European Central Bank – annual report 2020

2020/2123(INI) - 10/02/2021 - Text adopted by Parliament, single reading

The European Parliament adopted by 533 votes to 94, with 63 abstentions, a resolution on the European Central Bank - annual report 2020.

Parliament welcomed the role played by the ECB in maintaining the stability of the euro. It stressed, however, that the ECB should also support general economic policies in the Union with a view to contributing to the EU's objectives of sustainable development, convergence, full employment and social progress, insofar as these do not conflict with its primary mandate.

Members insisted on the irreversible nature of the single currency, stressing that the euro was not only a monetary project but also a political one.

Monetary policy

Parliament welcomed the quick and substantial ECB monetary policy response to the COVID-19 crisis in a context of emergency and expressed the wish that it would provide support for as long as necessary. It stressed, however, that monetary policy alone would not be sufficient to ensure a sustainable economic recovery and that reforms to strengthen competitiveness and social cohesion were necessary to restore economic growth throughout the EU.

Members stressed the spill over effects of a very accommodative monetary policy, such as the impact on savers or the risk of asset price inflation. They warned Member States against taking the low-interest rate environment for granted, as a rise in interest rates could have an adverse impact on the servicing of public debt.

Given the major impact of the COVID-19 crisis on SMEs, Parliament called for additional efforts to ensure financing of the real economy. It also called on the ECB to examine the impact of its policies on wealth inequality and to assess the impact of its quantitative easing programme on the cost of living across the EU, given that the persistently high housing cost overburden rate of 9.6 % in 2018 is expected to increase as a result of the pandemic.

Tackling climate change

Recalling that the ECB, as a European institution, is bound by the Paris Agreement, Parliament took note of President Lagarde's commitment to examine climate friendly changes in the ECB's operations. It welcomed the fact that purchases of green bonds and their share in the ECB's portfolio continue to increase and called for risk management which integrates climate change-related systemic risks.

Other aspects

Parliament invited the ECB to:

- continue its efforts to ensure the stability of financial markets for all possible contingencies that resulting from the United Kingdom's withdrawal from the European Union;

- address the risks of money laundering, terrorist financing and other criminal activities linked to the anonymity provided by crypto-assets;

- examine ways to strengthen the international role of the euro and to maintain fruitful cooperation also with EU Member States outside the euro area.

Members welcomed the ECB's preparations to introduce a digital euro that meets a number of minimum requirements, including robustness, security, efficiency and privacy. They also acknowledged the ECB's success in the fight against counterfeiting, as evidenced by the continuously low share of counterfeit notes in the total number of notes in circulation.

Accountability

The resolution stressed the need to reflect on how the control of the ECB by the European Parliament, as well as through dialogue with national parliaments, could be strengthened. It called for the negotiation of a formal inter-institutional agreement to formalise accountability practices regarding monetary functions.

Members welcomed the ECB's efforts to improve communication and transparency vis-à-vis the European Parliament and its communication to citizens on the impact of its policies. They suggested setting up a regular dialogue in camera between members of Parliament's Economic and Monetary Affairs Committee and relevant ECB representatives to assess ECB decisions ahead of and in parallel with the monetary dialogues.

Lastly, regretting that only two of the 25 Members of the ECB’s Governing Council are women, Members called on the Council to draw up a gender-balanced shortlist for any upcoming vacancies and to share this with Parliament, thus allowing Parliament to play a more meaningful advisory role in the appointment process.