ECB - Annual report 2017

2018/2101(INI) - 16/01/2019 - Text adopted by Parliament, single reading

The European Parliament adopted by 500 votes to 115, with 19 abstentions, a resolution on the report on the ECB annual report 2017.

Members welcomed the fact that popular support for the euro has increased by 8 percentage points in 2017 vis-à-vis 2016, with almost two-third of respondents (64 %) thinking that the single currency is a good thing for their countries. The stressed the requirement for every Member State with the exception of the UK and Denmark to adopt the single currency once it has met the Maastricht convergence criteria. Participation in the Banking Union being regarded as a key criterion for those countries wishing to join the euro area.

Stressing that monetary policy has contributed to preserving the single currency and the stability of Economic and Monetary Union, Parliament called on the ECB to focus on its primary objective of price stability, while recalling that the statutory independence of the ECB, enshrined in the Treaties, is crucial for the fulfilment of its mandate.

Challenges

The EU economy grew at its fastest rate in ten years in 2017 and that all Member States saw their economies expand. Unemployment in the EU is at its lowest level since 2008, although continuing to dramatically affect young people.

Parliament warned of the rise of uncertainties stemming from factors including:

- the threat of increased protectionism;

- the Brexit negotiations;

- potential asset bubbles;

- the emerging markets crisis;

- historic levels of private and public debt;

- general volatility in the financial markets linked in particular to the political risks in some Member States which are impairing the euro area’s growth prospects;

- rising populism, isolationism and ethnocentrism across the political spectrum;

- the backlash against globalisation;

- growing divergences between Member States over the future of European integration.

Overall, Members emphasised the great importance, at this juncture, of maintaining a favourable environment for public and private investment, which are still lagging behind pre-crisis levels.

Structural reforms

Parliament considered that monetary policy alone is not sufficient to achieve a sustainable economic recovery. It urged policymakers to maintain the current economic upswing beyond the short term by implementing a mix of socially balanced, ambitious and growth-friendly productivity-enhancing structural reforms and fiscal policies, within the framework of the Stability and Growth Pact (SGP), including its flexibility provisions.

Asset purchase programme

Parliament stressed that the ECB's non-standard monetary policy measures have contributed to forestalling the risks of deflation and initiating a recovery in credit to the private sector. They approved the ECB's decision to terminate its asset purchase programme, considering that this instrument should only be used on a temporary basis, as it creates new risks to financial stability. However, it stressed that proper sequencing and implementation of the phasing-out of exceptional monetary policy measures will be essential to avoid market disruptions.

Concerned by the rapid rise in house prices in some Member States, Members called for vigilance against the risk of a resurgence of house bubbles and excessive household and private sector indebtedness in some Member States.

Brexit

The resolution called on the ECB to continue its efforts to ensure that banks are well prepared for all possible contingencies relating to Brexit and for it to undertake all necessary preparations to ensure the stability of EU financial markets, including in the case of a no-deal Brexit.

Members stressed the need for euro area Member States to pursue a joint regulatory strategy for the financial sector in the wake of Brexit, rather than engaging in harmful downward competition.

Accountability and transparency

The resolution stressed the importance of the ECB being accountable to Parliament. It welcomed, in this respect, the permanent dialogue between the ECB and Parliament. Members stated that the ECB has improved its communication and should continue its efforts to make its decisions available and understandable to all citizens, as well as its actions to maintain price stability in the euro area and therefore preserve the purchasing power of the common currency.