

Klaus Regling at Eurogroup press conference (July 2021)

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Transcript of remarks by ESM Managing Director Klaus Regling

Press conference after Eurogroup meeting

Brussels, 12 July 2021

Just a few comments from the ESM perspective. Indeed, I agree, we had a very stimulating discussion with [US Treasury] Secretary Yellen this afternoon. I think it was much appreciated that she talked about the common challenges that the US and Europe face. She made it clear that in her view, the agendas are aligned and also her commitment to multilateralism, of course, is much appreciated.

It reminded me of the last time that a US Secretary of the Treasury joined a Eurogroup meeting. This was almost 10 years ago in September 2011, when Tim Geithner came to Warsaw - it was the informal Ecofin during the Polish EU presidency and this was the height of the euro crisis. He really came to urge Europe to do more. He made it clear that the US wanted the euro to stabilise. It was a very different type of meeting, obviously, compared to today. 10 years ago, nobody would have dared to talk about the international role of the euro, for instance. We were so occupied by finding a way out of the crisis. At that time, the ESM had not even been created - something unthinkable today. We had the European Financial Stability Facility (EFSF) at the time. So it all shows how long, how far we have moved over this decade.

On the euro area fiscal stance. I think it's fair to say that everybody agrees what to do this year and next year. The broad consensus continues and this is a consensus among ministers, importantly, but also European institutions, international institutions and financial markets. We know it will become more difficult in the future. And [Chairman of the European Fiscal Board] Niels Thygesen also spoke about the need to reform the fiscal surveillance framework. As Commissioner Gentiloni said, the work will be relaunched. It was interrupted because of the pandemic. So I think it's good to take it up again in the autumn and then use the next year, when the general escape clause is still activated, to come to an agreement on how to move forward. And in a way, also markets are waiting for some guidance for the medium and longer term.

On the digital euro, the concept of central bank digital currencies potentially is the biggest innovation in money, in monetary matters since the introduction of banknotes, which happened in the middle of the 19th century. The digital euro - and previous speakers talked about that - has many positive policy implications. It would also strengthen the international role of the euro and protect the common currency against threats from private payment solutions, first movers under foreign jurisdictions and foreign policy interference.

So there are many advantages, however, technically it's very complex and there are some risks and there are trade-offs. So on the one hand, there is a desire to move fast, and several ministers expressed that. But I think at the same time, it's fair that the ECB emphasises that some time is needed to get everything right here. And therefore, I understand that the ECB insists that the process will take a number of years to be completed in a productive and efficient way. Thank you.

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