

Pierre Gramegna at Eurogroup press conference, June 2023

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Press conferences

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Remarks by ESM Managing Director Pierre Gramegna

Press conference after Eurogroup meeting

Brussels, 15 June 2023

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Good evening. It's a pleasure to be here today, and before saying a few words on our contribution as ESM at the Eurogroup, I would like to highlight the fact that today we also had the Annual Meeting of the ESM [Board of Governors] here at the headquarters in Luxembourg. It was my very first such meeting as Managing Director, and it was also the first time that this meeting took place with 20 member states, as Croatia joined the ESM this year.

Under the chairmanship of Paschal Donohoe, we had a chance to discuss what happened in the last year, the current and future developments, and importantly, the Board approved the ESM's financial accounts.

Last year was an important one for the ESM, as we celebrated the 10th anniversary of its inception. Today we celebrate 25 years of the Eurogroup, and if you count the EFSF, which started in 2010, you see that for 12 years we did not have this institution in place, which was a missing piece in the Economic and Monetary Union. So it is a good time to do an x-ray of what we have done in the past and how we have been able as ESM to guarantee financial stability by offering financial support to five countries. So in this context, we had a very constructive discussion.

We also had a discussion on the state of play of the ratification of the ESM's amended treaty in Italy and Minister Giorgetti briefed us about the discussions on this topic in Italy, amongst others, as there will be one in the Italian parliament.

There was a consensus that when the ratification of this new treaty will have taken place by all countries, we will then be in a position to use the full potential of this new treaty. It is important to realise that a comprehensive review is already underway and I have been briefing ministers about what we are doing there. We have been tasked already some months ago by the Board of Governors to do an analysis of the toolkit of the ESM and this review is ongoing. This exercise will be useful to explore what can be done with the new treaty.

I am now continuing my visits to all the countries of the ESM, as I mentioned we are now 20 countries. Up to now, we have visited 13 countries. And I will continue this tour and also the exchange with all the countries to hear how they see the ESM and how they see we can best serve their needs the context of financial stability.

I have also updated ministers on the status of the new ESM building project, which we agreed in 2020 and is currently being executed in partnership with the State of Luxembourg. So we had a very productive morning.

In the Eurogroup this afternoon, let me highlight two elements. As you know, the ESM is obviously participating in the exercise of post-programme surveillance for the five countries that have benefited from [ESM and EFSF] financial support. The ESM concurs with the analysis of the Commission and we in that context can assure that there is no risk in terms of repayment for the ESM, which is obviously a key element for us. Let me also say that those countries have overperformed, in terms of economic results, compared to the average of the euro area, which bodes well for the future. This goes for all countries and goes also for Greece.

A last remark: the Recovery and Resilience Plans of all these countries are key for the future and will alleviate the burdens that come from the uncertainties that we all know.

And a last word on the Article IV review that was presented by the Kristalina Georgieva of the IMF. For me, the striking point is that we have concurring views, the same analysis at the IMF, in the Commission, in the European Central Bank, which in these uncertain times is welcome news.

And let's also not lose sight of the fact that financial markets have been reasonably stable in Europe, despite the financial turbulences and despite the higher interest rates that we have witnessed in the last seven months.

Last but not least, the IMF has also underlined how important it would be to implement the backstop to the Single Resolution Fund, a thing that obviously I have underlined and appreciated.

Response to question on whether Minister Giorgetti provided any information concerning ratification of the revised ESM Treaty by Italy.

What I can say is that we had a very good exchange of views and that we have assured him - and when I say we, I mean the member countries and the management of the ESM - that there is a readiness to use the potential of the new treaty to the fullest. But obviously, that can be only done once the treaty is in place. That's point number one.

But point number two, the review of the toolkit of the ESM is already happening. So we are exploring this already. And so I think this is good news for Italy that there is a readiness by us to do this study and to be open to use the potential of the new treaty. That's the message we delivered.

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