ESAs consult on Taxonomy–related product disclosures

The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) have today issued a Consultation Paper seeking input on draft Regulatory Technical Standards (RTS) regarding disclosures of financial products investing in economic activities that contribute to an environmental investment objective. These economic activities are defined by the EU Regulation on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation).

The proposed draft RTS aim to:

- facilitate disclosures to end investors regarding the investments of financial products in environmentally sustainable activities.; and
- create a single rulebook for sustainability disclosures under the Regulation on sustainability-related disclosures in the financial services sector (SFDR) and the Taxonomy Regulation. This will be done by amending the draft RTS under the SFDR, to minimise overlapping or duplicative requirements between the two regulations.

The consultation paper includes additional taxonomy-related disclosures concern information about which environmental objectives the investments of the product contribute to, and information about how, and to what extent, the activities funded by the product are Taxonomy-aligned.

The ESAs' proposal on how and to what extent activities funded by the product are taxonomy- aligned, consist of two elements:

- a graphical representation of the taxonomy-alignment of investments of the financial product and a key performance indicator calculation for that alignment; and
- a statement that the activities funded by the product that qualify as environmentally sustainable, are compliant with the detailed criteria of the Taxonomy Regulation.

The ESAs also propose to standardise the presentation of the disclosures by amending the templates for the pre-contractual and periodic disclosures proposed in the draft RTS under the SFDR, by adding a new section that includes the disclosures required under the Taxonomy Regulation.

By amending the SFDR, the Taxonomy Regulation empowered the ESAs to develop draft RTS on additional pre-contractual, and periodic disclosure, obligations for financial products making sustainable investments with environmental objectives.

Next steps

The closing date for responses to the consultation is 12 May 2021. Following the consultation period, the draft RTS will be finalised and submitted to the

European Commission. A consumer testing exercise on the amended templates will be conducted in April in the Netherlands and in Poland.

GO TO THE CONSULTATION

EUIPO wins Silver Award at the ECCCSAs

March 17, 2021 About the EUIPO

EUIPO wins Silver Award at the ECCCSAs

The SQAP initiative earned the Silver Award at the European Contact Centre and Customer Service Awards (ECCCSAs) in the 'Best Use of Customer Insight' category.

The EUIPO's Stakeholder Quality Assurance Panels (SQAP) initiative earned the Silver Award at the European Contact Centre and Customer Service Awards (ECCCSAs) in the 'Best Use of Customer Insight' category.

The SQAP project was recognised for its ground-breaking role in integrating customer feedback into the EUIPO's product quality process. The SQAP initiative was launched in 2017 and aims at narrowing the gap between the users' perception of quality and the quality measured by the Office. User associations are invited to audit real decisions and discuss them with the EUIPO's examiners during workshops.

The ECCCSAs organised its 20th edition during which excellence in customer contact practices run by Europe's top industries are recognised and celebrated. Nominations are made by organisations that have successfully implemented a robust model for collecting, analysing and acting on customer insight.

New 'cancellation decisions' audit

The silver win coincides with the SQAP pilot audit on cancellations, which is taking place online on 2, 16 and 17 March 2021. This is the first audit of this type and sixteen users representing thirteen user associations are currently meeting virtually to check a sample of cancellation decisions against the EUIPO quality criteria.

The following user association representatives are taking part in the EUIPO's first SQAP audit on cancellations decisions in March:

Nathalie	**Luis**	**AIM**
Marieke	**Westgeest**	**AIPPI**
Richard	**Mair**	**ANIPA**
Sandra	**Strittmatter**	**APRAM**
Alfredo	**Llamas**	**ASIPI**
Franc	**Enghardt**	**BMM**
Martina	**Eberle**	**BUSINESSEUROPE**
Paola	**Ruggiero**	**ECTA**
Angelica	**Lodigiani**	**ECTA**
Elia	**Sugrañes**	**FICPI**
Paula	**Sailas**	**FICPI**
Roberto	**Kunz-Hallstein**	**GRUR**
Stephan	**Biagosch**	**GRUR**
Ana	**Sampaio**	**ICC**
Sarka	**Petivlasova**	**INTA**
Zsofia Judit	**Klauber**	**MARQUES**

Want to become a SQAP auditor?

