

# ECB's Governing Council says that exceptional circumstances justify leverage ratio relief



PRESS RELEASE

17 September 2020

- ECB's Governing Council confirms exceptional circumstances
- Opinion instrumental in ECB Banking Supervision's decision to allow banks to exclude central bank exposures from leverage ratio
- See also ECB Banking Supervision announcement on leverage ratio

The Governing Council of the European Central Bank (ECB) has decided that it concurs with ECB Banking supervision that there are 'exceptional circumstances' allowing the temporary exclusion of certain central bank exposures from the leverage ratio.

The Governing Council said in an opinion: "The situation brought about by the coronavirus (COVID-19) pandemic has affected all euro area economies in an unprecedented and profound way. This situation has resulted in an ongoing need for a high degree of monetary policy accommodation, which in turn requires the undeterred functioning of the bank-based transmission channel of monetary policy. In the view of the Governing Council, therefore, the condition of exceptional circumstances warranting the temporary exclusion of certain exposures to central banks from the calculation of banks' total exposure measures is met for the euro area as a whole. Euro area national competent authorities which intend to exercise the discretion provided for under Article 500b(2) of the CRR in relation to less significant institutions may rely upon this opinion issued by the ECB as monetary authority of the

euro area.”

This opinion of the Governing Council is a precondition for ECB Banking Supervision to allow significant banks that it directly supervises [to exclude certain central bank exposures from the leverage ratio](#). Such assets include coins and banknotes as well as deposits held at the central bank.

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## Speaking engagements

[Media contacts](#)

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## [Turkey: Spokesperson Statement on the exploration activities in](#)



The recent withdrawal of the research vessel Oruç Reis is an important step paving the way for a meaningful dialogue between Greece and Turkey. The EU also calls for a similar decisions as concerns Cyprus. Turkey’s announcement on Tuesday of the extension of the Navtex for the Yavuz drilling vessel will fuel further tensions and insecurity in the Eastern Mediterranean at a moment when there is an opportunity to pursue immediate de-escalation, and resume dialogue and negotiations, which is the only path towards lasting solutions.

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## [Press release – Moria refugee camp: MEPs to quiz Commission and Council about the EU's response](#)



More than 12,000 people were left homeless after flames engulfed the overcrowded camp – which has a capacity to house 2,000 people – on 8 September. The camp had been under quarantine for a few days after dozens of COVID-19 cases were detected and there had been clashes between the residents and police forces.

MEPs will discuss with Commissioner Johansson and the German Presidency the EU's response to this emergency, ahead of the presentation next week of the new Asylum and Migration Plan. Among other challenges, the European Commission must address the issue of reception conditions for asylum-seekers and responsibility-sharing among member states.

*You can watch the plenary debate via [EP Live](#), and [EbS+](#).*

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## [Press release – Vote on Own Resources: MEPs clear way for COVID-19 recovery plan](#)



MEPs have fast-tracked and voted already during the September plenary session on their legislative opinion on the Own Resources Decision (ORD). This removes an important barrier and speeds up the procedure to implement the key EU law to restart the economy, allowing the Commission to raise €750 billion on the markets for the recovery fund.

Wednesday's vote makes it possible for the Council of the EU to swiftly adopt the ORD and start the ratification process in 27 EU countries – so that the recovery plan can be launched as soon as possible.

In its opinion, adopted on Wednesday by 455 votes in favour, 146 against and 88 abstentions, Parliament upholds its position on the need to introduce new sources of revenue to the EU budget that should at least cover the costs related to the recovery plan.

Parliament requests a legally binding calendar to introduce these new own resources. Financing the recovery must be sustainable through the introduction e.g. of taxes on transnational polluters and multinational corporations and not become a burden for the next generation, Parliament insists.

## Quotes

[José Manuel Fernandes](#) (EPP, PT), co-rapporteur: “Today, history has been made in the European Parliament. For 32 years, the EU did not have new own resources. The European Commission never went to the markets to borrow at this scale. This report paves the way for the approval of the Own Resources Decision by the Council and to the ratification process in the national

parliaments. Time is of the essence for us to have the Recovery Fund after 1 January 2021. What is the Council waiting for?"

[Valérie Hayer](#) (RENEW, FR), co-rapporteur: "The borrowing for the Recovery is now on track thanks to the green light provided by the MEPs today. We will now ensure that the debt is repaid by tech giants, tax dodgers, big foreign polluters and others who do benefit from our single market but do not contribute fairly to our prosperity and the protection of our planet".

More information is available in the [draft legislative resolution](#).

## **Background**

Parliament's vote on the legislative opinion is a key step that will allow for the Own Resources Decision to be adopted by the Council and submitted for ratification by the 27 member states' parliaments. The ORD is the legal basis that provides for the revenue sources of the EU budget.

Moreover, the new ORD will constitute the legal basis authorising funds to be borrowed on the financial markets to finance the Next Generation EU Recovery Instrument (NGEU). The Council adopts the decision by unanimity after having consulted the European Parliament. Before entering into force, foreseen for January 2021 together with the new MFF, the ORD needs to be ratified by the parliaments of all member states.

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**[Press release – Parliament says shipping industry must contribute to climate neutrality](#)**



On Wednesday, Parliament adopted its position on the Commission's [proposal](#) to revise the EU system for monitoring, reporting and verifying CO<sub>2</sub> emissions from maritime transport (the "[EU MRV Regulation](#)") with 520 votes to 94 and 77 abstentions.

MEPs largely agree that reporting obligations by the EU and the International Maritime Organisation (IMO) should be aligned, as proposed by the Commission. They note, however, that the IMO has made insufficient progress in reaching an ambitious global agreement on greenhouse gas (GHG) emissions. They ask the Commission to examine the overall environmental integrity of the measures decided by the IMO, including the targets under the Paris Agreement. A global ambitious agreement on GHG emissions from shipping is urgently needed, they add.

### **Maritime transport must be included in the EU Emissions Trading System**

Parliament wants maritime transport to be more ambitious and believes ships of 5000 gross tonnage and above should be included in the [EU Emissions Trading System \(ETS\)](#).

However, MEPs say that market-based emissions reduction policies are not enough and request that shipping companies reduce their annual average CO<sub>2</sub> emissions per transport unit for all their ships by at least 40% by 2030.

### **Establish an Ocean Fund**

MEPs call for an "Ocean Fund" for the period from 2022 to 2030, financed by revenues from auctioning allowances under the ETS, to make ships more energy-

efficient and to support investment in innovative technologies and infrastructure, such as alternative fuel and green ports. 20 % of the revenues under the Fund should be used to contribute to protecting, restoring and efficiently managing marine ecosystems impacted by global warming.

### **Quote**

Rapporteur [Jutta Paulus](#) (Greens/EFA) said: “Today, we are sending a strong signal in line with the European Green Deal and the climate emergency: Monitoring and reporting CO2 emissions is important, but statistics alone do not save a single gram of greenhouse gas! That’s why we are going further than the Commission proposal and demanding tougher measures to reduce emissions from maritime shipping”.

### **Next steps**

Parliament is now ready to start negotiations with member states on the final shape of the legislation.

### **Background**

Maritime transport remains the only sector with no specific EU commitments to reduce greenhouse gas emissions. Global shipping activity emits significant amounts of GHG emissions, estimated to be around 2-3% of total global GHG emissions. This is more than the emissions of any EU member state. In 2017 in the EU, [13 % of total EU greenhouse gas emissions from transport came from the maritime sector](#)