Basic information

2013/2076(INI) INI - Own-initiative procedure	Procedure completed
European Central Bank. Annual report for 2012 **Subject** 5.20.03 European Central Bank (ECB), ESCB	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs	PITTELLA Gianni (S&D)	14/01/2013
		Shadow rapporteur GÁLL-PELCZ Ildikó (PPE) TORVALDS Nils (ALDE) JOLY Eva (Verts/ALE) EPPINK Derk Jan (ECR) MATIAS Marisa (GUE/NGL)	
European Commission	**Commission DG**	**Commissioner**	
	Economic and Financial Affairs	REHN Olli	

Key events

Date	Event	Reference	Summary
10/06/2013	Committee referral announced in Parliament		
05/11/2013	Vote in committee		
13/11/2013	Committee report tabled for plenary	A7-0382/2013	Summary
12/12/2013	Decision by Parliament	T7-0601/2013	Summary
12/12/2013	Results of vote in Parliament		
12/12/2013	Debate in Parliament		
12/12/2013	End of procedure in Parliament		

Technical information	
Procedure reference	2013/2076(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 148-p1
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/12316

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE513.252	11/06/2013	
Amendments tabled in committee		PE516.605	12/07/2013	
Committee report tabled for plenary, single reading		A7-0382/2013	13/11/2013	Summary
Text adopted by Parliament, single reading		T7-0601/2013	12/12/2013	Summary

European Central Bank. Annual report for 2012

2013/2076(INI) - 13/11/2013 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Gianni PITTELLA (S&D, IT) on the European Central Bank Annual report for 2012.

Monetary policy: Members welcomed the bold measures taken by the ECB in 2012, which have contributed in a decisive manner to stabilising the banking sector and helping to sever the link between the banks and the sovereign. However, they were deeply concerned at the fact that persistently weak economic conditions are becoming the norm in parts of the EU, creating instability for the eurozone as a whole and threatening the popular and political support for the whole European project.

They believed that **the positive effects of the decisions of July 2012 to reduce the key ECB interest rates were limited**, and noted with concern that the banking system's demand for liquidity from the Eurosystem increased in 2012. The report considered that the monetary policy tools that the ECB has used since the beginning of the crisis, while providing a welcome relief in distressed financial markets, had **revealed their limits as regards stimulating growth** and improving the situation on the labour market. The ECB could explore further measures.

Pointing out that at present similar SMEs from across the eurozone do not have similar access to loans, Members asked that the ECB take very seriously into account the possibility of **launching a specific programme to help SMEs access credit.** The report also encouraged the ECB to (i) send clear signals to the market with regard to the estimated period of activation of its quantitative easing policy measures; (ii) start phasing such measures out as soon as the tension in the banking sector is diminished, as soon as the link between the banks and the sovereign can be severed, and as soon as the economic indicators related to growth and inflation justify such a decision.

Members recalled that the **conduct of monetary policy should be democratic** and should result from deliberation between different viewpoints in order that transparency may be strengthened. They recalled, in this respect, **the importance of the monetary dialogue** and of the written questions submitted by MEPs.

Banking union: the report noted that the European Banking System was still fragile and needed to be reformed in structural terms and consolidated through the development of a true banking union. Members welcomed the progress achieved on **the Single Supervisory Mechanism (SSM)** which should contribute to restoring confidence in the banking sector and to reviving interbank lending and cross-border credit flows through independent integrated supervision for all participating Member States. They also suggested that the ECB should welcome the possibility of involving **non-eurozone Member States** in the SSM to ensure a greater harmonisation of supervisory practices within the EU.

The report drew attention to the need for:

- a fruitful cooperation between the ECB and the competent national authorities within the framework of the SSM, in order to ensure an effective and smooth supervision;

- the strengthening of the ECB resulting from the establishment of the SSM needs to be balanced by greater accountability vis-à-vis national parliaments and the European Parliament;
- ensuring transparency in the supervision of banks, as provided in the interinstitutional arrangements between the European Parliament and the ECB;
- operational separation of the ECB's core units preparing the draft decisions in the field of monetary policy and supervisory policy;
- the establishment of a Single Resolution Mechanism in order to protect taxpayers and prevent further banking crises;

In order to reduce risk and strengthen the stability of the banking system and avoid the development of the 'too big to fail' institutions, Members felt that consideration could be given to **introducing a full separation between deposit and investment banks.**

The report went on to state that **the "troika" should be replaced** by a system whereby the Commission, accountable to Parliament, was put at the heart of the mechanism with programme countries, the Eurogroup was included in the decision-making process, the ECB provided expertise and the IMF gives advice where appropriate.

