Question for written answer Z-005/2024
to the European Central Bank
Rule 140
Stefano Cavedagna (ECR)

Subject: De-escalation of European Central Bank's interest rates

The European Central Bank has implemented a restrictive monetary policy over the last years to curb the rise in inflation.

Multiple factors led to this increase in inflation, including the hike in the price of raw materials from countries outside the European single market.

Inflation in the euro area stood at 2.5 % in June 2024 and some countries such as Italy and Finland are even experiencing a level of inflation well below the 2 % recommended as an index of stability in the medium term.

An excessive drop in inflation could lead to deflation, which in turn could cause a decline in economic activity, an increase in unemployment rates and a fall in investment.

The overall rate of economic growth in euro area is currently very low, close to economic stagnation.

In view of the above:

1. When does the European Central Bank plan to further lower interest rates and by how much?

2. When does it plan to bring interest rates back to pre-pandemic levels and thus pursue a solid monetary policy to support the economic growth of the European Union?

3. Why is it being excessively cautious about de-escalating interest rates when the euro area is objectively facing economic stagnation?