



17 June 2023

Petteri Orpo, leader of government formation talks

Outcome of the Government Programme negotiations, 16 June 2023

The Bank of Finland welcomes the news that the participants in the negotiations to form a new government have achieved a negotiated outcome on the Government Programme, which aims to bring about sustainable growth and to balance the public finances.

The Bank of Finland considers it necessary to bring to the attention of the leader of the government formation talks the problematic nature – from the perspective of central bank independence – of the Government Programme’s entries under item 9.1 *Member States shall be responsible for the sustainability of their public finances* (page 169). The text under this item states that *“The Government will monitor and seek to manage, through the European Central Bank and the Bank of Finland, the financial risks posed to central government. Finland will pursue implementation of the no bailout clause, also at the level of the European Central Bank. Finland will pursue measures to limit systemic risks from the Eurosystem.”*

In both European Union legislation and Finland’s national legislation, the principle of central bank independence is stated unequivocally, and a key element of this is that the central bank, when carrying out its tasks, shall not take instructions from any quarter.

As laid down in the Act on the Bank of Finland, the Bank of Finland is the central bank of Finland and is an independent institution governed by public law. The Bank of Finland functions as part of the European System of Central Banks. The central bank must perform its tasks independently. The European Central Bank’s tasks, status and independence are confirmed in the EU Treaties.

In approving Article 130 of the Treaty on the Functioning of the European Union and the ECB Statute, the governments of Member States have undertaken to honour the principle of independence and to refrain from attempting to influence members of the decision-making bodies of the European Central Bank or the national central banks in the performance of their duties.



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Consequently, the Board of the Bank of Finland respectfully brings to your attention that the aforementioned entries in the Government Programme are in conflict with existing European and national legislation.

BANK OF FINLAND

Olli Rehn
Governor of the Bank of Finland

Nykänen
Marja
91237275W

Marja Nykänen
Deputy Governor