



Basic information	
<b>2024/2054(INI)</b> INI - Own-initiative procedure	Procedure completed
European Central Bank – annual report 2024  <b>Subject</b> 5.20.03 European Central Bank (ECB), ESCB	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<div>ECON</div> Economic and Monetary Affairs	VAN BRUG Anouk (Renew)	19/09/2024
		Shadow rapporteur FALCONE Marco (EPP) REGNER Evelyn (S&D) ZIJLSTRA Auke (PfE) NЕСI Denis (ECR) EICKHOUT Bas (Greens /EFA) SARAMO Jussi (The Left)	

Key events			
Date	Event	Reference	Summary
10/10/2024	Committee referral announced in Parliament		
16/01/2025	Vote in committee		
23/01/2025	Committee report tabled for plenary	A10-0003/2025	Summary
10/02/2025	Debate in Parliament		
11/02/2025	Decision by Parliament	T10-0011/2025	Summary
11/02/2025	Results of vote in Parliament		

Technical information	
Procedure reference	2024/2054(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/10/01089

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		<a href="#">PE765.056</a>	22/10/2024	
Amendments tabled in committee		<a href="#">PE765.337</a>	13/11/2024	
Committee report tabled for plenary, single reading		<a href="#">A10-0003/2025</a>	23/01/2025	<a href="#">Summary</a>
Text adopted by Parliament, single reading		<a href="#">T10-0011/2025</a>	11/02/2025	<a href="#">Summary</a>
European Commission				
Document type	Reference		Date	Summary
Commission response to text adopted in plenary	<a href="#">SP(2025)06</a>		04/06/2025	

## Meetings with interest representatives published in line with the Rules of Procedure

### Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	Role	Committee	Date	Interest representatives
<a href="#">VAN BRUG Anouk</a>	Rapporteur	<a href="#">ECON</a>	22/01/2025	European Central Bank
<a href="#">VAN BRUG Anouk</a>	Rapporteur	<a href="#">ECON</a>	25/11/2024	European Central Bank
<a href="#">VAN BRUG Anouk</a>	Rapporteur	<a href="#">ECON</a>	21/11/2024	Moneypositive
<a href="#">EICKHOUT Bas</a>	Shadow rapporteur	<a href="#">ECON</a>	21/11/2024	Sustainable Finance Lab
<a href="#">EICKHOUT Bas</a>	Shadow rapporteur	<a href="#">ECON</a>	14/11/2024	Positive Money Europe
<a href="#">VAN BRUG Anouk</a>	Rapporteur	<a href="#">ECON</a>	12/11/2024	European Central Bank

### Other Members

Transparency		
Name	Date	Interest representatives
<a href="#">GOTINK Dirk</a>	10/12/2024	Sustainable Finance Lab

## European Central Bank – annual report 2024

The European Parliament adopted 378 votes to 233, with 26 abstentions, a resolution on the European Central Bank – annual report 2024.

According to the Eurosystem staff macroeconomic projections for the euro area, harmonised index of consumer prices (HICP) inflation reached a level of 2.4 % in the euro area in December 2024 – should decline to 2.1 % in 2025, 1.9 % in 2026, and to increase to 2.1 % in 2027. The ECB's primary objective is to maintain price stability, which it has defined as a level of inflation of 2 % over the medium term.

### ***General overview***

While welcoming the role played by the ECB in safeguarding monetary and financial stability and in maintaining price stability in the euro area, Members stressed that the ECB's **independence** is vital for fulfilling its mandate, contributing to economic growth, competitiveness, and job creation while refraining from taking political action. The report invited the ECB and the European Parliament to make full use of the accountability and transparency arrangements while preserving the ECB's independence. The resolution invited the ECB and the European Parliament to make full use of the accountability and transparency arrangements while preserving the ECB's independence.

Inflation triggered a 'cost of living crisis' for EU citizens. Members emphasised therefore the imperative of **reducing inflation to its target rate of 2 %**. High inflation levels disproportionately affect lower-income households that spend a higher proportion of their budget on necessities. Bringing headline inflation back down to their target levels is therefore also important to maintaining social cohesion.

While keeping interest rates too high could harm economic growth, Parliament called on the ECB not to lower interest rates too quickly and assess the impact of interest rate changes on different economic sectors, among them capital-intensive sectors.

Members acknowledged that monetary policy measures since the inflation crisis, driven by rising energy costs, have helped control inflation while preventing severe economic downturns. They stressed the need for adequate implementation of the new fiscal framework to ensure the credibility of fiscal policies at the level of the economic and monetary union.

Prudent fiscal policies by the Member States can complement the ECB's efforts to keep inflation low and thereby protect incomes. Addressing **excessive public deficit** and debt levels is crucial to maintaining a stable economy, sustainable growth and to having the policy space available for governments to respond to adverse shocks.

### ***Monetary policy***

Members welcomed that headline inflation has reduced from a peak of 10.6% in October 2022 to 2.2% in November 2024, and core inflation from 7.6% in March 2023 to 2.7% in November 2024. However, concerns remain about **persistently high core inflation** and its potential impact on overall inflation.

Members stressed that supply shocks, primarily originating from external sources, were among the key drivers of the inflation surges. They recognised that monetary policy has a more direct effect on inflation levels when it stems primarily from demand factors rather than supply factors. Moreover, they invited the ECB to continue reviewing and improving its models and their role in its policymaking in light of the subpar performance of the models in recent years, in order to learn from previous crises, particularly to better distinguish between demand-driven and supply-side sources of inflation.

The resolution highlighted that economic supply shocks can arise from many sources, among others geopolitical events, climate-related or natural disasters and cyberattacks. It stressed that the inclusion of owner-occupied housing (OOH) in the HICP is desirable for reasons of both representativeness and comparability across countries in the euro area.

