

Klaus Regling at Eurogroup press conference

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Transcript of remarks by ESM Managing Director Klaus Regling Video press conference after Eurogroup meeting 9 July 2020

Good evening, everybody. Let me also start by congratulating you, Paschal [Donohoe] on your election to President of the Eurogroup. As Commissioner Gentiloni said, the times are challenging. So you take over a great responsibility, as Europe is overcoming the devastating human and economic consequences of the Covid-19 crisis, and because the Eurogroup has a central role in this. You can count, of course, on the ESM's full institutional and my personal support in every possible way.

As the Eurogroup President, you will also become the Chairperson of our Board of Governors, the highest decision-making body of the ESM. The same happened to your predecessors Jean-Claude Juncker, Jeroen Dijsselbloem and Mário Centeno. Your appointment will be done in a written procedure by all 19 governors, the 19 euro area finance ministers next week. Let me also use this opportunity to thank Mário for

your achievements during these last two and a half years. And of course, from my perspective at the ESM, also in particular as Chairperson of our Board of Governors.

And I think there are three areas that will always be remembered as being achieved during your presidency. First, the end of the Greek programme in August 2018. And in that context, we agreed on a full range of additional debt relief measures. It was not easy to get it done, but that was certainly worth the efforts and is helping Greece up to today and for a long time to come.

Second is the agreement of the ESM reform in the Eurogroup at the end of last year. We are waiting now that the ratification will start because this will be an important step for deepening EMU. But to get that far, agreeing on the amendment of the ESM Treaty was a very important achievement. And then, as Paolo Gentiloni already said, the third item is the agreement on the €540 billion package in April this year. This is where the ESM contributes €240 billion. So I think there is really a lot that happened from the ESM perspective during your tenure. And I wish you all the best for your future.

Now, looking very briefly at the agenda today, when I look at the Commission's interim forecast, it's very obvious that there is a very high degree of uncertainty. Nevertheless, the different forecasts that I see from public sector institutions and the private sector, they have all converged significantly over the last few months. So there is very broad agreement of what is happening this year and next. Of course, against that background of a lot of uncertainty, clearly in Europe, the recovery started already in May. So we are in this recovery phase, unlike some other parts of the world and the high frequency data actually look a bit better than expected. But the drop in economic activity in March and April was so bad that we will not return to the 2019 income levels before 2022. Without the measures taken at the national level and by the European institutions in recent months, clearly the economic situation would be even worse.

In my contacts with financial market participants, I hear again and again that markets are impressed by the European reaction to the Covid-19 crisis. They are impressed by the speed of the decisions in Europe, by the volume of the measures and by the degree of cooperation among the European institutions. Of course, now markets are waiting for the decision on the recovery fund. Thank you.

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