

Klaus Regling Eurogroup Press Conference 10 September 2021 - Brdo, Slovenia

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Transcript of remarks by ESM Managing Director Klaus Regling

Press conference after Eurogroup meeting

Brdo, Slovenia, 10 September 2021

Good afternoon. I want to join this optimistic tone that you heard from all the previous speakers. Europe is getting out of the crisis better than feared, better than we expected six or twelve months ago. And that's a result of all the different decisions taken over the last 18 months in the Eurogroup, the Commission, the European Central Bank. So there's a reason for that. And what I can add from the ESM perspective is that in our regular contacts with financial markets this is very much shared in markets.

I have rarely seen financial market participants so optimistic on Europe as in these days. And of course they always take a relative view. We don't need to compare as always with the US, but they do that because they have to decide where to put their money. And they see higher risks in the US today. They say that very explicitly.

Unlike Europe, where growth is being revised up by the ECB, by the Commission, by market participants, growth in the US is revised down. Also in China, to some extent, while at the same time inflation is higher in the US, there are problems on the real

estate markets. The trade deficit is widening massively. So there are bigger risks in the eyes of the market than in Europe. It's not something that should make us happy, but it shows that I think we have done the right things over the last months.

Of course, we should never be complacent.

There's a lot to do. The Next Generation EU, the Recovery and Resilience Plans are key. They must be implemented fully and effectively. One word on convergence, where we had a very brief discussion. Convergence is a key objective of the EU and the euro area.

The packages adopted last year were deliberately designed to make sure that convergence can continue and that we don't end up in divergence because some of our Member States were clearly more affected by the pandemic than others. And I think the packages first agreed in the Eurogroup in April last year, then next generation EU, will truly help in that. But we know that in the future there will always be some divergences. Business cycles will not be identical. Also, not in the US. Different States, different regions have different cycles.

There are shifts in demand. There are different exposures to the world economy. There's technological progress that's uneven. So we do need in Europe more risk sharing arrangements to deal with this automatically. And that links very much to the agenda that the Eurogroup is also pursuing, completing banking union and making good progress on Capital Markets Union.

On banking Union several things need to be done, but the next important step is the backstop provided by the ESM from early next year. Capital Markets Union remains high on the agenda. Thank you.

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