If you want to participate in SQAP, please, contact your User Association and find out on our website the requirements to participate.

Article – Towards a renewed partnership between Africa and the EU

African and European societies face common issues and shared challenges, such as the coronavirus pandemic and climate change, creating the need for closer and more equitable collaboration.

On 25 March, MEPs will vote on Parliament’s proposals for a new EU-Africa strategy laying the foundation for a partnership that reflects the interests of both sides and gives African countries the means to achieve sustainable development.

Read more on EU-Africa relations

Human development at the heart of future strategy

Africa is home to the youngest population in the world, with about one million Africans entering the job market every month. However, more than 390 million people are living below the poverty line, while less than 10% of 18-24 year olds are enrolled in some form of post secondary education or training.

Investing in people is therefore seen as a key pillar of the upcoming EU-Africa strategy, announced by the European Commission in March, with priority given to the fight against inequality, young people and the empowerment of women.

Chrysoula Zacharopoulou (Renew Europe, France), who wrote the Parliament's proposals, emphasises the need to ensure access to quality education and provide young people, especially women and girls, with the necessary skills to access the job market.

Decent working conditions are seen as key to providing prospects to the rapidly growing population. This goes hand in hand with inclusive social protection systems, measures against child and forced labour and a transition from the informal to the formal economy. The informal sector makes up nearly 86% of all employment in Africa.

The new strategy should also improve health care and strengthen national health systems, making them more resilient to future crises. MEPs want to step up EU-Africa collaboration on health research and innovation to boost local production of equipment and medicine.

Reducing Africa's dependence on imports

The EU-Africa relationship "must move beyond the donor-recipient relationship", according to the Parliament report, emphasising the importance of supporting Africa's domestic production through sustainable investment.

It also proposes boosting intra-African trade through the continental free trade area, investment in transport infrastructure and better access to global markets.

Public-private partnerships and funding small and medium enterprises are considered essential, as these smaller firms represent 95% of businesses in Africa and the private sector is expected to be decisive in the post-Covid recovery.

All agreements should be compatible with human rights, labour and environmental standards and in line with UN Sustainable Development Goals, said the report.

The report also calls on international lenders, such as the International Monetary Fund and the World Bank, to do more to relieve the debt burdens of African countries, which have been exacerbated by the pandemic.

Partners for a green and digital transition

Africa bears the least responsibility for climate change, but it is bearing the brunt of its impact: in 2019, nearly 16.6 million Africans were affected by extreme weather events, 195% more than in 2018.

The report urges a transition to a clean and circular economy through investment in sustainable transport, green infrastructure and renewable energy. It also stresses the need to protect Africa's unique biodiversity and indigenous communities, as well as ensuring fair and sustainable exploitation of raw materials, which account for 49% of EU imports from Africa.

A partnership on sustainable agriculture should be at the centre of EU-Africa relations, say MEPs, in order to develop environment-friendly farming practices, strengthen the resilience of farmers and address food system failures, aggravated by the closure of borders due to the Covid crisis.

The digital transformation will play a key role in the modernisation of the farm sector, but also education, employment, health and people's participation in political decision-making.

A migration policy based on solidarity and shared responsibility

Since 2015, the EU and African countries have developed a joint approach to managing migration flows, which has led to a reduction in irregular migration and improved cooperation on the fight against migrant smuggling. Yet significant challenges remain. Sub-Saharan Africa hosts more than a quarter of the world's refugees and Mediterranean crossings continue to cause loss of life and fuel criminal networks.

MEPs stress that the new EU-Africa partnership must put the dignity of refugees and migrants at its heart, addressing migration as a shared responsibility between European countries of destination and the African countries of origin. They also emphasise the need to tackle the root causes of displacement, guarantee fair asylum procedures and establish a migration policy that would create opportunities for skilled and unskilled workers.

