

## Deeper EU capital markets union needed for green and digital transitions, Lagarde says

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Existing annual budget allocations of 650 billion euros and 125 billion euros towards green and digital transition goals won't be enough and need to be supplemented by private sector investment, Christine Lagarde said.

The EU's capital markets union is fragmented and underdeveloped compared to that of the US or UK, but it is viewed at political level as essential to raise the private investment needed for the transition plans and for rebuilding after Covid.

Lagarde today stressed a need to deepen capital markets, address regulatory barriers and reach an agreement on the fiscal framework to be deployed by member states to foster investments into these transitions.

Speaking in the European Parliament's economic and monetary affairs committee meeting today, she highlighted challenges and spoke of the ECB's role. She also faced questions from lawmakers on inflation, climate change and monetary policy.

"As we enter a new era of heightened geopolitical tensions and an unfolding climate crisis, we need to step up our efforts to make our economies more resilient," she told the committee.

"Progress on the green transition, including to accelerate Europe's energy independence, is essential as it will reduce the likelihood of higher and more volatile energy prices."

"Deepening the capital markets union, reaching an agreement on a sound fiscal framework and addressing regulatory barriers are equally crucial to foster investment and speed up the development of renewables."

"The ECB will play its part, first and foremost by ensuring that inflation returns to our 2 percent medium-term target."

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**Industries:** Banking & Finance

**Geographies:** Europe, European Union Member States