

Appointment of the President of the ECB

During the September 2019 plenary sitting, the European Parliament is expected to vote on a resolution on the candidate (Christine Lagarde) for the position of President of the European Central Bank (ECB), to succeed Mario Draghi, whose term is due to end on 1 November 2019. The President is appointed by the European Council, while Parliament and the Bank's Governing Council are consulted. Prior to the vote, the candidate will receive a series of questions for written answer, and be invited to a hearing before the Economic and Monetary Affairs Committee (ECON). The ECB President is a key figure within the Eurosystem when setting monetary policy for the euro area.

Appointment procedure

[Article 283\(2\) TFEU](#) stipulates that the 'President ... shall be appointed by the European Council, acting by a qualified majority, from among persons of recognised standing and professional experience in monetary or banking matters, on a recommendation of the Council, after it has consulted the European Parliament and the Governing Council of the European Central Bank.' The article also sets the term of office, which is not renewable, at eight years, and limits membership of the Executive Board to EU nationals.

The Parliament's [Rules of Procedure](#) (RoP), as applicable from the start of the 2019-2024 term, set out the procedure within Parliament in relation to the appointment. [Rule 130](#) provides that the candidate is invited to make a statement before the committee responsible (ECON) and to answer questions put by its Members. In addition, prior to that hearing, it is the ECON committee's [practice](#) to send the candidate a series of questions for written answer. These answers are normally used as a source of inspiration when Members question the candidate. In principle, a candidate is not obliged either to respond to the written questions, or to appear at a hearing. But as good practice, all candidates to date accepted the invitation of the ECON committee – not only to promote themselves and their ideas, but also to build up a sustainable and solid relationship with the Parliament. Rule 130 specifies that the committee responsible makes a recommendation to Parliament as to whether the nomination should be approved, and the plenary vote takes place within two months of receipt of the nomination, unless Parliament, at the request of the committee responsible, a political group or Members reaching at least the low threshold (38 members), decides otherwise. The plenary votes by secret ballot. In case of an unfavourable opinion, the President would ask for the withdrawal of the nomination and for a new nomination. In the latter case, with this being a consultation procedure, the Treaties would not require the Council to recommend a new candidate.

The power to select and [appoint](#) a candidate lies *de jure* (Article 283 TFEU) within the exclusive remit of the European Council which acts in this case by qualified majority. Yet, *de facto*, the consultation procedure provides significant weight to the European Parliament, due to the visibility of the process and the type of institutional actors involved, to the point that it would be unlikely that the European Council would proceed with an appointment in the case of a rejection vote from Parliament.

On 9 July 2019, the Council of the EU submitted to the European Council, in accordance with Article 283(2) TFEU, a [recommendation](#) on the appointment of Christine Lagarde as President of the ECB.

Duties of the ECB President and tasks of the ECB

The ECB President chairs several central bank constellations. They chair the ECB's Executive Board, which also comprises a Vice-President and four other members ([Article 283\(2\) TFEU](#)). They also chair the Governing Council of the ECB, which comprises the Executive Board of the ECB as well as the governors of the national central banks of Member States whose currency is the euro (Article 283(1) TFEU). Probably most important of all, they chair the Eurosystem, the body that sets monetary policy for the euro area. The Eurosystem comprises the ECB and the national central banks of euro-area Member States ([Article 282\(1\) TFEU](#)). Although the Treaties provide for the possibility of a vote ([Article 10, Protocol No 4](#)), it is the practice within the Eurosystem to seek [consensus](#) on monetary decisions, and thus, if possible, avoid a formal vote. It is for the President to establish consensus, putting them in a privileged position in monetary decision-making.

According to [Article 128 TFEU](#), the ECB alone may authorise the issue of the euro. According to [Article 127 TFEU](#), the basic tasks of the European System of Central Banks (ESCB) comprise, amongst others, to define and implement monetary policy, to conduct foreign-exchange operations, to hold and manage the official foreign reserves of the Member States, and to promote the smooth operation of payment systems. Further, it may also be conferred tasks relating to the supervision of credit institutions (Article 127(5) TFEU). According to [Articles 127\(1\) and 282\(2\) TFEU](#), the primary objective of monetary policy is to maintain price stability, in addition it supports the general economic policies of the Union on condition that price stability is not jeopardised. According to Article 282(3) TFEU, the ECB is independent in the exercise of its powers. [Article 130 TFEU](#) extends that independence to national central banks and any member of their decision-making bodies, and stipulates that they are forbidden to seek instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body. Similarly, the article states that those same institutions, bodies, offices and governments undertake to respect this independence and do not seek to influence the members of the decision-making bodies in the performance of their tasks. [Article 123 TFEU](#) prohibits overdraft facilities or any other type of credit facility with the ECB or national central banks in favour of any level of national government, national authorities or EU institutions and bodies, and prohibits the direct purchase of government debt instruments, thus ruling out the monetisation of public debt. Two principles set in the Treaties, price stability and independence, are central to the ECB's duties. However, in 2010, financial supervision powers were conferred on the ECB in the framework of banking union, with the ECB President chairing the European Systemic Risk Board (ESRB). This complicates ECB independence, as institutions carrying out financial supervision duties are subject to democratic accountability. This is somewhat mitigated, as [Article 7 of the ESRB Regulation](#) stipulates that ESRB members perform their supervision duties impartially and without seeking instructions.

Obligations towards the European Parliament

According to [Article 284\(3\) TFEU](#), the ECB shall address an annual activity report, including on monetary policy, on both the previous and the current year, to the European Parliament and to several other institutions. It is stipulated that the President of the ECB shall present this report to the Council and to the European Parliament ([Rule 135 RoP](#)). Apart from this, there are no formal Treaty-based obligations towards the EP, in line with the principle of central bank independence. Article 284(3) TFEU specifies that the EP may hold a general debate on the basis of that annual report, and that the President of the ECB and other members of the Executive Board may be heard by the competent committees of the EP. Most interaction with the European Parliament is therefore dependent on voluntary acceptance by the ECB.

Four times a year, the President of the ECB appears before the ECON committee for testimony known as 'monetary dialogue', also covered by Rule 135, which is now an integral part of the ex-post scrutiny process. After an introductory speech by the ECB President, Members have the opportunity to ask questions relating to decisions already taken. Similar meetings on specific topics are held with other members of the Executive Board. Once a year, in December, a small EP delegation travels to the seat of the ECB in Frankfurt (Germany), for an informal *in camera* meeting with the President of the ECB and other members of the Executive Board. According to [Rule 140 RoP](#), MEPs can introduce, via the chair of the committee responsible, up to six written questions per month to the ECB, for written answer. Both questions and answers are published on Parliament's website. To stay in line with the requirement of independence, the ECB President needs to carefully avoid even creating the impression that they are taking instructions from, or negotiating with, MEPs. During the monetary dialogue, debates in plenary or when drafting written questions, MEPs speak in a personal capacity, while Parliament's official position on the ECB and on monetary policy is expressed through own-initiative reports, most notably Parliament's report on the annual report of the ECB.

Presidents of the European Central Bank (ECB), and its predecessor, the European Monetary Institute (EMI)

