Question for written answer Z-000032/2021
to the European Central Bank
Rule 140
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Subject: International Monetary Fund study on market power – implications for monetary policy

Earlier this year, the International Monetary Fund published the report ‘Rising Corporate Market Power: Emerging Policy Issues’. The staff discussion note suggests that the wave of SME bankruptcies from the ongoing COVID-19 pandemic will further strengthen market concentration, which has risen significantly in recent decades. The report also highlights possible implications for macroeconomic policies. Empirical evidence suggests that rising market power reduces business dynamism, slows overall growth and weakens the transmission of monetary policy.

I flagged this report during the Committee on Economic and Monetary Affairs’ dialogue of 18 March 2021, and I have three follow-up questions:

1. How does the European Central Bank (ECB) take the implications of increased market concentration into account in its monetary policy?

2. Through the corporate sector purchase programme and the pandemic emergency purchase programme, the ECB has been buying significant amounts of corporate assets to fight an economic downturn. From a competition point of view, and taking into account the notion of selectivity, which is an essential criterion in assessing State aid, as well as the principle of institutional loyalty, which is enshrined in Article 4(3) of the Treaty on European Union, how does the ECB justify its selection among eligible bonds?

3. Does the ECB acknowledge the risk that its corporate purchase programmes themselves could distort competition in the internal market and increase market concentration?