Central Bank, European System of Central Banks ESCB: voting modalities Governing Council, amend. art. 10.2 Statute

2003/0803(CNS) - 19/02/2003 - Document attached to the procedure

In response to the Council's request, the Commission has adopted the following opinion : Firstly, the Commission notes that the Recommendation is aimed at allowing the ECB's decision-making structures to cope with a future significant enlargement of the euro area. In this respect, the Commission considers that the following conditions need to be met in order to provide for a successful reform of the ECB's governance structure: - decision should continue to be taken in a swift and efficient manner; - the decision-making bodies should act with the interests of the whole euro area in mind; - the system must be considered as neutral and unbiased by both existing and future Member States; - the markets and the media should be able to understand the logic and the functioning of the new voting system. Secondly, the proposed 3-Group rotation model is intended to ensure that the Governing Council, which constitutes the ECB's highest ruling organ, can continue to take its decisions swiftly and efficiently, in the perspective of a significant expansion of the euro area in the years to come. At the present stage, the total number of voting rights in the Governing Council amounts to 18 (6+12). The proposed 3-Group rotation model introduces a ceiling on the total number of voting rights which corresponds to 21 (6+15), possibly increasing to 24 (6+18) during a transitional period. In view of the objectives of the model, it might be useful to consider a lower figure, as this could contribute to the speed and efficiency of decision-making wihtin the ECB and hence furtehr strengthen the model. Thirdly, the Commission notes that in the recommended rotation model the allocation of governors to groups will be based on a new indicator with two components: the share in the aggregate gross domestic product at market prices of the Member States without a derogation and the share in the total aggregated balance sheet of the monetary financial institutions of the Member States without a derogation. Whilst the selection of the first component is justified, the Commission remarks that it has recommended to the Intergovernmental Conference leading to the Treaty of Nice, the population criterion as particularly relevant for reforming the voting rules in other Institutions (notably the Council). As such, the ECB's key for capital subscription as defined in Article 29.1 of the Statute could be used. The latter is based on a GDP component and a population component, each having an equal 50% weight. In the Commission's view, this indicator would lead to an allocation of Member States to the different groups more in line with the criterion stating that the system must be considered as neutral and unbiased by both existing and future Member States. In addition, the Recommendation concerning Article 10.2 of the Statute should be further clarified on some key points. This concerns in particular the frequency of rotation and the sequence to be followed for assigning voting rights to governors within a group. Furthermore, given that these amendments still provide for a certain degree of discretion for the Governing Council, it will be important that its decisions on rotation are taken and announced well in advance and in a transparent manner. Similarly, the starting time of the rotation system should beexplicitly mentioned in the text. The Commission considers that these additions would help to clarify the operational content of the model. Lastly, the Commission also notes that the "enabling clause" Article 10.6 of the Statute exclusively allows for the amendment of Article 10.2 and requires unanimous approval by the Council, which constitutes an important limitation to the reform of the ECB's governing structures. This prevents the consideration of broader changes going beyond Article 10.2 at this stage.