










Procedure file

Basic information		
INI - Own-initiative procedure	2014/2157(INI)	Procedure completed
European Central Bank - 2013 annual report		
Subject 5.20.03 European Central Bank (ECB), ESCB		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 ECON Economic and Monetary Affairs	 ZALBA BIDEGAIN Pablo	22/07/2014
		Shadow rapporteur	
		 SORU Renato	
		 MARIAS Notis	
		 TREMOSA I BALCELLS Ramon	
		 URTASUN Ernest	
	Committee for opinion	Rapporteur for opinion	Appointed
	 EMPL Employment and Social Affairs	 CASA David	01/10/2014
European Commission	Commission DG Economic and Financial Affairs	Commissioner MOSCOVICI Pierre	

Key events			
24/11/2014	Committee referral announced in Parliament		
21/01/2015	Vote in committee		
27/01/2015	Committee report tabled for plenary	A8-0011/2015	Summary
25/02/2015	Debate in Parliament		
10/03/2015	Results of vote in Parliament		



10/03/2015	Decision by Parliament	T8-0052/2015	Summary
10/03/2015	End of procedure in Parliament		

Technical information

Procedure reference	2014/2157(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/00962

Documentation gateway

Committee draft report		PE539.797	14/10/2014	EP	
Amendments tabled in committee		PE541.619	19/11/2014	EP	
Committee opinion	EMPL	PE539.692	08/12/2014	EP	
Committee report tabled for plenary, single reading		A8-0011/2015	27/01/2015	EP	Summary
Text adopted by Parliament, single reading		T8-0052/2015	10/03/2015	EP	Summary

European Central Bank - 2013 annual report

The Committee on Economic and Monetary Affairs adopted an own-initiative report by Pablo ZALBA BIDEAIN (EPP, ES) on the European Central Bank Annual Report for 2013.

The committee welcomed the ECB's swift reaction in the face of a very challenging environment, and the fact that monetary policy has been aimed at reducing the level of stress in financial markets within the euro area, and at restoring investors' confidence in the single currency.

Members remained deeply concerned at the fact that economic activity continues to be sluggish, with the euro area posting negative GDP growth in 2013, for the second year in a row, with GDP growth being weak over the first three quarters of 2014, and with high unemployment rates in many euro area Member States, reaching levels that are threatening the stability of the euro area and undermining popular and political support for the European project.

The report noted the possible deflation risks in the eurozone and noted that credit to the private sector has moved further into negative territory, with an annual rate of change of -2.3% in December 2013, compared with -0.7% in December 2012.

In this context, Members considered it of the utmost importance to create conditions for a rebound in investment in the euro area, both public and private, in the eurozone.

Member States are called upon to:

- work on the underlying causes of the financial fragmentation which is still a major problem, with SMEs facing much higher borrowing costs, in particular in euro area countries already affected by severe economic conditions;
- put in place appropriate structural reforms in order to restore a favourable business environment.

Members agreed with President Draghi that the existing flexibility within the Stability and Growth Pact rules could be used to better address the weak recovery and to make room for the cost of needed structural reforms.

The ECB is encouraged to:

- consider in its balance sheet expansion policy the buying of EIB project bonds, which fund some of the more productive investments in the euro area, particularly from those projects chosen by the Commission as having European added value after a cost-benefit analysis, especially TEN-T projects in energy and transport and projects related to the digital single market;
- ensure that its policies are better attuned to the real economy, in particular with regard to SMEs.

The report noted that the ECB has repeatedly stated its readiness to use additional unconventional instruments within its mandate, and to alter the size or composition of its interventions, in the event of an excessively lengthy period of low inflation; remains open to the use of additional unconventional measures, but underlines that these measures will not be sufficient without the right mix of fiscal policy, investment and structural reforms.

According to Members, the unconventional monetary policy measures currently in place should be transitory in nature and aim at giving Member States time to consolidate their fiscal situation and implement the necessary structural reforms in order to stimulate economic growth and improvements in the labour market.

Overall, Members recalled that monetary policy alone cannot stimulate aggregate demand unless it is complemented by adequate fiscal and structural reforms and policies at national level. They stressed that a clear separation between monetary and fiscal policy implies that the monetary authority should not provide subsidies to institutions benefiting from liquidity provision, as such subsidy provision amounts to fiscal policy.

They considered that a greater focus on growth and public investment (such as the EUR 300 billion investment package proposed by Commission President Jean Claude Juncker) would serve to complement the ECBs policy efforts to increase employment and growth in Europe.

Financial stability: stressing that consolidation of good governance in banks contributes to financial stability, the report welcomed the fact that the [Single Supervisory Mechanism](#) (SSM), the first pillar of the Banking Union, became fully operational on 4 November 2014. It recalled that the democratic accountability of the new SSM before the European Parliament is crucial for ensuring the credibility of the new supervisory regime.

