European Central Bank – annual report 2021

2021/2063(INI) - 16/02/2022 - Text adopted by Parliament, single reading

The European Parliament adopted by 569 votes to 84, with 38 abstentions, a resolution on the European Central Bank's annual report for 2021.

Parliament welcomed the role played by the ECB in **maintaining the stability of the euro**. It also welcomed the ECB's strategic assessment of monetary policy, which sets out the means to achieve the primary objective of maintaining price stability and to contribute to the achievement of the Union's objectives, notably balanced and sustainable economic growth, a highly competitive social market economy aiming at full employment and social progress and convergence, and a high level of environmental protection and improvement.

Members welcomed the numerous public **support measures taken by the Union in response to the COVID 19 pandemic**, noting that economic activity in the euro area is rebounding sooner than expected, although the extent of the rebound remains uncertain.

Parliament stressed that sustainable growth, resilience and price stability can be achieved through a **comprehensive response**, including a calibrated combination of monetary policy, discretionary fiscal support and socially balanced reforms and investments to increase productivity.

Members took note of the ECB President's statements that: (i) an ambitious and coordinated fiscal stance remains crucial, as a premature withdrawal of fiscal support would risk weakening the recovery and amplifying the longer-term scarring effects; and (ii) structural reforms in euro area countries are important to boost euro area productivity and growth potential, reduce structural unemployment and increase resilience.

Monetary policy

Parliament welcomed the ECB's swift and substantial monetary policy response to the COVID-19 crisis in an emergency context. It reiterated the ECB's intention to maintain its support for as long as it deems necessary to fulfil its mandate. It also called on the ECB to continue asset purchases under the Pandemic Emergency Purchase Programme (PEPP) for as long as it deems necessary.

Member are concerned about the **inflation rate in the euro area**, which reached a 10-year high of 5.1% in January 2022, ranging from 3.3% to 12.2% in individual Member States. Stressing that rising inflation beyond the defined value could be particularly detrimental to the poorest parts of the population, they called on the ECB to monitor these trends and their consequences closely and to take measures to safeguard price stability if necessary.

Parliament noted the ECB's expectation that its **key interest rates** will remain at their current level or lower until inflation reaches 2%. However, Members are concerned about the potential impact of low interest rates on the number of unviable and highly indebted companies, on the incentive for growth and sustainability-enhancing reforms and investments, and on pension and insurance systems.

Tackling climate change

Recalling that the ECB, as a European institution, is bound by the Paris Agreement, Members stressed that tackling the climate and biodiversity emergency requires the ECB to adopt an integrated approach which should be reflected in all its policies, decisions and operations.

Parliament welcomed the ECB's new action plan and climate change action roadmap to further integrate climate change issues into its monetary policy framework and models. In view of the needs of the green transition, it invited the ECB to accelerate its work to **increase the share of green bonds** in its portfolio and to examine the possible effects of green bonds on price stability. The ECB should also develop its internal capacity to assess climate and biodiversity risks.

Members were concerned that some of the ECB's refinancing and asset purchase programmes indirectly support carbon-intensive activities.

Other aspects

Parliament called on the ECB to:

- continue its efforts to facilitate access to finance for micro, small and medium-sized enterprises (MSMEs);

- explore ways to strengthen the international role of the euro;

- strengthen the fight against counterfeiting and its cooperation with Europol, Interpol and the Commission;

- address the concerns expressed in the public consultation on a digital euro, such as privacy, security and accessibility concerns;

- ensure the sustainable stability of sensitive infrastructures such as the TARGET2 system, and enhance its efforts in the field of cyber security;

- increase its monitoring of cryptocurrency developments to prevent negative impacts and associated risks to financial stability and the functioning and security of market and payment infrastructures;

- contribute to the effective and timely implementation by all Member States of Directive 93/13/EEC on unfair terms used by the banking sector in consumer contracts.

Transparency, accountability and gender equality

Parliament stressed the need to further strengthen the ECB's accountability and transparency provisions. It called on the ECB to: (i) take swift action to start negotiations on a formal interinstitutional agreement, thus ensuring that its independence goes hand in hand with its accountability; (ii) strengthen cooperation and exchange of information and increase transparency vis-à-vis the European Parliament and civil society.

Members called on the ECB to ensure the independence of the members of its internal audit committee, as well as of its ethics committee. They reiterated that appointments to the Executive Board should be prepared in a gender-balanced way.