Isabel Schnabel: Interview with Les Echos

Interview with Isabel Schnabel, Member of the Executive Board of the ECB, conducted by Guillaume Benoit, Elsa Conesa, Lucie Robequain and Sophie Rolland

16 March 2021

There has been a delay in the supply of vaccines in Europe. To what extent does that jeopardise the EU’s recovery?

The recovery crucially depends on the pace of vaccinations. The vaccination campaign got off to a slow start, but it has accelerated in most Member States. Our projections for the short term show a deterioration due to the resurgence of the virus and the new containment measures imposed in several countries. But the good news is that in the last quarter of 2020, the lockdowns caused less damage than during the first wave of the pandemic. The economy seems to be adapting better to the situation. The economic recovery will be further supported by the new US stimulus package, the effects of which have not yet been included in our staff projections. We also expect additional fiscal stimulus measures in Europe, which will amplify the effects of our monetary policy. All of this leads us to expect a firm rebound of economic activity in the second half of the year once the containment measures are lifted. According to our staff projections, the euro area economy is expected to grow by 4% this year. Real GDP should return to its pre-crisis level in the second quarter of 2022.

But the economic impact of the pandemic will certainly be felt well beyond the duration of the health crisis. The economy will not be the same after the pandemic. This requires structural change, which is never easy. Some jobs will disappear, while new ones will develop. This process will take time.

Can we expect a uniform recovery across the eurozone?

Since the very beginning of the crisis, there was a fear that divergences would appear across countries in the euro area. The services sector has been much more affected by the containment measures than manufacturing. A K-shaped recovery has emerged. Some countries will suffer more severely than others, notably because of their reliance on tourism.

The United States has just approved a stimulus package worth $1.9 trillion. Should Europe go further than the €750 billion announced under the Next Generation EU plan?

The comparison is not straightforward because part of the measures announced by the US Administration act as automatic stabilisers, which are already part of social security systems in Europe. So the difference is less significant than it may appear. Nonetheless, the US measures are bigger. It may be that the European support will turn out to be insufficient. But I think that the discussion is premature. What matters now is that the agreed European funds are disbursed as quickly as possible. That’s absolutely fundamental. We cannot afford a delay, this would be detrimental. The earlier the funds are made available, the better. Even more importantly, we need to make sure that countries spend the funds wisely, in order to foster their growth potential.

The United Kingdom has announced tax increases in order to pay back the COVID-19-related debt. Do you think the countries in the eurozone should do the same?

Raising taxes in the middle of the pandemic would not be a good idea.

The priority is to generate growth. Once the recovery has set in there will be a need to reflect on the best ways of bringing public finances back onto solid ground. But the biggest risk at the moment is to withdraw fiscal support too early. This is a mistake that was made in the past and that we must avoid this time.

Why didn’t the European Central Bank step up its asset purchases when there was a particularly pronounced rise in rates?

In December we decided to preserve favourable financing conditions for firms and households for as long as necessary in order to counter the pandemic shock to the projected path of inflation. This does not mean that we target a specific yield level. We assess the evolution of financing conditions in the context of the overall economic development in the euro area. To do so we need to look at what factors are driving the rate increase: expectations of a stronger economic recovery boosted by an accelerating pace of vaccinations, rising commodity prices, or the US fiscal stimulus programme? Overall, recent changes in risk-free rates have been consistent with an improving growth outlook. Rising inflation expectations have been a key factor driving yields higher, signalling that the policy measures in place are bearing fruit. Despite the recent uptick in yields, financing conditions remain close to historically accommodative levels. But the speed of adjustment was a source of concern. It risked a premature and too abrupt withdrawal of policy support, which could have choked the incipient recovery. That is why we have announced a significant increase in our purchases under the pandemic emergency purchase programme (PEPP) in the second quarter. We will tolerate higher interest rates only if they do not risk slowing the recovery.

In the short term, even if the rates increase, they would remain extremely low. Is there really a risk that they may slow down the recovery?

