

Q&A on the subject of the ECB

What is the role of the ECB?

The European Central Bank (ECB) is an official EU institution and the central bank of the 19 EU countries which have adopted the Euro. The ECB is responsible for the monetary policy of all the Eurozone countries, which involves achieving balanced inflation as well as economic and financial stability. The ECB is one of the biggest bond purchasers in the world and any asset purchases it makes in this process have a substantial impact on both Europe's green recovery and the climate crisis.

Who is who at the ECB?

The ECB's President is Christine Lagarde and the Vice-President is Luis de Guindos. The main decision-making body is the [Governing Council](#), which consists of the six members of the Executive Board plus the governors of the central banks of the 19 euro area countries. The national central bank governors take turns holding voting rights in the Governing Council.

In the past decade, in an attempt to stabilize the economy, the ECB has purchased almost 3 trillion euros of bonds. This includes corporate bonds of fossil fuel companies.

What are the ECB asset purchases/quantitative easing?

Since 2014 the ECB has been purchasing securities (largely bonds) as a means of increasing the money supply to, and lowering interest rates in the Eurozone - this is an approach known as **quantitative easing**.

These purchasing programs take various forms, with the overwhelming majority being in the form of **government bonds (debt)**.¹ One part of the program involves the purchase of **corporate bonds**, which began in 2016, and makes up around 7.5% of current ECB holdings, at a little over 200 billion Euros. The ECB has been buying corporate bonds since 2016 as part of its corporate sector purchasing program and has **many highly polluting companies** on its books such as Volkswagen and Ryanair or the utilities Fortum and Enel, both still operating coal fired power stations.

¹ <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>

Why is the ECB important in the COVID-19 recovery?

As a response to the coronavirus pandemic, the ECB launched the “pandemic emergency purchase program” (PEPP). [Greenpeace analysis](#) and estimations show that between mid-March and mid-May 2020 the ECB purchased corporate bonds to the tune of 30 billion euros with an estimated carbon footprint of 20.5 million tons of CO₂. The ECB injected **over 7.6 billion euros** into utilities and oil and gas industries combined, and an **estimated 14.5 million tons of carbon emissions** into the atmosphere, further fuelling the climate crisis. To respond to the climate emergency and to align with the goals of the Paris Agreement the **ECB must exclude fossil fuels** and other emission intensive assets **from future purchases**.

What is the ECB monetary strategy review?

The ECB launched a [review](#) of its **monetary policy strategy** to be conducted throughout 2020. This is - together with the ECB’s response to Covid-19 - a **huge window of opportunity**. The ECB is not only one of the **biggest bond purchasers in the world**, it is also the regulator of banks in the Eurozone. As such, the ECB can have a massive influence on fossil fuels, both by excluding coal, oil and gas from its own asset purchases but also by making it more expensive for banks to loan money to these sectors.

The public consultation about the monetary policy strategy is running until the end of October.