



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Mr Brian Hayes

Member of the European Parliament

European Parliament

60, rue Wiertz

B-1047 Brussels

Frankfurt am Main, 1 December 2015

L/MD/15/659

Re: Your letter (QZ-158)

Honourable Member of the European Parliament, dear Mr Hayes,

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 5 November 2015.

The ECB's expanded asset purchase programme (APP) has been effective in easing financial conditions and is working its way through to the real economy. However, more recently, concerns regarding growth prospects in emerging markets and possible repercussions for the euro area economy resulting from developments in financial and commodity markets have been increasing.

At its next meeting, therefore, the Governing Council of the ECB will thoroughly assess the strength and persistence of the factors that are slowing inflation's return to levels below, but close to, 2% and re-examine the degree of monetary policy accommodation. Were it to conclude that the ECB's medium-term price stability objective is at risk, it would act using all of the instruments available within its mandate to ensure that an appropriate degree of monetary accommodation is maintained. In that context, the APP is considered to be a particularly powerful and flexible instrument. Other instruments could also be used to strengthen the impact of the APP if necessary.

In response to your particular concerns, a stronger pick-up in investment would indeed be desirable to make a more substantive contribution to the recovery in euro area growth. Both public and private investments are now at very low levels, with total investment 15% below its pre-crisis peak.

While monetary policy is focused on maintaining price stability over the medium term and its accommodative stance is supporting economic activity, other policy areas must also make a decisive contribution to the

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enhancement of economic growth in the euro area. Indeed, further structural and fiscal policy measures are needed to lift structural economic growth to a higher level. In particular, measures to improve the business environment, including the provision of adequate public infrastructure, are vital to increase productive investment and boost job creation, turning a cyclical recovery into a structural one.

Yours sincerely,

[signed]

Mario Draghi

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