

Pierre Gramegna at Eurogroup press conference, May 2024

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Press conferences

Remarks by ESM Managing Director Pierre Gramegna

Press conference following the Eurogroup meeting

Brussels, 13 May 2024

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Good evening. I'm going to briefly talk about the discussions that we, as ESM, had at the IMF Spring Meetings, and I will also say a few words on the update on the banking union, which we discussed today.

At the IMF meetings, I would say that geo-economic fragmentation was dominant in most of our discussions. And the main takeaway is very simple: the issue of geo-economic fragmentation is here to stay. Despite the fragmented international environment, the ESM is trying to play its role in keeping multilateral cooperation with its partners around the globe. And the main partner is obviously the International Monetary Fund. The ESM is also reaching out to the other regional financing arrangements around the world to be at the centre of the global financial safety net.

We had the opportunity in Washington to meet our partners from Asia, Latin America, and the Middle East. We also reinforced our cooperation with the Asian Infrastructure Investment Bank, as we signed an updated Memorandum of Cooperation - in the spirit of multilateral cooperation I mentioned in the beginning.

On banking union, I would like to highlight that both the Single Resolution Board Chair, Dominique Laboureix, and the Single Supervisory Mechanism Chair, Claudia Buch, underlined the importance of having a common backstop to the Single Resolution Fund in place as soon as possible. It's easy for me to agree with them and underline it. The experience with the turbulences in Switzerland and in the United States clearly showed last year that Europe needs a robust and credible safety net. Therefore, the backstop is needed.

The preparatory work that is necessary to implement the ESM backstop was completed last year and both institutions, the Single Resolution Fund and the ESM, are ready for its introduction. More broadly, the ESM fully supports the call to push for the completion of the banking union. And there are still many topics that need to be addressed. We should also remind ourselves that the banking union is complementary to moving forward the capital markets union. Besides banks being important players in capital markets themselves, they have a relationship with households and enterprises to facilitate their access to capital markets. We were delivered very good news by Claudia Buch. And that is that European banks are now much more resilient than they were ten years ago. And that obviously makes it easier for banks to boost credit to enterprises, and particularly SMEs.

I would like to take the opportunity to signal that today the European Parliament and the ESM announced that they have agreed to establish a framework for the cooperation between the two institutions. This reflects the ESM's commitment to further enhance transparency, accountability, and inter-institutional dialogue.

As you know, the next Eurogroup meeting will be on 20 June in Luxembourg. And on the same day we will also have the Annual Meeting of the Board of Governors of the ESM. I hope to be able to meet many of you on that occasion in Luxembourg. Thank you.

Response to question on whether the ESM could finance the defence needs of its Member States, and whether there were discussions with Minister Giorgetti on the ratification of the revised ESM Treaty.

Let me start by saying that there was a call, clearly made on the occasion of this meeting, that we first need to get an approval of the amended ESM Treaty, which, you know, has been ratified by 19 countries out of 20. And it's obviously a matter of

credibility that we fulfil that commitment.

On the role that the ESM could play in matters of defence, there is not a lot I can say today, also because we haven't discussed this at all. And let me maybe just highlight that the only things that the ESM can do are related to the present treaty and the remit of that treaty. And defence issues are not in the remit of the ESM as it is today.

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