



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Mario DRAGHI

President

Ms Niki Tzavela
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 31 July 2013

L/MD/13/489

Re: Your letter

Dear Ms Tzavela,

Thank you for your letter, which was passed on to me by Ms Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 2 May 2013.

Let me emphasise that we set our policy interest rates in order to fulfil our mandate of price stability in the euro area. In the weak aggregate demand conditions that we are now facing, higher key ECB interest rates would not be conducive to maintaining price stability. The opposite would be true: they would create downside risks to price developments, which would generate further downside risks to economic activity, employment and income creation. This vicious circle would be detrimental to economic prosperity and employment.

Finally, as regards taxation, the ECB supports governments' efforts to restore public debt sustainability by pursuing growth-friendly expenditure-based fiscal consolidation, broadening the tax base and fighting tax evasion.

Yours sincerely,

[signed]

Mario Draghi