With regard to **institiutional questions**, Members pointed out that the regulation on the SSM provides for interinstitutional arrangements between the European Parliament and the ECB on democratic accountability. They urged the ECB to meet the new requirements, in particular in terms of **democratic accountability and transparency in its supervisory activities**.

Lastly, concerned at the contempt shown by the Council towards Parliament's resolution of 25 October 2012 on the appointment of a new Member of the executive board of the ECB, Members felt that the EU institutions, including the ECB, should lead by example in the field of gender balance and that it was essential that the gender representation among leading positions within the ECB be improved.

European Central Bank. Annual report for 2012

2013/2076(INI) - 12/12/2013 - Text adopted by Parliament, single reading

The European Parliament adopted by 265 votes to 79, with 37 abstentions, a resolution on the European central Bank Annual Report for 2012.

Monetary policy: Parliament welcomed the bold measures taken by the ECB in 2012, which have contributed in a decisive manner to stabilising the banking sector and helping to sever the link between the banks and the sovereign. However, it was deeply concerned at the fact that persistently weak economic conditions are becoming the norm in parts of the EU, creating instability for the eurozone as a whole and threatening the popular and political support for the whole European project.

It believed that **the positive effects of the decisions of July 2012 to reduce the key ECB interest rates were limited**, and recalled that, in the long term, very low interest rates may cause distortions in the business sector and harm private savings and pension plans.

Parliament considers that the three-year **long-term refinancing operations** (LTRO) undertaken in March 2012 contributed to stabilising the banking system, but that this should be a temporary measure. It is deeply concerned about the transfer of risks from struggling banks and governments onto the ECB's balance sheet as a result of the ECB's decision to buy 'unlimited' amounts of short-term government debt.

The resolution considered that the monetary policy tools that the ECB had used since the beginning of the crisis, while providing a welcome relief in distressed financial markets, had revealed their limits as regards **stimulating growth and improving the situation on the labour market**. The ECB should explore further measures.

Pointing out that at present similar SMEs from across the eurozone do not have similar access to loans, Members asked that the ECB take very seriously into account the **possibility of launching a specific programme to help SMEs access credit**.

Parliament recalled that the non-standard monetary policy measures of the ECB were intended to be of transitory nature and should, therefore, in no way be regarded by the banking sector as a permanent instrument. It was concerned about the significantly high levels of Emergency Liquidity Assistance (ELA) lines provided by national central banks in the course of 2011.

Parliament encouraged the ECB to (i) send **clear signals** to the market with regard to the estimated period of activation of its quantitative easing policy measures; (ii) start **phasing out such measures** as soon as the tension in the banking sector is diminished, as soon as the link between the banks and the sovereign can be severed, and as soon as the economic indicators related to growth and inflation justify such a decision.

Members recalled that the **conduct of monetary policy should be democratic** and should result from deliberation between different viewpoints in order that transparency may be strengthened. They recalled, in this respect, **the importance of the monetary dialogue** and of the written questions submitted by MEPs.

Banking union: Parliament noted that the European banking system was still fragile and needed to be reformed in structural terms and consolidated through the development of a true banking union. It welcomed the progress achieved on the Single Supervisory Mechanism (SSM) which should contribute to restoring confidence in the banking sector and to reviving interbank lending and cross-border credit flows through independent integrated supervision for all participating Member States. It also suggested that the ECB should welcome the possibility of **involving non-eurozone Member States in the SSM** to ensure a greater harmonisation of supervisory practices within the EU.

The resolution drew attention to the need for:

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a fruitful cooperation between the ECB and the competent national authorities within the framework of the SSM, in order to ensure an effective and smooth supervision;

- the strengthening of the ECB resulting from the establishment of the SSM needs to be balanced by greater accountability vis-à-vis national parliaments and the European Parliament;
- ensuring transparency in the supervision of banks, as provided in the interinstitutional arrangements between the European Parliament and the ECB;
- operational separation of the ECB's core units preparing the draft decisions in the field of monetary policy and supervisory policy;
- the establishment of a Single Resolution Mechanism in order to protect taxpayers and prevent further banking crises.

Institutional questions: Members pointed out that the Regulation on the SSM provides for interinstitutional arrangements between the European Parliament and the ECB on democratic accountability. They urged the ECB to meet the new requirements, in particular in terms of democratic accountability and transparency in its supervisory activities. The ECB was invited to publish

the summary minutes of the Governing Council meetings, including arguments and voting records;

Lastly, concerned at the contempt shown by the Council towards Parliament's resolution of 25 October 2012 on the appointment of a new Member of the executive board of the ECB, Parliament felt that the EU institutions, including the ECB, should lead by example in the field of gender balance and that it was essential that the gender representation among leading positions within the ECB be improved.