Again, what concerns us is not so much the level of interest rates – which are still very close to their historic lows – but rather the rapid change. If we see that the market may get ahead of itself in an environment of still high uncertainty and weak demand, it is important to protect our policy stimulus. But it would be wrong to think of us as having defined a threshold above which we have to respond. That is not the case.

Do you think the eurozone should have a permanent borrowing facility?

From a macroeconomic perspective it would be an important complement to our single monetary policy. But this is a political decision that also raises governance issues. Clearly, the Next Generation EU recovery programme is a crucial element of Europe’s response to the pandemic, which mitigates the risk of economic divergence between countries that have been affected very differently by the crisis. It is a crucial step in the history of the euro area. Whether this temporary instrument could pave the way for a permanent borrowing facility will largely depend on how it is used. If the funds that are deployed enable Member States to embark on a sustainable growth trajectory, this will foster trust and hence increase the chances of fiscal integration in the euro area being strengthened in the future.

Several members of the Governing Council expressed differing opinions before your last meeting. Was it particularly difficult to reach a consensus?

There was full consensus about the decision to step up the pace of purchases. Everyone was aware that we needed to act, and nobody opposed this. Of course, there are always slightly different views on how to judge the economic situation or the recent interest rate developments. But in the end, we came to a common understanding of what needed to be done. The Governing Council consists of 25 members with diverse views. That is a strength.

Everyone is wondering about the new purchase amounts that will be deployed within the framework of the PEPP…

We decided not to pre-announce any amounts because flexibility remains one of the most important features of the PEPP. That means that we can adjust our asset purchases according to market conditions. We purchase more when necessary, and we can reduce our purchases when markets are calm.

Aren’t you worried the market will test precisely that flexibility?

No, I think the past months have shown that markets are behaving in an orderly fashion. Clearly, we were sufficiently credible such that market participants knew we would react if needed. That’s what we have done. I think markets will learn quickly how we implement our December decision.

Is the ECB concerned about the level of asset valuations in the markets?

We are monitoring financial markets closely but, so far, the situation of European stock markets is not a reason for concern. Valuations in the US stock market are more stretched, however. In the euro area they are more in line with their historical distribution but also here we are seeing valuations moving consistently higher.

The ECB has created an ideal environment for Member States to deploy fiscal policies. Debts have massively increased. Aren't its hands tied? Isn't the ECB at risk of losing its independence?

I don't agree that our hands are tied. The euro area is built on the fundamental principle of monetary dominance – our actions are guided by our mandate, as it is defined by the Treaty. This principle is supported on the one hand by our independence, and on the other hand by the EU's fiscal framework, which is designed to ensure that governments pursue sound fiscal policies. Our monetary policy is always guided by our price stability mandate, so I don't see a threat of fiscal dominance. Currently, fiscal policy is key to stabilising the economy. And if the funds are used wisely to boost potential growth, that's also good for monetary policy, as it would increase our room for manoeuvre in the future. It would also enable countries to stabilise their debt-to-GDP ratios. So it would be a big mistake to reduce fiscal spending prematurely for fear of fiscal dominance.

Have the banks done everything they could to support the economy?

Banks played a crucial role in supporting the economy at the height of the pandemic. They allowed firms to draw down their credit lines and there was a sharp increase in bank lending to firms. Since then, lending activity has moderated. This is linked to the fact that firms still have fairly high liquidity buffers because part of the loans they have taken out have not been used so far. They appear to be hesitant to invest in the current uncertain economic environment. Our bank lending survey indicates that the banks have recently tightened their credit conditions. So far this is not visible in the rates they charge, which remain at historically low levels, but rather in non-price components, such as the required collateral. As public guarantees are gradually being phased out, banks are concerned about rising credit risk. Our targeted longer-term refinancing operations (TLTROs) set incentives for banks to continue lending, even in an environment with higher corporate vulnerabilities. This has worked very well in the past, and we are confident that it will also work in the future.

After the ECB's "classic" public sector purchase programme was challenged before the German constitutional court, it's now the turn of the PEPP. Do you think it will be called into question?

