Basic information

2015/2115(INI) INI - Own-initiative procedure	Procedure completed
European Central Bank annual report for 2014 **Subject** 5.20.03 European Central Bank (ECB), ESCB	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	MARIAS Notis (ECR)	11/05/2015
	Shadow rapporteur VANDENKENDELAERE Tom (PPE) MAVRIDES Costas (S&D) VAN NIEUWENHUIZEN Cora (ALDE) CARTHY Matt (GUE/NGL) URTASUN Ernest (Verts/ALE) VALLI Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	DOMBROVSKIS Valdis

Key events

Date	Event	Reference	Summary
20/04/2015	Additional information		Summary
21/05/2015	Committee referral announced in Parliament		
25/01/2016	Vote in committee		

28/01/2016	Committee report tabled for plenary	A8-0012/2016	Summary
01/02/2016	Debate in Parliament		
25/02/2016	Decision by Parliament	T8-0063/2016	Summary
25/02/2016	Results of vote in Parliament		
25/02/2016	End of procedure in Parliament		

Technical information	
Procedure reference	2015/2115(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/03501

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE565.149	24/08/2015	
Amendments tabled in committee		PE571.407	29/10/2015	
Committee report tabled for plenary, single reading		A8-0012/2016	28/01/2016	Summary
Text adopted by Parliament, single reading		T8-0063/2016	25/02/2016	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2016)269	22/06/2016	

European Central Bank annual report for 2014

2015/2115(INI) - 28/01/2016 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Notis MARIAS (ECR, EL) on the European Central Bank Annual Report for 2014.

According to latest forecasts, economic recovery in the euro area is expected to expand, unemployment is expected to record a slow decrease and the fiscal outlook in the euro area should exhibit an improvement.

Low energy prices, while having a negative impact on inflation expectations, could potentially help the economic recovery. The average inflation rate in the euro area, after remaining close to zero in the first half of 2015, is expected to pick up, rising to 1.1% in 2016 and 1.7% in 2017.

Improving employment and SMEs: Members stressed the need to improve the conditions for both public and private investment aimed at boosting growth and job creation. Further efforts are needed to ensure the financing of the real economy. They deplored the **existing gaps between the financing rates granted to SMEs** and those granted to bigger companies, between lending rates on small and large loans, and between credit conditions for SMEs located in different euro area countries, but recognises the limits of what monetary policy can achieve in this respect.

Despite the ECB pursuing its actions in order to maintain favourable financing conditions, private and public investment in the euro area remains significantly below the levels prior to the current crisis. In this respect, Members welcomed the setting-up of the **European Fund for Strategic Investments** (EFSI), as well as the Commission's plan to establish a genuine **Capital Markets Union** (CMU), which should diversify sources of financing in the EU economy, boost cross-border investment and increase access to financing for businesses, particularly SMEs.

Financial stability: Members stated that they are cautious of the **potential risks to financial stability posed by protracted low interest rates** in certain Member States, which might have an adverse effect on life insurance and pension plans. The report stressed that the **high and divergent levels of public and private indebtedness** in some Member States are obstacles to the correct transmission of monetary policy, and that the non-conventional monetary policy implemented by the ECB is not, by itself alone, capable of changing this situation. Members urged those euro area Member States which are subject to a macroeconomic adjustment programme to carry out a **comprehensive audit of their public finances** so as, inter alia, to assess the reasons that led to the build-up of excessive levels of debt, as well as to track any possible irregularities.

Members welcomed the ECB's attempt to **boost inflation** to under but close to 2 %, since this can also contribute to the success of other EU policies and enhance competitiveness, economic growth and jobs in Europe.

Enhanced transparency: Members welcomed the step forward taken by the ECB in publishing the summary minutes of its meetings, and look forward to the announcement of further steps to improve the transparency of its communication channels. Further progress could still be made especially with regard to the Single Supervisory Mechanism (SSM). They further welcomed the publication of clearer and more transparent emergency liquidity assistance (ELA) procedures for solvent financial institutions (mostly national banks) facing temporary liquidity problems. Members reiterated their call for the annual ECB report to include feedback on the inputs provided in the annual report of Parliament. The report also stressed the need for **democratic accountability** in view of the new responsibilities conferred on the ECB regarding supervisory tasks.

