Committee on Economic and Monetary Affairs

2013/2076(INI)

11.6.2013

DRAFT REPORT

on the European Central Bank Annual report for 2012
(2013/2076(INI))

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PR_INI_art119-1

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Central Bank Annual report for 2012

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The European Parliament,

– having regard to the European Central Bank Annual report for 2012 (0000 – C7-0000/2013),

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

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

– having regard to its resolution of 4 May 1998 on democratic accountability in the third phase of the EMU[1],

– having regard to its resolution of 17 April 2013 on the European Central Bank Annual Report for 2011[2],

– having regard to Council Regulation (EU) No .../2013 of ... [conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions], hereinafter referred to as 'the SSM Regulation',

– having regard to Rule 119(1) of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs (A7-0000/2013),

A. whereas, according to the Commission services' spring 2013 forecast, GDP in the eurozone fell by 0.6 % in 2012 , after a rise of 1.4 % in 2011;

B. whereas, according to the same forecast, unemployment in the eurozone rose from 10.2 % at the end of 2011 to 11.4 % at the end of 2012;

C. whereas in 2012 the ECB reduced interest rates once, in July (25 basis point);

D. whereas, according to the Commission services' spring 2013 forecast, the average inflation rate in the eurozone was 2.5 % in 2012, down from 2.7 % in 2011, and M3 growth was 1.5 % in 2011, down from 1.7 % in 2010;

E. whereas the growth rate of MFI credit to eurozone residents fell significantly between December 2011 and December 2012, from 1 % in December 2011 to 0.4 % in December 2012, and credit to the private sector fell by 0.7% in December 2012;

[1] OJ C 138, 4.5.1998, p. 177.
[2] Texts adopted, P7_TA(2013)0176.

F. whereas, again according to the Commission services' spring 2013 forecast, average gross general government debt in the eurozone rose from 88 % in 2011 to 92.7 % of GDP in 2012, and the aggregate general government deficit fell from 4.2 % to 3.7 % of GDP;

G. whereas Article 282 TFEU states that the primary objective of the ECB is to maintain price stability and that the ECB should support general economic policies of the Union without prejudice to price stability; whereas the European Systemic Risk Board (ESRB) works under the auspices of the ECB in the area of financial stability;

Monetary policy

1. Is deeply concerned at the fact that persistently weak economic conditions are becoming the norm in Europe, creating overwhelming discontent among European citizens and therefore jeopardising the whole European project;

2. Welcomes the decisions of July 2012 to reduce the key ECB interest rates in the context of very low inflation expectations and weak economic activity;

3. Notes that the banking system's demand for liquidity from the Eurosystem increased in 2012, thus strengthening the dependence of the banking system on the Eurosystem's intervention, and warns of the risks of such dependence;

4. Considers that the three-year LTRO settled on March 2012 contributed to stabilising the banking system, but that this should be a temporary measure; notes that, despite the liquidity injected into the banking system by the LTRO, the credit available to the real economy is still below pre-crisis levels; suggests that it would be appropriate for the ECB to reduce its deposit facility rate to negative values in order to encourage banking lending to the real economy;

5. Stresses that the availability of the ECB to provide further support to the financial and banking system must be properly subject to conditionality, in particular the commitment by institutions benefiting from such support to increase levels of credit to small and medium-sized enterprises and to households, without which such efforts would prove to be ineffective;

6. Underlines the important role played by the SMP in addressing the malfunctioning of certain eurozone sovereign debt securities market segments;

7. Welcomes the setting-up of the OMTs, with no ex ante quantitative limits, in order to safeguard monetary policy transmission, but deplores the decision to link the activation of the OMT to strict conditionalities attached to an EFSF/ESM programme; calls on the ECB to activate OMTs independently from strict conditionality;

8. Considers unnecessary the full sterilisation of the liquidity injected by the OMTs, as inflation expectations remain extremely low in a context of weak economic activity;

9. Considers that the monetary policy tools that the ECB has used since the beginning of the crisis, while providing a welcome relief in distressed financial markets, have revealed their limits as regards stimulating growth and improving the situation on the labour

market; considers, therefore, that the ECB could investigate the possibilities of implementing new unconventional measures aimed at participating in a large, EU-wide pro-growth programme, including the use of the Emergency Liquidity Assistance facility to undertake an ‘overt money financing’ of government debt in order to finance tax cuts targeted on low-income households and/or new spending programmes focused on the Europe 2020 objectives;

10. Considers it necessary to review the Treaties and the ECB’s statutes in order to establish price stability together with full employment as the two objectives, on an equal footing, of monetary policy in the eurozone;

11. Argues that the conduct of monetary policy should be democratic and should result from deliberation between different viewpoints and approaches;

12. Invites the ECB to pay more attention to the contractionary effects on GDP, employment and social welfare created by austerity policies carried out by national governments in the framework of Economic Assistance Programmes involving the ECB;

13. Underlines that the ECB’s independence should not justify lack of democratic accountability;

Exchange rate policy

14. Considers that the exchange rate is a crucial economic policy variable which impacts on the competiveness of the eurozone;

15. Calls on the ECB to pay more attention to the euro exchange rate in order to avoid excessive euro appreciation, which could in turn damage the eurozone;

16. Underlines the importance of supporting the euro as an international currency, and stresses the need to pave the way for a new international monetary order taking into account the new multipolar world economy;

Banking union

17. Notes that the European Banking System is still fragile and needs to be reformed in structural terms and consolidated through the development of a true banking union;

18. Welcomes the progress achieved on the negotiations on the Single Supervisory Mechanism (SSM) regulation conferring on the ECB the power of supervision over eurozone credit institutions; believes the setting-up of the SSM will contribute to severing the link between banks and sovereigns and will help develop a common European approach to crisis management;

19. Stresses the importance of a fruitful cooperation between the ECB and the competent national authorities within the framework of the SSM, in order to ensure an effective and smooth supervision;

20. Notes that the strengthening of the ECB resulting from the establishment of the Single Supervisory Mechanism needs to be balanced by greater accountability vis-à-vis national parliaments and the European Parliament;

21. Considers that transparency in the field of banking supervision is essential and that the ECB should take all possible measures to improve its transparency such as, inter alia, the publication of the minutes of the Supervisory Board;

22. Notes that the allocation of supervisory tasks to the ECB poses new challenges in terms of conflict of interest, and that the current ECB internal rules are not appropriate in regard to the new tasks conferred on by SSM regulation and should be complemented with more accurate rules including, inter alia, provisions on cooling-off periods for Eurosystem senior management staff involved in banking supervision;

23. Considers it urgent to approve the establishment of a European Resolution System in order to protect depositors and prevent further banking crises;

24. Stresses that, with a view to improving the resilience of the banking system, it is essential to strengthen its diversity by encouraging the development of small and medium-sized local banks;

25. Notes that in order to strengthen the stability of the banking system and avoid the development of the ‘too big to fail’ syndrome, consideration should be given to introducing a full separation between deposit and investment banks, on the lines of the ‘Volcker Rule’ in the US;

Institutional matters

26. Points out that the draft regulation on the Single Supervisory Mechanism provides for interinstitutional arrangements to be concluded between the European Parliament and the ECB on Parliament’s scrutiny and democratic accountability; urges the ECB to meet the new requirements, in particular in terms of democratic accountability and transparency in its supervisory activities;

27. Is deeply concerned at the contempt shown by the Council towards Parliament’s resolution of 25 October 2012[3] on the appointment of a new Member of the executive board of the ECB, and notes that due consideration should be given to both the expertise and the gender of members in the appointment of ECB top management;

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

[3] Text adopted, P7_TA(2012)0396.