Basic information

2018/2101(INI) INI - Own-initiative procedure	Procedure completed
ECB - Annual report 2017 **Subject** 5.20.03 European Central Bank (ECB), ESCB	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	MATO Gabriel (PPE)	31/05/2018
	Shadow rapporteur MORGANO Luigi (S&D) PACKET Ralph (ECR) CORNILLET Thierry (ALDE) CARTHY Matt (GUE/NGL) LAMBERTS Philippe (Verts/ALE) ANNEMANS Gerolf (ENF)	

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
14/06/2018	Committee referral announced in Parliament		
27/11/2018	Vote in committee		
05/12/2018	Committee report tabled for plenary	A8-0424/2018	Summary
15/01/2019	Debate in Parliament		
16/01/2019	Decision by Parliament	T8-0029/2019	Summary
16/01/2019	Results of vote in Parliament		
16/01/2019	End of procedure in Parliament		

Technical information	
Procedure reference	2018/2101(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/13362

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE625.316	20/07/2018	
Amendments tabled in committee		PE627.861	18/09/2018	
Committee report tabled for plenary, single reading		A8-0424/2018	05/12/2018	Summary
Text adopted by Parliament, single reading		T8-0029/2019	16/01/2019	Summary

ECB - Annual report 2017

2018/2101(INI) - 16/01/2019 - Text adopted by Parliament, single reading

The European Parliament adopted by 500 votes to 115, with 19 abstentions, a resolution on the report on the ECB annual report 2017.

Members welcomed the fact that popular support for the euro has increased by 8 percentage points in 2017 vis-à-vis 2016, with almost two-third of respondents (64 %) thinking that the single currency is a good thing for their countries. The stressed the requirement for every Member State with the exception of the UK and Denmark to adopt the single currency once it has met the Maastricht convergence criteria. Participation in the Banking Union being regarded as a key criterion for those countries wishing to join the euro area.

Stressing that monetary policy has contributed to preserving the single currency and the stability of Economic and Monetary Union, Parliament called on the ECB to focus on its primary objective of price stability, while recalling that the statutory independence of the ECB, enshrined in the Treaties, is crucial for the fulfilment of its mandate.

Challenges

The EU economy grew at its fastest rate in ten years in 2017 and that all Member States saw their economies expand. Unemployment in the EU is at its lowest level since 2008, although continuing to dramatically affect young people.

Parliament warned of the rise of uncertainties stemming from factors including:

- the threat of increased protectionism;

- the Brexit negotiations;

- potential asset bubbles;

- the emerging markets crisis;

- historic levels of private and public debt;

- general volatility in the financial markets linked in particular to the political risks in some Member States which are impairing the euro area’s growth prospects;

- rising populism, isolationism and ethnocentrism across the political spectrum;

- the backlash against globalisation;

- growing divergences between Member States over the future of European integration.

Overall, Members emphasised the great importance, at this juncture, of maintaining a favourable environment for public and private investment, which are still lagging behind pre-crisis levels.

Structural reforms

Parliament considered that monetary policy alone is not sufficient to achieve a sustainable economic recovery. It urged policymakers to maintain the current economic upswing beyond the short term by implementing a mix of socially balanced, ambitious and growth-friendly productivity-enhancing structural reforms and fiscal policies, within the framework of the Stability and Growth Pact (SGP), including its flexibility provisions.

Asset purchase programme

Parliament stressed that the ECB's non-standard monetary policy measures have contributed to forestalling the risks of deflation and initiating a recovery in credit to the private sector. They approved the ECB's decision to terminate its asset purchase programme, considering that this instrument should only be used on a temporary basis, as it creates new risks to financial stability. However, it stressed that proper sequencing and implementation of the phasing-out of exceptional monetary policy measures will be essential to avoid market disruptions.

Concerned by the rapid rise in house prices in some Member States, Members called for vigilance against the risk of a resurgence of house bubbles and excessive household and private sector indebtedness in some Member States.

Brexit

The resolution called on the ECB to continue its efforts to ensure that banks are well prepared for all possible contingencies relating to Brexit and for it to undertake all necessary preparations to ensure the stability of EU financial markets, including in the case of a no-deal Brexit.

Members stressed the need for euro area Member States to pursue a joint regulatory strategy for the financial sector in the wake of Brexit, rather than engaging in harmful downward competition.

Accountability and transparency

The resolution stressed the importance of the ECB being accountable to Parliament. It welcomed, in this respect, the permanent dialogue between the ECB and Parliament. Members stated that the ECB has improved its communication and should continue its efforts to make its decisions available and understandable to all citizens, as well as its actions to maintain price stability in the euro area and therefore preserve the purchasing power of the common currency.

ECB - Annual report 2017

2018/2101(INI) - 05/12/2018 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Gabriel MATO (EPP, ES) on the ECB annual report 2017.

The report recalled that the euro remains unchallenged as the second most important currency in the international monetary system.

According to the Commission’s summer 2018 forecast, the GDP of the EU and the euro area grew by 2.4 % in 2017, outperforming the US. GDP should increase in 2018 and 2019 by 2.1 % and 2.0 % respectively.

The latest economic figures in 2018 reflect a certain slowdown in growth from the high levels of 2017, owing to a weaker impetus from external trade and higher oil prices.

The current broad-based economic expansion is mainly being driven by exports and domestic consumption in the Member States. Last year investment grew at the fastest pace since 2007, backed by the global upswing and the Investment Plan for Europe. The role of EFSI in bridging the investment gap in the EU, mobilising a total investment of EUR 256.9 billion and providing financing to almost 550 000 SMEs benefiting from EIF funding.

The economic performance of those Member States which are outside the single currency and which enjoy exchange rate flexibility for their own currencies has been uneven. The economies of those Member States which have adopted the single currency in the last ten years have performed better than those of the countries with flexible exchange rates.

The ECB expects **inflation to gradually pick up** over the medium term, supported by the impact of the current monetary policy stance, continuing economic expansion, rising wages and the absorption of economic slack.

The euro area banks have accelerated their reduction in the number of non-performing loans (NPLs), from 8 % of total loans in 2014 to 4.9 % in the fourth quarter of 2017.

General overview

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The report noted that the EU economy grew at its fastest rate in ten years in 2017 and that all Member States saw their economies expand. Unemployment in the EU is at its lowest level since 2008, although continuing to dramatically affect young people.

Challenges

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The report stressed the importance of the ECB being accountable to Parliament. It welcomed, in this respect, the permanent dialogue between the ECB and Parliament. Members stated that the ECB has improved its communication and should continue its efforts to make its decisions available and understandable to all citizens, as well as its actions to maintain price stability in the euro area and therefore preserve the purchasing power of the common currency.

Members also congratulated the ECB on the efforts it has made thus far to improve transparency and democratic accountability vis-à-vis European citizens and the European Parliament.