European Central Bank annual report for 2014

2015/2115(INI) - 25/02/2016 - Text adopted by Parliament, single reading

The European Parliament adopted by 400 votes to 169, with 59 abstentions, a resolution on the European Central Bank Annual Report for 2014.

Parliament recalled that according to the Commission’s latest forecast, economic recovery in the euro area is expected to expand but that the foundations for growth are fragile, unemployment in the euro area is expected to record a slow decrease and that the fiscal outlook in the euro area should exhibit an improvement. According to the ECB projections, the average inflation rate in the euro area, after remaining close to zero in the first half of 2015, is expected to pick up, rising to 1.1% in 2016 and 1.7% in 2017.

In 2014, **the ECB lowered its key refinancing rates to the effective lower bound** and reduced its deposit facility rate to -0.20 %. However lower real rates have not significantly translated into credit for either households or businesses, especially SMEs, and this has contributed to setting the ECB on the path to **unconventional monetary policy measures**. The ECB implemented a series of targeted longer-term refinancing operations and **purchase programmes for selected private-sector assets** aiming at supporting lending to the real economy.

In this regard, Parliament made the following recommendations:

Stimulate growth and employment by investment: Parliament stressed the need to improve the conditions for both **public and private investment** aimed at boosting growth and job creation. Further efforts are needed to ensure the **financing of the real economy**. Members deplored the **existing gaps between the financing rates** granted to SMEs and those granted to bigger companies, between lending rates on small and large loans, and between credit conditions for SMEs located in different euro area countries, but recognised the limits of what monetary policy can achieve in this respect.

Despite the ECB pursuing its actions in order to maintain favourable financing conditions, **private and public investment in the euro area remains significantly below the levels prior to the current crisis**. In this respect, Members welcomed the setting-up of the European Fund for Strategic Investments (EFSI), as well as the Commission's plan to establish a genuine Capital Markets Union (CMU), which should diversify sources of financing in the EU economy, boost cross-border investment and increase access to financing for businesses, particularly SMEs.

Role of the ECB: Parliament stressed that the ECB's contribution includes efforts aimed at increasing low-cost lending to the real economy and facilitating economic recovery in the direction of jobs, growth and stability. It is concerned at the possible unintended consequences and long-term effects of the ECB's non-conventional monetary policy instruments and is aware that exiting from these measures will be a complex matter which will have to be carefully planned. It also insisted that **monetary policy cannot resolve the fiscal and economic problems** that exist in many Member States, and cannot be a substitute for the necessary sustainable and socially balanced structural reforms, fiscal consolidation and targeted investment.

Financial stability: Members stated that they are cautious of the **potential risks to financial stability posed by protracted low interest rates** in certain Member States, which might have an adverse effect on life insurance and pension plans. The resolution stressed that the **high and divergent levels of public and private indebtedness** in some Member States are obstacles to the correct transmission of monetary policy, and that the non-conventional monetary policy implemented by the ECB is not, by itself alone, capable of changing this situation. Members urged those euro area Member States which are subject to a macroeconomic adjustment programme to carry out a **comprehensive audit of their public finances** so as, inter alia, to assess the reasons that led to the build-up of excessive levels of debt, as well as to track any possible irregularities.

The resolution also welcomed the ECB's attempt to boost inflation to under but close to 2 %, since this can also contribute to the success of other EU policies and enhance competitiveness, economic growth and jobs in Europe.

Enhanced transparency: Parliament welcomed the step forward taken by the ECB in publishing the summary minutes of its meetings, and look forward to the announcement of further steps to improve the transparency of its communication channels. Further progress could still be made especially with regard to the **Single Supervisory Mechanism** (SSM). It further welcomed the publication of clearer and more **transparent emergency liquidity assistance (ELA) procedures for solvent financial institutions** (mostly national banks) facing temporary liquidity problems. Members reiterated their call for the annual ECB report to include feedback on the inputs provided in the annual report of Parliament. Recalling that the quarterly monetary dialogue is important to ensure the transparency of monetary policy, vis-à-vis Parliament and the wider public, Parliament stressed the need for **democratic accountability** in view of the new responsibilities conferred on the ECB regarding supervisory tasks.