questions on their respective websites.

Ad hoc interactions with members of the ECB's Executive Board

Parliament and the ECB seek to continue having the President of the ECB and the other members of the ECB's Executive Board participate, at the request of Parliament or on their own initiative, in ad hoc exchanges of views before the ECON Committee to discuss issues in the ECB's fields of competence. This includes that, during the exchange of views, the President of the ECB and the other members of the ECB's Executive Board make a statement and then answer questions by MEPs.

Informal visit to the ECB

The ECB intends to host a delegation of the ECON Committee every year for informal discussions with members of the ECB's Executive Board on issues within the ECB's fields of competence.

ECB opinions

Parliament and the ECB seek to allow proper consideration of ECB opinions on a proposed Union act by Parliament's competent bodies. To that end, Parliament should, where appropriate, seek the ECB's opinion in a timely manner. The ECB endeavours to deliver its opinions within three months of the transmission of the proposed Union act or, alternatively, to update Parliament on the timeline for its adoption, taking into account Parliament's schedule for work on the proposal.