

Pierre Gramegna at Eurogroup press conference, April 2024

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Press conferences

Remarks by ESM Managing Director Pierre Gramegna Press conference following the Eurogroup meeting Luxembourg, 11 April 2024

Good evening, everyone. Thanks to the great presentations of Paschal [Donohoe] and Paolo [Gentiloni], I'm only going to speak on one topic where I also intervened, which is competitiveness and trade. As ESM, we are following this very closely because competitiveness means growth, and growth is key to minimise the risks of financial instability.

Competitiveness is also key to being successful on external markets. If you have a look at the numbers, and it was already explained clearly by Paschal and Paolo, in terms of impact of foreign trade, Europe stands in a different position than others because external trade represents 60% of GDP for EU countries, whilst it is only 27% for the United States and 38% for China. Obviously, if there is fragmentation of trade happening, as we have witnessed because of many reasons, geopolitical being one of them, obviously Europe is more impacted by definition than others. Let's also not forget that last year, global trade of goods was declining compared to the year before, which is a very rare occurrence.

In this context, there are three aspects I highlighted concerning how to react to that.

One is what countries themselves can do. Structural reforms, prioritising investments is one answer. We can see that those countries that have gone through such effort are also reaping the benefits by having higher growth than other countries in the euro area.

The second thing I underlined is what Europe can do in this international context. Obviously, it is in the best interest of Europe to defend the rules-based international trading system, but at the same time, it should not be used to our detriment. In other words, as the Commissioner just said and highlighted, on the one hand, we should de-risk, but on the other hand, we should avoid decoupling. You can also phrase it differently by saying: we are keen for openness in Europe. At the same time, we have to have the necessary autonomy, even if this could sometimes lead to restrictions in the short term.

I also highlighted, like many others, that Europe also has its own homework to do, which is to strengthen the banking union on the one hand and modernise and deepen the single market on the other hand. This would obviously boost private investments, especially in the field of the digital and green transition.

Last but not least, if we are more competitive as Europe, we will be less vulnerable in case of external shocks.

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