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DRAFT REPORT

on the European Central Bank Annual Report for 2014
(2015/2115(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Notis Marias

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Central Bank Annual Report for 2014
(2015/2115(INI))

The European Parliament,

– having regard to the European Central Bank's Annual Report for 2014,

– having regard to Article 284(3) of the Treaty on the Functioning of the European Union,

– having regard to the Statute of the European System of Central Banks and of the European Central Bank, in particular Article 15 thereof,

– having regard to Rule 132(1) of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs (A8-0000/2015),

A. whereas, according to the Commission's latest spring forecast, economic recovery in the euro area is expected to expand, with real GDP predicted to rise by 1.5 % in 2015 and 1.9 % in 2016;

B. whereas, according to the same forecast, unemployment in the euro area is expected to record a slow decrease, from 11.6 % at the end of 2014 to 10.5 % at the end of 2016; whereas there are major disparities between the unemployment rates in different Member States, with figures ranging from 6.4 % in Germany to 26.6 % in Greece;

C. whereas, again according to the same forecast, the fiscal outlook in the euro area should exhibit a slight improvement, with decreases expected in the public deficit (from 2.4 % in 2014 to 1.7 % in 2016) and the public debt (from 94 % at the end of 2014 to 92.5 % at the end of 2016);

D. whereas the current recovery is mainly supported by private consumption, while private investment in the euro area continues to stagnate at levels significantly below those registered before the start of the crisis;

E. whereas, according to the Eurosystem projection of last June, 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 1.5 % in 2016 and 1.8 % in 2017;

F. whereas in 2014 the ECB lowered its key refinancing rates to the effective lower bound and reduced its deposit facility rate to -0.20 %; whereas lower real rates have not translated into either increased credit for households and businesses, especially SMEs, or GDP growth and job creation;

G. whereas in 2014 the ECB implemented a series of targeted longer-term refinancing operations (TLTROs) and purchase programmes for selected private-sector assets aiming at supporting lending to the real economy;

H. whereas on 22 January 2015 the ECB launched an expanded asset purchase programme (APP) amounting to EUR 1.1 trillion and scheduled to run until September 2016, and at all events until there is a sustained adjustment in the path of inflation;

I. whereas the Single Supervisory Mechanism (SSM), the first pillar of the Banking Union, became fully operational on 4 November 2014 with the transfer to the ECB of supervision of the 130 biggest banks of the euro area, and the Single Resolution Mechanism (SRM), the second pillar of the Banking Union, entered into force at the beginning of 2015;

1. Recalls that the modest recovery expected for the coming years in the euro area will not be sufficient to reduce the high unemployment rates recorded in many euro area Member States or to reduce the burden of debt;

2. Deplores the existing gap between financing rates granted to SMEs and those granted to bigger companies; considers that this long-standing problem is not appropriately addressed by the recent measures implemented by the ECB to boost bank lending;

3. Stresses that private investment in the euro area remains significantly below its levels prior to the current crisis;

4. Acknowledges that, in reaction to a complex environment of falling inflation, contraction of credit and sluggish economic growth, and with its interest rates close to the zero lower bound, the ECB resorted to non-conventional monetary policy instruments;

5. Is concerned at the rise in long-term domestic yields in most Member States observed since the second quarter of 2015, which could ultimately erode the expected positive impact of non-conventional monetary policy measures adopted by the ECB;

6. Asks the ECB to carefully monitor the risks associated with its purchase programmes, in order to avoid an unfair burden on EU taxpayers;

7. Stresses that the positive impact of the Asset Purchase Programme (APP) on money and credit dynamics remains modest, with new loans to enterprises still weak and with significant differences across euro area economies; notes that since the launch of the APP, medium-term inflation expectations have risen, gradually converging towards the target of 2 %, while the risks of a deflation trap have decreased; asks the ECB to apply the APP to all Member States, without discrimination;

8. Warns that exiting from the current quantitative easing measures will be a very complex matter which will have to be carefully planned, especially the timing of the exit;

