



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Mr Enrique Calvet Chambon  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 10 January 2017

L/MD/17/11

**Re: Your letter (QZ-108)**

Honourable Member of the European Parliament, dear Mr Calvet Chambon,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 29 November 2016.

There is no evidence that the ECB's asset purchase programme (APP) contributed to a significant rise in capital flows to emerging economies, as the APP induced euro area investors to rebalance their portfolios mainly towards advanced economy foreign debt securities. In particular, around 80% of euro area investors' net purchases of foreign bonds since the beginning of 2015 were directed towards advanced economies, notably the United States and the United Kingdom. Moreover, there is no evidence that the APP induced significant issuance of foreign currency debt in emerging market economies. In fact, debt issuance in euro by emerging market economy non-financial corporations in 2015 and 2016 was lower than in 2014. It should also be noted that issuance of foreign currency debt by non-financial corporations in emerging market economies denominated in US dollars continues to be significantly larger than that denominated in euro.

The corporate sector purchase programme (CSPP), which is part of the APP, aims to further strengthen the pass-through of Eurosystem asset purchases to the financing conditions of the real economy in the euro area. To qualify for purchases, securities must be denominated in euro and be eligible as collateral for Eurosystem credit operations. In particular, the securities must be issued by a corporation established in the euro area and must be of a high credit quality.<sup>1</sup> The CSPP eligibility criteria have been drafted in a broad

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<sup>1</sup> The full list of eligibility criteria is published on the ECB website: [https://www.ecb.europa.eu/press/pr/date/2016/html/pr160421\\_1.en.html](https://www.ecb.europa.eu/press/pr/date/2016/html/pr160421_1.en.html)

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manner (for example, no minimum issuance amount, eligibility of short-dated debt instruments) in order to be as inclusive as possible for companies incorporated in the euro area. Moreover, companies that do not issue securities, such as small and medium-sized enterprises (SMEs), also benefit from the programme: buoyant bond market conditions for large companies owing to the CSPP make it attractive for these companies to obtain more funding from bond markets, incentivising banks to use the increased space on their balance sheets to provide loans to SMEs.

Yours sincerely,

[signed]

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