Basic information

2003/0803(CNS) CNS - Consultation procedure Decision	Procedure completed
Central Bank, European System of Central Banks ESCB: voting modalities Governing Council, amend. art. 10.2 Statute **Subject** 5.20.03 European Central Bank (ECB), ESCB	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	FRIEDRICH Ingo (PPE-DE)	17/02/2003

Committee for opinion	Rapporteur for opinion	Appointed
AFCO Constitutional Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2493	2003-03-07
Economic and Financial Affairs ECOFIN	2485	2003-02-18
Heads of State or Government	2498	2003-03-21

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	

Key events

Date	Event	Reference	Summary
06/02/2003	Legislative proposal published	06163/2003	
13/02/2003	Committee referral announced in Parliament		
18/02/2003	Debate in Council		Summary
07/03/2003	Debate in Council		Summary
10/03/2003	Vote in committee		
10/03/2003	Committee report tabled for plenary, 1st reading/single reading	A5-0063/2003	

11/03/2003	Debate in Parliament		
13/03/2003	Decision by Parliament	T5-0094/2003	Summary
21/03/2003	Act adopted by Council after consultation of Parliament		
21/03/2003	End of procedure in Parliament		
01/04/2003	Final act published in Official Journal		

Technical information

Procedure reference	2003/0803(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 000
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/19221

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0063/2003	10/03/2003	
Text adopted by Parliament, 1st reading/single reading		T5-0094/2003 OJ C 061 10.03.2004, p. 0317-0374 E	13/03/2003	Summary

Council of the EU

Document type	Reference	Date	Summary
Legislative proposal	06163/2003	06/02/2003	

European Commission

Document type	Reference	Date	Summary
Document attached to the procedure	COM(2003)0081	19/02/2003	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	Document attached to the procedure	BCE(2003)0001 OJ C 029 07.02.2003, p. 0006-0011	03/02/2003	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Decision 2003/0223 OJ L 083 01.04.2003, p. 0066-0068	Summary

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

2003/0803(CNS) - 21/03/2003 - Final act

PURPOSE : to amend Article 10.2 of the Statute of the European System of Central Bank and of the European Central Bank. COMMUNITY MEASURE : Decision 2003/223/EC of the Council, meeting in the compsotion of the Heads of State or Government on an amendment to Article 10.2 of the Statute of the European System of Central Banks and of the European Central Bank. CONTENT : the Council, in the composition of Heads of State or Government, adopted a Decision on an amendment to Article 10.2 of the statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB). In accordance with this Decision, the voting modalities in the ECB Governing Council are adjusted in order to maintain the ECB's Governing Council's capacity for efficient and timely decision-making in an enlarged euro area. To maintain this objective, the number of governors having voting rights will be smaller than the overall number of governors in the Governing Council. The Decision introduces a rotation system based on a classification of countries into three categories depending on their size, as defined by GDP and banking activity: - as from the date on which the number of governors exceeds 15, until it reaches 22, the governors will be allocated to two groups. The first group will be composed of the five governors of the Member States with the biggest shares in the euro area total according to their GDP and banking activity, and the second group will be composed of all the other governors. The five governors of the first group share four voting rights and the remaining governors of the second group share 11. - as from the date on which the number of governors reaches 22, the governors will be allocated to three groups. The first group will be composed of the five governors of the Member States with the biggest shares in the euro area. The second group will be composed of half of the total number of governors. Governors in this group will come from the Member States holding the subsequent positions in the country ranking. The third group will be composed of the remaining governors. Four voting rights are assigned to the first group, eight to the second and three to the third. The Council also made the following statement: The Council confirms that the model established in its Decision on voting modalities in the Governing Council of the European Central Bank should not be seen as a precedent for the future composition and decision-making process of other Community Institutions.

