

CZECH NATIONAL BANK

GOVERNOR

Prague, 4 January 2024

Dear Governor Glapiński, *Dear Adam,*

Thank you for your letter of 24 November 2023, in which you inform me of the recent developments in the Polish public sphere and share your reflections on their possible implications for the Narodowy Bank Polski (NBP), including those concerning declarations and actions which potentially threaten the independence of the NBP and its governor.

Allow me to assure you that I consider independence to be a necessary precondition for the proper execution of the central bank's mandate, particularly in relation to its primary objective of maintaining price stability. The Central and Eastern European region has been strongly affected by the Russian invasion of Ukraine and has been challenged by the war since the beginning of 2022. The increase in inflation in this region has been much more pronounced than in the old EU Member States. Therefore, our central banks have come under immense pressure with regard to the fulfilment of the price stability mandate and have faced criticism from various stakeholders, including politicians. In such a situation, the independence of the central bank is even more crucial and important than in "normal times".

In this regard, any questioning of central bank independence could undermine its credibility and ability to exercise its functions. Should the independence of an ESCB member be challenged, the EU legal framework provides for legal instruments to remedy such a situation. In this context, I would like to refer to ECB President Lagarde's reply of 1 December 2023 to your letter of 15 November following our last General Council meeting, in which she addresses this issue in a comprehensive manner.

I will follow very closely any updates you may have on future developments regarding this crucial matter. I would like to take this opportunity to express my appreciation of the excellent cooperation between the NBP and the Czech National Bank.

Yours sincerely,



Mr Adam Glapiński
Governor
Narodowy Bank Polski