

**Question for written answer Z-042/2020
to the European Central Bank**

Rule 140

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Subject: Judgement of the German Federal Constitutional Court on the Public Sector Purchase Programme (PSPP)

The judgement of the German Federal Constitutional Court in Karlsruhe of 5 May could prohibit Bundesbank participation in the public sector purchase programme (PSPP) unless the ECB provides an assessment, within three months, of the proportionality of the costs and benefits of purchasing public bonds.

The judgement could also affect the EUR 1.35 billion pandemic bond purchase programme (PEPP), presented in March and toned up on 4 June, aimed at addressing the recession triggered by the Coronavirus outbreak.

The newspaper 'Die Welt' recently published the key points in the exchange of correspondence between Mr Weidmann, the President of the German Central Bank, and the German MP Mr Frank Schaeffler, in which the head of the Bundesbank states that if the Court of Karlsruhe were not satisfied with the arguments put forward by the ECB, then the German Central Bank would have no choice but to withdraw from the PSPP.

In view of this:

- What might be the repercussions of the Bundesbank leaving the PSPP in terms of the impact on interest rates and on confidence in the single currency and its credibility;
- What specific steps is the ECB taking to ensure the stability of the euro area should the Bundesbank withdraw from the PSPP?