

Statement of ECON committee Chair after delegation to Washington D.C.

Returning from leading a delegation of MEPs to Washington D.C. for the annual conferences of the IMF and the World Bank, the Chair of the Economic and Monetary Affairs committee said:

"While Europe and the US stand side by side in their support of Ukraine and against the Russian invasion, the consequences of the war and the sanctions, particularly of the increase of gas price and energy costs, are different in the two continents and particularly heavy for Europe. Similarly, while inflation is increasing on both sides of the ocean, there are important differences in its composition that need to be taken into account. Current inflation in the US is mostly demand driven, while Europe's inflation is mostly driven by energy costs, which are pushing inflation both directly and indirectly by increasing production costs in many sectors. This poses a great challenge both on monetary and on fiscal policy in the Euro area.

"Relevant economists suggested that the ECB's monetary response will need to be very cautious and will carefully need to take into consideration the developments of the economy in order to avoid having a procyclical effect further aggravating the difficult situation of Europe's businesses and vulnerable households. They also stressed that monetary policy alone will not suffice as it won't resolve the increase of the energy prices and the inflation that follows from that. Coordination between fiscal and monetary policy is important but what is particularly urgent is a greater coordination among EU member states on fiscal packages and on energy market interventions.

"Dialogue and coordination is needed also on a broader International level, as choices made in specific jurisdictions have a broader impact on the rest of the world and might aggravate global economic conditions. Recent monetary and economic responses in the US, and the subsequent appreciation of the dollar, for instance, are affecting many emerging and developing countries which are now struggling with their dollar denominated debts and the increase of the interest rates. We need to avoid another debt crisis, which would be a set back to the Sustainable Development Goals, would increase poverty and might lead to another wave of emigration.

Last but not least, our delegation has also emphasized that the respective economic policy responses to the pandemic, the war in Ukraine or in favour of a green transition should not introduce new trade barriers as is the case through the Inflation Reduction Act, which,

depending on how it is implemented, might discriminate against European electric cars, for example."

Information on the delegation

The delegation, composed of 6 MEPs was in Washington D.C. between Wednesday and Saturday to attend the 2022 Annual Meetings of the IMF and the World Bank and meet their representatives. In the margins, the delegation also met with representatives of the US authorities as well as those of think tanks, leading businesses and NGOs.

The discussions mostly focused on the economic repercussions of the Russian aggression in Ukraine which has led to an increase in commodity prices, inflation, and interest rates in the EU, the US and developing and emerging economies, risking another debt crisis.

The delegation was composed of the following Members:

Irene Tinagli - Chair (S&D, IT)

Luděk Niedermayer (EPP, CZ)

Anna-Michelle Asimakopoulou (EPP, EL)

Rasmus Andresen (Greens/EFA, DE)

Michiel Hoogeveen (ECR, NL)

Enikő Győri (NI, HU)

Further information

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