



EUROPEAN CENTRAL BANK

EUROSYSTEM

**ECB-PUBLIC**

*COURTESY TRANSLATION*

Mario DRAGHI  
President

Mr Auke Zijlstra  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 12 February 2019

L/MD/19/34

**Re: Your letter (QZ-082)**

Honourable Member of the European Parliament, dear Mr Zijlstra,

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 20 December 2018.

The ECB sets its key interest rates with a view to maintaining price stability over the medium term, in line with its mandate enshrined in the Treaty on the Functioning of the European Union (TFEU). In exercising its mandate, the ECB enjoys political independence, as laid down in both the TFEU and the Statute of the European System of Central Banks and of the ECB.

By maintaining price stability, the ECB's monetary policy aims to preserve the purchasing power of the single currency over time. This, in turn, supports sustainable economic growth and employment creation, and thereby helps to improve the living standards of euro area citizens, including savers and pensioners.

With regard to the future course of policy interest rates, since June 2018 the Governing Council has communicated that it expects the key ECB interest rates to remain at their present levels at least through the summer of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term.

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

As regards recent proposals to strengthen fiscal integration in the euro area, the ECB welcomes the discussion on a euro area budgetary instrument.<sup>1</sup> A common budgetary instrument could, if appropriately designed, increase the economic resilience of the individual participating Member States and of the euro area as a whole. From a central banking perspective, this type of instrument would be particularly welcome if it provided effective macroeconomic stabilisation, especially in the presence of deep euro-area wide recessions. Rather than creating conflicts of interest between policy areas, in this type of situation a fiscal capacity of this nature could support the single monetary policy in stabilising the economy and thus promote price stability. Crucially, to ensure that such an instrument would provide additional stabilisation compared with the status quo, it should be designed in a way that ensures strong incentives for sound fiscal and economic policymaking at the Member State level.

Yours sincerely,

[signed]

Mario Draghi

---

<sup>1</sup> See the ECB's Opinion of 9 November 2018 on a proposal for a regulation on the establishment of a European Investment Stabilisation Function (CON/2018/51), available at [https://www.ecb.europa.eu/ecb/legal/pdf/en\\_con\\_2018\\_51\\_signed.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2018_51_signed.pdf).

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)