

Klaus Regling at Eurogroup press conference in Berlin

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Transcript of remarks by ESM Managing Director Klaus Regling Press conference after Eurogroup meeting Berlin, 11 September 2020

Good afternoon. It's very good to meet again, colleagues and all of you in person. And it was a good moment to take stock of what has happened in the last six months, because on the one hand, we are coming out of the biggest economic crisis of the last 100 years. But at the same time, particularly the Eurogroup, can look back at all the action taken during this time, with the different packages from the European level and see the significant actions at the national level. And without those measures, the economic crisis would be much, much deeper and would be more asymmetric. Because you remember that European action was deliberately designed to help the countries that are more affected than others. So that's all good.

What I could add is that in my contacts with financial markets, I also see a remarkable change in attitude. The mood towards Europe is very, very positive, more than I've seen at any time during the last 10 years. So they recognize that

Europe came together in this crisis quickly. They are impressed by the speed, by the volume of the different decisions and also by the degree of cooperation and coordination among the different European institutions and national governments. So all that is very positive. At the same time, it's also clear that markets also look at the unfinished business, they look at the uncertainty. They look at the traditionally low potential growth rate in Europe, low productivity gains. They look whether the significant amounts of money that are made available in response to the crisis are implemented quickly and efficiently, so that is the aim of raising growth potential is achieved.

They also look at the unfinished business in the monetary union, and that includes banking union, which was the other topic we talked about. Obviously, this is of particular interest for the ESM because one element is completing the ESM reform so that we can provide the backstop to the Single Resolution Fund (SRF), which is one of the missing elements of the banking union. So I was encouraged by the discussion today that all member states are prepared to work on this in the next few months. And I know that the new President of the Eurogroup has put this very high on his agenda. And I think that's very much appreciated. Thank you.

Response to question on how long the suspension of the Stability and Growth Pact rules is expected to last.

I think the debate will be important, and it will be important to see what the Commission proposes. We have some time, because I'm convinced that 2021 is not the moment to return to the old pact. We need this suspension; there is no decision taken, but it's also my expectation. We should use that time.

On procyclicality, maybe the only point where I disagree – I see a procyclical implementation in the last 20 years, but that doesn't mean the rules are procyclical; that's an important nuance.

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