

4 February 2011

PRESS RELEASE

EUROSYSTEM AND BANK OF RUSSIA HOLD SIXTH HIGH-LEVEL SEMINAR

The Eurosystem – comprising the European Central Bank (ECB) and the 17 national central banks of the euro area – and the Bank of Russia held their sixth high-level seminar on 3 and 4 February 2011, hosted by the ECB in Frankfurt. The seminar was attended by governors and high-level representatives of the Eurosystem and the Bank of Russia. Seminar participants also included representatives of the European Commission, the Office of the Government, the Federal Assembly and ministries of the Russian Federation. The purpose of the seminar was to further strengthen the dialogue and enhance relations between the Bank of Russia and the Eurosystem. The main issues addressed were recent macroeconomic developments, the role of money and credit in the conduct of monetary policy and the new supervisory architecture in the EU and in Russia.

Participants were welcomed by Jean-Claude Trichet, President of the European Central Bank, and by Sergey M. Ignatiev, Chairman of the Bank of Russia. In his welcome remarks, Mr Trichet stressed that economic recovery has taken hold in the euro area and in Russia since the global financial crisis which hit both areas. He also pointed to the need to reinforce economic governance in the EU and the euro area. Mr Trichet also referred to the further strengthening of relations between the Eurosystem and the Bank of Russia in recent years with the implementation of a very important central bank technical cooperation programme in banking supervision and internal audit, which will be completed in March 2011.

In his keynote speech, Mr Ignatiev addressed issues related to the Bank of Russia's monetary policy. When the crisis adversely affected Russia and economic conditions changed, the Bank of Russia adjusted its monetary policy accordingly and ensured banking sector stability through monetary regulation instruments. Inflation rates came down during the crisis. The Bank of Russia is closely monitoring any rise in inflation in the

wake of the ongoing economic recovery and remains committed to moving towards an inflation targeting framework in the future. Thus it is gradually enhancing the flexibility of the exchange rate and scaling down its involvement on the foreign exchange market.

Seminar discussions focused on the following main topics:

Recent macroeconomic developments

In their review of recent macroeconomic developments, seminar participants noted that global economic activity was strengthening, led by emerging market economies. They also noted the uncertainties surrounding the recovery in advanced economies and stressed the need to consolidate public finances. Seminar participants also exchanged views on recent developments concerning capital flows towards emerging market economies and the challenges they raise for monetary policies.

The role of money and credit in the conduct of monetary policy

Participants discussed the experience with the monetary policy strategy of the ECB. They shared the view that this strategy, based on economic and monetary analysis, has served the ECB well in keeping inflation in line with its definition of price stability and in anchoring inflation expectations. Participants agreed that a close monitoring of monetary and credit developments is a useful element in a monetary policy strategy aimed at securing price stability in the medium term and exchanged views on its role in Russia's monetary policy.

Supervisory architecture in the EU and in Russia

Participants reviewed recent changes in the supervisory architecture of the European Union, which assigns a greater role to the coordination of micro-prudential supervision at the European level through the establishment of the European System of Financial Supervisors and to macro-prudential supervision by the creation of the European Systemic Risk Board. Participants discussed the challenges ahead and exchanged experiences gathered during the financial crisis in the euro area and Russia. They agreed that enhanced attention to systemic risks and macro-prudential supervision was warranted.

European Central Bank

Directorate Communications, Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

Reproduction is permitted provided that the source is acknowledged.