

Klaus Regling in interview with Verkkouutiset (Finland)

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Interviews

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**Interview with Klaus Regling, ESM Managing Director
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Interviewer: Sami Metelinen

Verkkouutiset: Is there the possibility of further countries seeking financial assistance from the ESM in the near future?

Klaus Regling: I don't see that happening at the moment. According to forecasts and the financial situation in particular Eurozone countries, I don't see any need for further countries to seek financial assistance. That is a good thing. We have only just gotten out of the crisis. On the other hand, we are aware that unpredictable financial crises emerge from time to time in our financial system. Because of that, it is good, that we have the ESM as a permanent institution, which is at all times ready to aid, when it is necessary, but I don't see it necessary in the near future.

Will Italy be able to manage its banking crisis on its own, without any financial aid?

That is my perception. Italy has at no point lost its access to the markets, not even at the height of the crisis in 2009, 2010 and 2011 and is still able to acquire financing from the markets without any problems with relatively low interest rates. There are some banks in Italy, which have acute problems. They have to raise their capital. These banks are known to us based on the stress tests conducted by the ECB. The problem has to be solved, but the needs are not that big that they would surpass the capacity of the Italian budget.

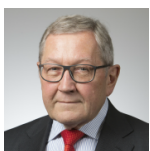
What about the economic risks, do you foresee a new global recession?

I don't see any global recession. At the moment we are in a situation, where we have a low but stable growth in Europe and also in the whole world. Of course, we are aware, that business cycles do exist, and at some point there will be a downturn again, but regarding current forecasts it is not expected in the near future, but business cycles will occur again. There can be new recessions, but that does not mean, we would be immediately in such a crisis, that would be comparable to the one we experienced in 2009 and later in the Euro crisis in 2010, 2011 and 2012. They were after all the most severe crises in 80 years, and something like that I really don't see happening in the future.

Does the ESM have enough lending capacity?

The combined capacity of the ESM and the EFSF is 700 billion euros. Of that we have used up 265 billion euros. We have still further commitments to Greece in the amount of 50 billion euros, but we have a non-used loan capacity of 380 billion euros and as I see it, it is more than sufficient for crises, which will eventually occur at some point in the future.

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