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

2003/0803(CNS) - 18/02/2003

The Council adopted the conclusions in which it welcomes the presentation by the ECB of a recommendation for an amendment of Article 10.2 of the ESCB and ECB Statute. The Council considers it important to preclude any uncertainty about the continued effectiveness of the governance structures of the ECB in view of a future expansion of the euro area. In view of the timetable, the Council urges the European Parliament and the Commission to provide their opinions as soon as possible. The Council takes note of the ECB recommendation and calls on the Permanent Representatives Committee to undertake an examination of it with a view to presenting a text ready for final consideration at the ECOFIN Council at its meeting of 7 March 2003, for submission to the Council in the composition of Heads of State or Government at its meeting of 21 March 2003 for final decision.

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

2003/0803(CNS) - 03/02/2003 - Document attached to the procedure

PURPOSE : sets out a recommendation from the European Central Bank, under Article 10.6 of the Statute of the European System of Central Banks and of the European Central Banks, for a Council Decision on an amendment to Article 10.2 of the Statute of the European System of Central Banks

and of the European Central Bank (ECB). CONTENT : the Governing Council of the ECB has adopted by unanimity a recommendation for a Council Decision on an amendment to Article 10.2 of the Statute of the European System of Central Banks and of the European Central Bank. The ECB Recommendation is in accordance with Article 10.6 of the Statutes of the European System of Central Banks and of the European Central Bank which was annexed to the Nice Treaty, which entered into force on 1 February 2003. The ECB responds the request by the Member Sates for a recommendation to be presented as soon as possible after the entry into force of this Treaty. The ECB recommendation suggests that the enlargement of the euro area will lead to an increase in the number of members of the Governing Council of the European Central Bank (ECB). There is a need to maintain the Governing Council's capacity for efficient and timely decision-making in an enlarged euro area, irrespective of the number of Member States that adopt the euro. In order to do so, the number of governors having voting rights will have to be smaller than the overall number of governors in the Governing Council. A rotation system is an equitable, efficient and acceptable way of assigning voting rights among the governors in the Governing Council. The ECB recommendation has been submitted the Council. On the basis of thie recommendation and after the Commission and the European Parliaments' opinion, the Council, meeting in the composition of the Heads of State or Government The recommendation provides that Article 10.2 may be amended by the Council meeting in the composition of the Heads of State or Government, acting unanimously either on a recommendation from the ECB and after consulting the European Parliament and the Commission, or on a recommendation from the Commission and after consulting the European Parliament and the ECB. The Council shall recommend such amendments to the Member States for adoption. These amendments shall enter into force after having been ratified by all the Member States in accordance with their respective constitutional requirements.

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

2003/0803(CNS) - 07/03/2003

The Council took note of a legislative text on a Recommendation on the voting modalities of the ECB's Governing Council and noted reservations by Finland and the Netherlands. The Council also approved a draft statement to be entered in the minutes of the Council at the adoption of the Decision, as follows: - The Council confirms that the model established in its Decision on voting modalities in the Governing Council of the European Central Bank should not be seen as a precedent for the future composition and decision-making process of other Community Institutions. The aim of the Recommendation is to maintain the Governing Council's capacity for efficient and timely decision-making in an enlarged euro area. According to the text, the number of governors having voting rights has to be smaller than the overall number of governors in the Governing Council. The Recommendation aims at putting a ceiling on the size of the Governing Council (at 21) by introducing a system of rotation for the voting rights. This system of rotation would be based on a classification of countries into three categories depending on their size, as defined by GDP and banking activity.

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

2003/0803(CNS) - 13/03/2003 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Ingo Friedrich (EPP-ED, Germany) and rejected the ECB Recommendation. Parliament reaffirmed the existing rule whereby all governors of the national central banks in the euro area have full and unrestricted voting rights, and whereby the Governing Council of the ECB takes decisions by a simple majority vote of its members. Parliament wanted the European Convention to make a proposal that would distinguish between operational decisions, to be taken by an enlarged Executive Board of nine Members, adequately representing the euro area economy, and strategic and general monetary policy decisions, to be taken by the Governing Council acting on a double majority, based on the population of the Member States, the total size of the economy and the relative size within it of the financial services sector. The Commission and any interested Member States should submit to the European Convention new proposals which reflect a better balance between equity and efficiency along these lines.

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.