That could happen. However, it is clear that it is the Court of Justice of the European Union that has jurisdiction over the ECB, and not the German constitutional court. But of course, we take these issues very seriously. We adhere strictly to the limits of our mandate, and the proportionality of our measures is fundamental for our decisions. I am convinced that our new asset purchase programme – the PEPP – will also be considered to comply with the European Treaty, because it was designed as an emergency measure in an extreme situation. This is the worst economic crisis we have experienced since the Second World War. In an exceptional situation, policymakers must take exceptional measures. This was done both on the fiscal side and on the monetary policy side. Our actions were proportionate to the situation we were facing.

As you said, the PEPP is an exceptional programme put in place to respond to an emergency. On what basis will you decide when it's time to end it?

The PEPP is clearly linked to the pandemic crisis, so it is a temporary programme. When we judge the pandemic crisis phase to be over, and when we have managed to counter the shock to the inflation path, it will be time to end it. But let me emphasise that the economic effects of the crisis will likely be more persistent. Our other instruments will remain available to ensure that inflation converges back to our medium-term aim.

The crisis has resulted in Member States taking on a lot more debt. How will they be able to reduce it? Thanks to inflation? Could a partial debt cancellation be envisaged?

The most important factor is economic growth. At some point, fiscal consolidation will also need to be considered. But it must not happen too early and it has to be implemented in a growth-friendly way; that's very important. As for the debate on debt cancellation, which I know is quite active in France, such a measure would clearly be in breach of the Treaty as it would constitute monetary financing. But the question goes beyond a legal argument. Economically speaking, it does not make sense. The whole idea is based on an accounting illusion. Moreover, cancelling the debt would call into question the ECB's commitment to its price stability mandate. It would undermine the rule of law and could jeopardise the ECB's independence. That opinion is widely shared, including by French economists.

There are growing calls for the ECB to take a more active role in combatting climate change, like the Bank of England, which has announced that it will stop buying bonds from big polluters. How can the ECB contribute?

This is a topic we are discussing intensively as part of our strategic review. Obviously, it's governments that are mainly responsible for climate policy. We cannot pursue climate policies ourselves, because that's not part of our mandate. But given the urgency of the matter and the partial irreversibility of climate change, all policymakers – and that includes central bankers – must ask themselves how they can contribute. But we must stay strictly within our mandate. We do have some room for manoeuvre, however. It can even be argued that the Treaty requires us to take climate change into account. In any case, we have to take physical climate-change risk, and transition risks stemming from climate policies, into account in our economic models. Those risks must also be monitored in the context of banking supervision. And if climate change poses risks to our balance sheet, we will need to adapt our monetary policy operations. One of the points being debated more fiercely is whether our private asset purchase programmes unduly favour carbon-intensive firms. In fact, this is partly true, simply because those are the firms that tend to issue bonds. This situation necessitates an in-depth discussion on whether the existing interpretation of what we call the principle of market neutrality is the right one.

Is the sharp increase in corporate debt brought on by the pandemic a cause for concern?

Many firms had to take out loans to bridge the time of the lockdowns. It is likely that some of these firms will not be able to survive, because certain businesses will not be viable after the pandemic. Some corporate restructuring will probably be inevitable. This will also lead to an increase in non-performing loans for banks, along with potential losses on loans backed by government guarantees. More generally, a debt overhang in the corporate sector could reduce firms’ incentives to invest. It would be preferable to offer equity-type support to firms, as this does not create the same problems. The main challenge will be to manage the transition from a situation in which firms are protected by public guarantees and in which there are almost no insolvencies to a situation of normality, in which firms must once again operate without state support.

What could be a good indicator of financing conditions in the eurozone?

That’s the million-euro question! The truth is that there is no single indicator or simple formula for assessing favourable financing conditions in the euro area. What we must do is examine a broad dashboard of indicators among which sovereign yields and risk-free rates play a prominent role, as President Lagarde explained last week. We must then interpret changes in those indicators in the light of the economic environment. An increase in interest rates, for example, could be a result of an upward shift in inflation expectations. This would be a sign that our measures are working. That’s why we need to understand what is behind the changes measured by our indicators.