The ECB has been reducing its asset purchase programmes to balance market liquidity and levels of inflation. The report underlined that interest on commercial banks' holdings of bank reserves resulted in the Eurosystem paying more than EUR 120 billion interest to credit institutions in 2023, amounting to at least 0.8 % of euro area GDP. It asked the ECB to mitigate this issue.

Moreover, the resolution stressed that diverging interest rates in the euro area are – in the absence of any serious financial disturbances – generally the result of different risk premiums on government bonds reflecting, among other factors, different approaches to fiscal policy. Member States are called on to conduct responsible fiscal policies and ensure sustainable debt levels, thereby ensuring their resilience against current and future shocks.

### ***Digital euro***

Noting that the ECB's progress, Parliament underscored that any digital euro should deliver clear added value to European citizens. This initiative has clear benefits, including increased strategic autonomy in payments, increased competition in the retail payments market and improved financial inclusion. However, Members reiterated that cash should remain widely available and accessible at all times in order to ensure a plurality of means of payment.

### ***Secondary objectives***

Members underlined that a strengthened **international role of the euro** would lead to lower interest rates in the euro area, increased status for the EU on the international stage and enhanced macroeconomic stability. They called on the ECB to look into strengthening the international role of the euro with a view to enhancing its attractiveness as a reserve currency and support market-driven shifts in this direction.

Parliament recalled that, without prejudice to the ECB's primary mandate, the Treaties require it to support the general economic policies of the Union. It called on the ECB to adhere to its mandate when interpreting or acting upon its secondary objectives. It considered that that maintaining price stability and stable macroeconomic conditions is conducive to creating the right conditions for the implementation of the EU's general economic policy objectives.

# European Central Bank – annual report 2024

2024/2054(INI) - 23/01/2025 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the report by Anouk VAN BRUG (RENEW, NL) on the European Central Bank – annual report 2024.

According to the December 2024 Eurosystem staff macroeconomic projections for the euro area, HICP inflation is projected to decline to 2.1 % in 2025, 1.9 % in 2026, and to increase to 2.1 % in 2027. The ECB's primary objective is to maintain price stability, which it has defined as a level of inflation of 2 % over the medium term.

## ***General overview***

The European Central Bank (ECB) plays a crucial role in safeguarding monetary and financial stability, which is essential for economic growth. It is responsible for maintaining price stability in the euro area. Members underlined that the ECB's independence is vital for fulfilling its mandate, contributing to economic growth, competitiveness, and job creation while refraining from taking political action.

The report invited the ECB and the European Parliament to make full use of the accountability and transparency arrangements while preserving the ECB's independence. The ECB has made efforts to reduce inflation to its 2% target, which is necessary to address the cost-of-living crisis, as high inflation disproportionately affects lower-income households and weakens purchasing power.

Despite progress, core inflation remains high (2.7% in November 2024), creating economic uncertainty and increasing living costs. While keeping interest rates too high may harm growth, lowering them too quickly could lead to rising inflation again. The ECB should carefully assess the impact of interest rate changes on various economic sectors.

Members acknowledged that monetary policy measures since the inflation crisis, driven by rising energy costs, have helped control inflation while preventing severe economic downturns. Prudent fiscal policies by EU Member States are necessary to complement the ECB's efforts, allowing responses to economic shocks and ensuring long-term stability. Prudent fiscal policies, debt reduction, and reforms are crucial to maintaining economic resilience. The ECB's policies are assessed for proportionality to ensure their broader economic impact aligns with its mandate.

## ***Monetary policy***

The report noted that the ECB has successfully reduced headline inflation from a peak of 10.6% in October 2022 to 2.2% in November 2024, and core inflation from 7.6% in March 2023 to 2.7% in November 2024. However, concerns remain about persistently high core inflation and its potential impact on overall inflation.

Members stressed that supply shocks, primarily originating from external sources, were among the key drivers of the inflation surges. They recognised that monetary policy has a more direct effect on inflation levels when it stems primarily from demand factors rather than supply factors. Moreover, they invited the ECB to continue reviewing and improving its models and their role in its policymaking in light of the subpar performance of the models in recent years, in order to learn from previous crises, particularly to better distinguish between demand-driven and supply-side sources of inflation. The report highlighted that economic supply shocks can arise from many sources, among others geopolitical events, climate-related or natural disasters and cyberattacks.

The ECB has been reducing its asset purchase programmes to balance market liquidity and levels of inflation. The report underlined that interest on commercial banks' holdings of bank reserves resulted in the Eurosystem paying more than EUR 120 billion interest to credit institutions in 2023, amounting to at least 0.8 % of euro area GDP. It asked the ECB to mitigate this issue.

In addition, the report stressed that diverging interest rates in the euro area are – in the absence of any serious financial disturbances – generally the result of different risk premiums on government bonds reflecting, among other factors, different approaches to fiscal policy. Therefore, Member States are called on to conduct responsible fiscal policies and ensure sustainable debt levels, thereby ensuring their resilience against current and future shocks.

## ***Digital euro***

The ECB is making progress on the digital euro. This initiative offers clear benefits, including enhanced strategic autonomy and improved financial inclusion. However, Members stressed that the digital euro should complement, rather than replace, physical cash.

## ***International role***

Members underlined that a strengthened international role of the euro would lead to lower interest rates in the euro area, increased status for the EU on the international stage and enhanced macroeconomic stability. They called on the ECB to look into strengthening the international role of the euro with a view to enhancing its attractiveness as a reserve currency and support market-driven shifts in this direction.