

Remarks on central banking and climate change at Ambrosetti Finance Workshop 20/11/2020

*“In dealing with climate change: we central bankers cannot be the only game in town: a carbon price is obviously needed. But we have to contribute, and believe me, there is on this issue much more common ground in our Governing council than sometimes said. Let me stress some simple convictions:*

*1. We (central bankers) must deal with climate change, precisely in the name of our price stability mandate. Climate change obviously has powerful long-term impact on the level of prices (starting with energy) and the economic outlook. But we already see its short terms effects: think of the wildfires , or of the structural changes at work in the European automotive industry. It is not mission creep, it is not a “nice to do”, it is a “must do.”*

*2. Hence we have to succeed in two breakthroughs, which require hard work:*

*-a strategic one: incorporate climate change in our economic models and projections*

*-an operational one: assessing the climate-related risks in our collateral framework. We will have technical discussions about the best way to proceed, relying partly on external rating.*

*But I have little doubt that on this issue too, Europe can be a front runner.”*