Given that the stress tests conducted by the European Banking Authority (EBA) in cooperation with the SSM have revealed continuing fragilities in the European Banking System, Members considered that the ECB has a major responsibility in ensuring that future bank recapitalisations will be carried out through the bail-in scheme when access to markets is difficult or impossible. In order to make bail-in more credible and effective, the European legislation should advance towards separating the more risky investment activities from traditional banking.

Concerned about the continuing dependence on central bank funding in many banks of the euro area, Members called for the creation of a well-regulated Capital Market Union in order to reduce the excessive dependence of the economies of the euro zone on the banking system.

Lastly, recalling that the [Single Resolution Mechanism](#) (SRM), the second pillar of the Banking Union, will come into force by the beginning of 2015, the report stressed the need to continue developing the third pillar of the Banking Union;

European Central Bank - 2013 annual report

The European Parliament adopted by 461 votes to 172, against 65 abstentions, a resolution on the European Central Bank Annual Report for 2013.

Monetary policy: Parliament welcomed the ECBs swift reaction in the face of a very challenging environment, and the fact that monetary policy has been aimed at reducing the level of stress in financial markets within the euro area, and at restoring investors confidence in the single currency.

Members remained deeply concerned at the fact that economic activity continues to be sluggish, with the euro area posting negative GDP growth in 2013, for the second year in a row, with GDP growth being weak over the first three quarters of 2014, and with high unemployment rates in many euro area Member States, reaching levels that are threatening the stability of the euro area and undermining popular and political support for the European project.

The resolution noted the possible deflation risks in the eurozone and noted that credit to the private sector has moved further into negative territory, with an annual rate of change of -2.3% in December 2013, compared with -0.7% in December 2012.

Parliament considered that the success of the announcement of the Outright Monetary Transactions (OMT) programme in lowering borrowing interest rates should not be used by Member States as an opportunity to avoid structural reforms aimed at enhancing growth potential and achieving fiscal sustainability in the medium term.

In this context, Members considered it of the utmost importance to create conditions for a rebound in investment in the euro area, both public and private, in the eurozone. Member States are called upon to:

- work on the underlying causes of the financial fragmentation which is still a major problem, with SMEs facing much higher borrowing costs, in particular in euro area countries already affected by severe economic conditions;
- put in place appropriate structural reforms in order to restore a favourable business environment.

Members agreed with President Draghi that the existing flexibility within the Stability and Growth Pact rules could be used to better address the weak recovery and to make room for the cost of needed structural reforms. They considered that a greater focus on growth and public investment (such as the EUR 300 billion investment package proposed by Commission President Jean Claude Juncker) would serve to complement the ECBs policy efforts to increase employment and growth in Europe.

The ECB has repeatedly stated its readiness to use additional unconventional instruments within its mandate, and to alter the size or composition of its interventions, in the event of an excessively lengthy period of low inflation. Parliament remains open to the use of additional unconventional measures, but underlined that these measures will not be sufficient without the right mix of fiscal policy, investment and structural reforms.

According to Members, the unconventional monetary policy measures currently in place should be transitory in nature and aim at giving Member States time to consolidate their fiscal situation and implement the necessary structural reforms in order to stimulate economic growth and improvements in the labour market. They also encouraged the ECB to ensure that its policies are better attuned to the real economy.

Financial stability: stressing that consolidation of good governance in banks contributes to financial stability, the report welcomed the fact that the [Single Supervisory Mechanism](#) (SSM), the first pillar of the Banking Union, became fully operational on 4 November 2014. It recalled that the democratic accountability of the new SSM before the European Parliament is crucial for ensuring the credibility of the new supervisory regime.

Given that the stress tests conducted by the European Banking Authority (EBA) in cooperation with the SSM have revealed continuing

fragilities in the European Banking System, Members considered that the ECB has a major responsibility in ensuring that future bank recapitalisations will be carried out through the bail-in scheme when access to markets is difficult or impossible. In order to make bail-in more credible and effective, the European legislation should advance towards separating the more risky investment activities from traditional banking.

Concerned about the continuing dependence on central bank funding in many banks of the euro area, Parliament called for the creation of a well-regulated Capital Market Union in order to reduce the excessive dependence of the economies of the euro zone on the banking system.

Recalling that the [Single Resolution Mechanism](#) (SRM), the second pillar of the Banking Union, will come into force by the beginning of 2015, Parliament stressed the need to continue developing the third pillar of the Banking Union.

Lastly, Parliament welcomed the step forward taken by the ECB in deciding to publish the summary minutes of its meetings, which should enter into force in January 2015.