9. Notes that, according to the ECJ judgment of 16 June 2015 in Case C-62/14, when the ECB purchases government bonds on secondary markets it is exposed to a significant risk of losses as well as to the risk of a debt cut;

10. Stresses 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 able to change this

situation;

11. Urges those euro area Member States which are subject to a macroeconomic adjustment programme to act pursuant to Article 7(9) of Regulation No 472/2013 of the European Parliament and of the Council of 21 May 2013 to carry out a comprehensive audit of their public finances in order, 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;

12. Considers that the existing flexibility within the Stability and Growth Pact rules could be used to better address the weak recovery in some Member States;

13. Affirms its commitment to respecting the ECB's independence in the conduct of monetary policy, as enshrined in the Treaties; considers that central bank independence is crucial for achieving the objective of safeguarding price stability, and that this implies that the ECB must not be threatened with the risk of fiscal or financial dominance;

14. Recalls that Article 127 TFEU states that the ECB, without prejudice to its primary objective of maintaining price stability, shall support the general economic policies in the Union, and that this is further specified in Article 282 TFEU;

15. Draws attention to Article 123 TFEU, Article 21 of the Statute of the European System of Central Banks, and Article 7 of Council Regulation (EC) No 3603/1993 of 13 December1993;

16. Notes that austerity policies in a number of Member States have contributed to stagnation and recession, with damaging effects on euro area members' public accounts, levels of unemployment and social cohesion;

17. Welcomes the step forward taken by the ECB in publishing the minutes of its meetings, and look forward to the announcement of further steps to improve the transparency of its communication channels;

18. Recalls that the monetary dialogue is important to ensure the transparency of monetary policy, vis-à-vis Parliament and the wider public;

19. Stresses that the ECB's supervisory role and its monetary policy function must not be confused and should not generate any conflict of interest in its execution of its principal functions;

20. Deplores the fact that the ECB has exceeded even a broad interpretation of its Treaty-based mandate, inter alia in its role in the Troika and Quadriga; urges the ECB to take a step backwards and reinforce its independence from political decisions, abiding by the ECJ judgment in Case C-62/14 of 16 June 2015, especially its paragraph 102, as well as the opinion expressed by Advocate-General Cruz Villalón in the same case, especially its paragraphs 227 and 263;

21. Recalls Parliament's resolution on the 2013 Annual Report of the ECB, especially its paragraph 9;

22. Underlines the need for democratic accountability in view of the new responsibilities

conferred on the ECB regarding supervisory tasks, as well as its involvement in the Troika and Quadriga programmes, while also stressing the ECB's independence in the field of monetary policy and the need to avoid any conflict of interest in the execution of its functions;

23. Calls for a thorough assessment of the Troika's modus operandi and of the ECB's involvement in the Troika and Quadriga frameworks, with a view to clarifying and redefining the scope of responsibilities and ensuring greater democratic accountability in the adoption and implementation of bailout programmes; invites the Council to reconsider the involvement of the ECB and IMF in the Troika;

24. Recalls the report of Parliament of 28 February 2014 on the inquiry into the role and operations of the Troika, which calls on the next Parliament to build on the work of this report, develop its key findings and investigate further;

25. Calls for a thorough assessment of the ECB's modus operandi towards Greece, especially as regards the decisions taken by it, namely:

    a) (on 4 February 2015) to lift the waiver affecting marketable debt instruments issued or fully guaranteed by the Hellenic Republic;

    b) (on 28 June 2015) to limit the liquidity available to Greek banks via the European Liquidity Assistance (ELA) facility, resulting in the imposition of capital controls;

    c) (in 2015) to withhold profits from its Greek bond portfolio acquired under the Securities Markets Programme (SMP);

26. Asks the ECB to examine the gender imbalance factor on its Council when its membership is renewed;

27. Believes that the current structure of the Banking Union should be complemented in the future with a single mechanism to guarantee bank deposits, aimed at avoiding capital flight in the event of a future banking crisis;

28. Welcomes the capital market union project and its potential contribution to reducing excessive dependence of euro area economies on the banking system;

29. Instructs its President to forward this resolution to the Council, the Commission and the European Central Bank.