



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Christine LAGARDE  
President

Mr Ernest Urtasun  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 21 November 2019

L/CL/19/10

**Re: Your letter (QZ-045)**

Honourable Member of the European Parliament, dear Mr Urtasun,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 14 October 2019.

The Eurosystem's operational framework is based on the principles laid down in the Treaty on the Functioning of the European Union (TFEU). According to Article 127(1) TFEU, the Eurosystem "[...] shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources [...]". The principle of an open market economy with free competition is furthermore mentioned in Article 119 TFEU as well as in Article 2 of the Statute of the ESCB and the ECB.

In the implementation of monetary policy, the operational concept of market neutrality has been considered the most appropriate concept to, on the one hand, ensure the effectiveness of the ECB's monetary policy measures from a price stability perspective and, on the other hand, respect the principle of an open market economy. The intended review of the ECB's monetary policy strategy and operational framework under the given Treaty mandate will constitute an opportunity to reflect on how to address sustainability considerations within our monetary policy framework.

Yours sincerely,

[signed]

Christine Lagarde

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