

# Pierre Gramegna at Eurogroup press conference, November 2024

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Press conferences

**Remarks by ESM Managing Director Pierre Gramegna**

**Press conference following Eurogroup meeting**

**Brussels, 4 November 2024**



Good evening, everyone. I will report on two topics. First, the takeaways from the meetings the ESM had in Washington. Second, I will also make a few comments on banking union.

Regarding the meetings in Washington, we had the 9th meeting of the Regional Financing Arrangements with the IMF that the ESM always co-organises. The good news is that in these times of fragmentation, the atmosphere was good and that there is a willingness, a readiness of these institutions to work together to strengthen their cooperation. Keep in mind that in this meeting, there are representatives of Asia, the Middle East, South America, together with Europe, and the IMF. All these regional safety nets are continuously improving their toolkits and their policies and exchanging views on it. That is also what the ESM has done this year and presented to its Board of Governors. It's important to see that the same attitude exists everywhere.

The second important message we got from capital market players that we met on that occasion. There is acknowledgement that Europe has held up well, has been resilient in the aftermath of all the crises, and that there is still some growth, but it's

obviously very low. And some are asking questions whether this low growth is becoming structural.

This notwithstanding, there's also recognition that the Letta and Draghi reports are asking the right questions, and the market participants expect European leaders and European institutions to act on these proposals. We must embrace these challenges if we want to stay competitive as European Union. That is why it is very positively and strongly that the ESM supports today's Eurogroup's statement on competitiveness. I would also like to join Paulo [Gentiloni] in congratulating Paschal Donahoe for his efforts to reach this consensus on the statement, which highlights the role of finance ministers in achieving the goal of being prepared for tomorrow.

On banking union, I welcomed the reports of Dominique Laboureix and Claudia Buch, and I congratulated Claudia as head of the Single Supervisory Mechanism (SSM) on its 10th anniversary. It is true to say that the SSM has been a success story. And if I may, on a personal note, add, I was present when this political decision was taken, and I can confirm that there were a lot of doubts out there from capital markets and from different players that this could be achieved. So, let's not take it for granted that it would be such a success.

In the same vein, one could say that the Single Resolution Board (SRB) has made great strides in ensuring the orderly resolution of banks, thereby reinforcing financial stability. I congratulated Dominique Laboureix on this.

Let me say a few quick points about the SRB's report.

First, we agreed that regulation should be effective and efficient without creating unwarranted bottlenecks and costs, keeping in mind the necessity to have a level playing field.

But regulation should preserve essential safety functions. We should avoid falling back into the trap that we had before, that in case of financial failure, it is the taxpayer who must pay the bill. In this context, it is important that Europe has a solid safety net for the resolution of large banks. As we are preaching on the one hand that we should have cross-border mergers that enhance competitiveness, at the same time we need to strengthen our safety net. In that context, we have quite a few gaps. One is well known - the absence of ratification of the amended treaty of the ESM, which is still pending in one country, and therefore this agreed solution has not yet entered into force.

Second, we have a real issue in terms of liquidity firepower in general, which comes on top of it, and the absence of ratification of the amended ESM Treaty obviously adds to these difficulties. This being said, the stronger our European rescue funds and safety nets are, the more credible, attractive, and competitive Europe will be.

Before concluding, I would like to join Paschal Donohoe in thanking Paulo Gentiloni for five years of cooperation. I've had the pleasure and privilege to work with you as Finance Minister of Luxembourg, and I can testify that it was not only a pleasure but a privilege, because you are one of the Commissioners who is most ready to listen to all member states and find solutions that take all the elements into consideration. That is not easily done, not easily implemented.

I would also say that you have shown that being a Commissioner is defending the interest of all of Europe. You have European blood in your veins. *Grazie, Paolo.*

*Response to question on whether Europe is ready for any outcome in the US presidential election.*

I subscribe to all the things that Paschal Donohoe and Paulo Gentiloni said, because I think they are not only welcome to be said, but they are also true. One of the main tasks of the ESM is to be prepared for a crisis. Preparedness is the key to the ESM, and we analyse all the risks out there that could threaten financial stability. So, we are by definition prepared, and if everything goes well, the ESM is not needed. But that being said, I think Europe is stronger today than it has ever been, and I am confident that we will deal with any [US] administration in an open spirit.

## Author



[Pierre Gramegna](#)

Managing Director

# Contacts



[Cédric Crelo](#)

Head of Communications and Chief Spokesperson

+352 260 962 205

[c.crelo@esm.europa.eu](mailto:c.crelo@esm.europa.eu)



[Anabela Reis](#)

Deputy Head of Communications and Deputy Chief Spokesperson

+352 260 962 551

[a.reis@esm.europa.eu](mailto:a.reis@esm.europa.eu)



[Juliana Dahl](#)

Principal Speechwriter and Principal Spokesperson

+352 260 962 654

[j.dahl@esm.europa.eu](mailto:j.dahl@esm.europa.eu)