



*COURTESY TRANSLATION*

Ms Rodi Kratsa-Tsagaropoulou  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 6 December 2011

L/MD/11/093

**Re.: Your letter**

Dear Ms Kratsa-Tsagaropoulou,

Thank you for your letter passed on to me by Sharon Bowles, Chair of the Economic and Monetary Affairs Committee, and accompanied by a cover letter dated 9 November 2011.

As regards your question about how the ECB Governing Council plans to react to the situation in the euro area, you will be aware that the Governing Council at its 3 November 2011 meeting decided to reduce the key policy interest rates by  $\frac{1}{4}$  percentage point. This decision was explained in details at the press conference that day.

The ECB Governing Council will take stock again of relevant developments at its meeting on 8 December 2011. Monetary policy is guided by its ultimate objective of price stability in the medium term in the euro area. In assessing the appropriate key interest rates, the Governing Council monitors and assesses all relevant information. I would like to emphasise that the ECB's monetary policy has a medium-term perspective, which implies that what matters for the assessment of the monetary policy stance is the outlook for price stability in the medium term rather than current developments in inflation.

Separated from the interest rate instrument, the Eurosystem aims to ensure that euro area banks are not constrained on the liquidity side. Several non-standard liquidity-providing operations are in place. In particular, the provision of central bank liquidity takes place on the basis of full allotment at fixed interest rates until at least the middle of 2012.

Maintaining price stability over the medium term in the euro area is the best contribution that monetary policy can make to support economic growth and job creation. Achieving this ensures a firm anchoring of inflation expectations in the euro area in line with our aim of maintaining inflation rates below, but close to, 2% over the medium term.

Yours sincerely,

[signed]

Mario Draghi