Frank Elderson: Q&A on Twitter

Interview on Twitter with Frank Elderson, Member of the Executive Board of the ECB, conducted and published on 16 March 2021

17 March 2021

Hello, this is @FrankElderson, Executive Board member at the ECB. I’m looking forward to answering your questions for the next 45 minutes or so. Join the conversation! #AskECB

#AskECB **Why dont you better explain your policies by indicating the aimed positive consequences, but also the potential negatives.**

@FrankElderson: While the evidence is that our policies are very effective we certainly also have possible side effects on our radar. The two-tier system is a case in point where we have reacted to mitigate the potential side effects of our negative rate policy on banks #AskECB

#AskECB **How will the ECB evaluate and quantify the climate risk associated with its investment portfolio on an annual basis?**

@FrankElderson: The Eurosystem is preparing the measurement of greenhouse gas emissions and other sustainable and responsible investment-related metrics of these Eurosystem portfolios, including the use of some specialised data provider

Are we entering an inflationary or deflationary period in the Eurozone?

@FrankElderson: Inflation increased sharply in January and February and is likely to go up further in the coming months. This is mainly due to transitory factors, which we look through. Underlying inflation remains subdued owing to weak demand and economic slack #AskECB

#AskECB **Dear Frank Is the massive stimulus from ECB leading to zombification of EU economy as firms may get inefficient and workers might lose skills for productivity**

@FrankElderson: We don't see that. The pandemic is deep but temporary, so the risk of zombification is less pronounced than in other downturns. In general, the share of zombie companies in the euro area has declined since 2014 #AskECB

What are you proud of?

@FrankElderson: Personally, I am very proud of my wife and our two great daughters! Professionally, I am honoured to work for Europe and committed to helping make the lives of Europeans better in this pandemic #AskECB

Will would a rate rise be expected?

@FrankElderson: Our forward guidance is clear on that: We expect interest rates to stay at their present level or lower until we see that inflation comes back to our objective of close to, but below, 2 per cent #AskECB

Assuming the ECB wants to maintain favourable financial conditions while inflation expectations improve, does this imply a reference point for real yields, e.g. as observed in early December 2020?

@FrankElderson: We look at a number of indicators. To determine whether financing conditions are favourable, we look at their underlying drivers and how they develop over time, in combination with the inflation outlook #AskECB

#AskECB **What is your stance on crypto? If positive, when crypto EUR?**

@FrankElderson: Crypto-assets are volatile. They lack any intrinsic value and there is no reliable institution backing them. In contrast, a digital euro would offer Europeans the same level of confidence as with cash, since it would be backed by the ECB #AskECB

@FrankElderson #AskECB **At the last press conference Mme Lagarde said there will be a 'staged' approached where information, disclosure and investment will all be required to address the climate question. What does this mean? The slower the ECB acts the more problematic it will be**

@FrankElderson: Better disclosure and transparency on environmental risks has top priority over everything else so that consumers, investors, businesses and policymakers can take informed decisions for a more sustainable future #AskECB

#AskECB **Are structural forces still keeping inflation down or could Covid-19 be a structural break in that regard?**

@FrankElderson: It is true that pandemic-related supply constraints, among other factors, are expected to increase inflation during this year. However, our assessment is that underlying price pressures will remain muted due to weak demand and low wage pressures #AskECB

#AskECB **What is your plan against the inequality because of the flood of money? Costs for living are skyrocketing, assets go crazy. While the rich had the year of their live millions lost their jobs and starving**.

