

Pierre Gramegna at Eurogroup press conference, April 2023

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Press conferences

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Remarks by ESM Managing Director Pierre Gramegna Press conference after Eurogroup meeting Stockholm, 28 April 2023

I'd like to join those on stage here to thank the Swedish government and in particular the Minister of Finance for the warm welcome here in Sweden.

I'm going to speak about two topics. First, the macroeconomic and fiscal developments, and second, about the future of the banking union. I would like to start by congratulating and commending our fellow EU institutions for their clear and

credible communication during the financial turbulence in the United States and in Switzerland. The communication was all the more efficient because it was not only an exercise about communication, it was also highlighting the fact that Europe today is much more robust than in the past. And that is why the financial actors in Europe have weathered this crisis very well and were not affected.

We benefit from more robust regulations, a more complete architecture, and a supervision that is very effective. Our banks are more resilient, they have better capital than in the past, and especially they are much better equipped in terms of liquidity. That doesn't mean that we should be complacent. And I intervene to highlight a few risks that exist there, and one of which is related also to the risk of contagion. And that is the fact that obviously with social media today, when there are risks or withdrawals of deposits, it goes much faster than in the past.

So in this context and in this aftermath of the turbulences, obviously the focus on banking union becomes stronger. Again, I have highlighted in my intervention that in this context, it is extremely important that the ESM backstop becomes operational as soon as possible. It was a topic that was alluded to by quite a few speakers. An effective and credible common backstop significantly enforces the confidence of the investors and of citizens and is key to the robustness of our EU-wide safety net.

Let me also underline that we have a timing issue here, as the current bilateral backstop arrangement will expire by the end of this year. So it is key that we have an entry into force of the amended ESM Treaty with this backstop before the end of the year. It is a timing issue and that issue is important, particularly for the ESM. But time is of the essence also.

And I would just allow myself to say one sentence about the new economic governance framework that was presented by the Commission this week. Time is of the essence because at the end of the year, the escape clause will not work anymore. And I would like to say that as ESM, we find that the proposal that the Commission has made is quite balanced and is, in our opinion, a very good basis for discussion and negotiation.

Response to question on whether it would be beneficial for Sweden to adopt the euro

I'd like to point out that by being a member of the euro area, you also benefit from the protection of the European Stability Mechanism.

Response to question on whether to expect discussions with the Italian Finance Minister on the ratification of the revised ESM Treaty

I have talked to Italy since the very first day I started. I already had a meeting in Italy in January and I will do a follow up in the weeks to come. And I'm also in constant contact with Minister Giorgetti. So we are fully motivated and reaching out to Italy to make sure that we can better explain the purpose of this backstop, which is really key in the light and in the aftermath of financial turbulences that we have seen.

Maybe just to say it differently, because the word backstop, obviously in English maybe, is very clear, but basically what it means is that we double the firepower that we have at hand to protect us from financial turbulence.

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