

Pierre Gramegna at Eurogroup press conference, March 2025

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Press conferences

Remarks by ESM Managing Director Pierre Gramegna

Press conference following Eurogroup meeting

Brussels, 10 March 2025



Good evening everyone. I think we had a very good Eurogroup meeting today which had as a common denominator the changes in geopolitics and obviously the fast-paced changes in foreign policy of the United States. And all this underlines that we need a Europe that takes a more proactive role in this context of a fragmented and unpredictable world.

On macroeconomic developments in the euro area, markets are expecting growth of Europe to be slightly lower than predicted, probably slightly below 1% amid elevated uncertainty, while defence spending will be on the rise.

The markets are wondering how these additional expenditures are going to be financed and they see joint European financing as a better tool than increasing debt at national level. That would be cheaper for many countries and it would signal stronger solidarity and risk sharing.

On fiscal policy coordination, the ESM acknowledges the critical need for an increase of defence expenditures in response to emerging challenges. The security of

European Union is a major concern. Therefore, the ESM welcomes the Commission's package on defence which was presented to European Council last week and also endorsed. That is really good news.

What is to be expected as a consequence of this package? Obviously higher defence spending can have in the medium or in the short term a positive impact. Two I would like to underline. First, it will boost investor confidence and second, it would probably lead to more growth because there will be good impact on industry, especially for all those investments that are linked with innovation. Still, in the long term, countries need to make sure that debt is sustainable and need to reprioritise their expenditures and make sure that they stay on the right course.

On cryptocurrencies, I think we had an excellent discussion which highlighted that what is at stake here is also European sovereignty. The US administration's stance on this compared to the past has changed. The US administration is favourable towards cryptocurrencies and especially dollar denominated stablecoins which may raise certain concerns in Europe.

It could eventually reignite foreign and US tech giants plans to launch mass payment solutions based on dollar denominated stablecoins. And, if this were to be successful, it could affect the euro area's monetary sovereignty and financial stability.

Therefore, the ESM supports the European Central Bank's urgency in making the digital euro a reality to safeguard Europe's strategic autonomy. This digital euro is today more necessary than ever. We also welcome as ESM and support the initiative of the Commission to relook at the MiCA Directive which could prove key to counter some of the effects that we have discussed.

Last but not least on capital markets union, as was said by President Donohoe and Commissioner Dombrovskis, now is the time to act. We as ESM are fully supporting this agenda.

A team of ours has recently also produced [a blog on this issue](#) to pinpoint which areas should be prioritised, where there's most gains. Eventually, in the short term, that could be if we would focus on pension reforms, incentives for retail investors, and further development of securitisation markets. In fact, what the blog is saying is that we need to bring the capital markets union, which is a bit abstract, to the attention of people and make sure that companies understand that it's key for them.

The time to act is now.

Response to question on how to explain to the average person the issue of crypto and its real consequences on financial stability.

I think there are two major changes that are happening in front of our eyes. One is that the stance of the US government towards crypto is evolving, is encouraging it, on the one hand. It has never been so clear in the past.

And the second one is that the focus now is on stablecoins. In the American case, dollar denominated stablecoins.

And that's a very important point because stablecoins, as it is in the name, have the stability that other cryptocurrencies don't have. Cryptocurrencies have high volatility. So, they can be a very interesting investment, but it is a risky one. But the stablecoins, if they are promoted, obviously they can take an important space in the payment system worldwide.

So, these are the two major changes. I don't know if the citizen understands that, but that's really what's happening.

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