@FrankElderson: Asset purchases can lead to higher asset prices but they've also helped to maintain millions of jobs. We're closely monitoring side effects of our measures and analyses have shown consistently that positive effects have exceeded negative ones #AskECB

#AskECB **What is meant by "upstream and downstream" regarding the statements on March 11th press release about indicators, the upstream and downstream indicators, could you please help further my understanding on this terminology?**

@FrankElderson: Upstream: important benchmark rates that mark the starting point of our monetary policy transmission. Downstream: the financing conditions that are more relevant for households and firms but are only affected by our policy with a delay #AskECB

What's worth more, those tulips or one Bitcoin? #AskECB

@FrankElderson: Tulips are beautiful flowers. For those who remember 17th century Tulip Mania, they also serve as a reminder of what can happen when prices don't reflect intrinsic value #AskECB

#AskECB **Is the ECB considering an assessment of the negative impact its CPPS might be having on the EU Environmental Policy, in terms of hindering/delaying the achievement of objectives & waste of resources due to lack of policy coherence between ECB´s action and COM&MS´s action?**

@FrankElderson: Climate is a topic dear to my heart. We need urgent action and we are committed to doing our part within our mandate. How to incorporate climate change in our tasks is a key part of our #strategyreview, reviewing also our concept of market neutrality #AskECB

#AskECB**: why did the ECB pre-commit to a significantly higher PEPP pace throughout Q2 – regardless of the state of financial conditions – thereby reducing the programs most lauded feature, its flexibility? And why did it take another decision to honor the Dec commitment?**

@FrankElderson: The increase is precisely a reflection of the flexibility embedded in the PEPP. We have increased purchases to prevent a tightening of financing conditions, that would risk the return of inflation to pre-pandemic levels #AskECB

@FrankElderson **What is** @ecb **status with** #CBDC **development** #AskECB #Algorand

@FrankElderson: We will make the decision whether to launch the investigation phase for a #digitaleuro towards the middle of 2021 #AskECB

Why is the DAX doing all time highs again even with companies struggling more than ever?

@FrankElderson: Companies indeed face severe challenges due to the ongoing pandemic. But markets do expect a strong rebound of the economy and rising corporate earnings, crucially supported by fiscal and monetary policy #AskECB

What is the state of discussions on (abandoning) market neutrality in the context of the ECB strategic review, @FrankElderson? #AskECB

@FrankElderson: In case of market failures, we @ecb are not obliged to adhere to market neutrality under all circumstances. In any case, market neutrality is not a legal concept. We will share the outcome of our discussions at the end of the #strategyreview #AskECB

What are the research priorities of the new @ECB climate change centre?

@FrankElderson: I'm very excited that we are setting up the @ecb climate change centre and are currently recruiting its head. Once in place, the team will shape and steer the ECB's climate agenda, working closely with staff throughout the ECB #AskECB

#AskECB What can the ECB do to prevent further support for the co2 intensive economy and to stop heating up the climate crisis?

@FrankElderson: We must contribute to the success of climate change-related policies within our mandate and we are looking at various options as part of our #strategyreview. However, it is up to governments to make such policies #AskECB

#AskECB Hello Frank, do you think that central banks should ensure that the stock of assets they hold for monetary policy purposes are in line with a net zero emissions target?

@FrankElderson: The Treaties require us to support the EU's environmental objectives and policies when pursuing our mandate. But our actions must not prejudice our objective of price stability #AskECB

Any efforts to make the ECB board more diverse? Not only in terms of gender, but for instance: some countries require central banks to have trade union representatives on its board and/or forbid financial sector representatives. #AskECB

@FrankElderson: We value all facets of diversity, incl. gender, nationality, religion, sexual orientation, ethnicity, age, cultural background and disability. Governments appoint the Executive Board. As supervisors, we push banks towards more diverse boards and staff #AskECB

#AskECB I hope someone will ask the question of why the ECB is keeping so much dry powder when the indie tightening is an issue for the Eurozone

@FrankElderson: We use as much powder as needed to preserve favourable financing conditions. Based on an assessment of financing conditions and the inflation outlook, we expect PEPP purchases over the next quarter to be done at a significantly higher pace than before #AskECB

Time to wrap up. Thanks a lot for your questions – I really enjoyed the chat and look forward to doing it again soon. Take care! #AskECB