

Pierre Gramegna in interview with CGTN (China)



Interview with ESM Managing Director Pierre Gramegna
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CGTN: What are the focus areas of your visit to China this time, particularly in terms of enhancing further cooperation between the ESM and China?

Pierre Gramegna: I'm very glad to be back in China, for the second time in my capacity as Managing Director of the European Stability Mechanism. The goals are manifold. First, to see public authorities that invest in our bonds.

Second, to visit some private banks. And third, to see my good friends at the AIIB [Asian Infrastructure Investment Bank], the multilateral development bank that was set up 10 years ago.

In Hong Kong, I'm going to attend the World Economic Forum and the HSBC Economic Forum. I am glad to be back.

In light of rising trade tensions and uncertainties, how can China and Europe work together to inject more stability into the economy?

China and the European Union are the two world export champions. China is our first supplier, with more than 20% of our imports, and we are the third [largest] customer for China.

Our trade relations are very deep. Both Europe and China would like to have less protectionism instead of more.

Now, we are faced with increasing tariffs coming from the United States, which will reduce international trade or make it more difficult, push prices up, increase inflation, which might, again, increase interest rates. This is not good for growth.

[Europe and China] are in the same boat there and have the same philosophy in terms of multilateral trade. We rely on the World Trade Organisation when there are issues, we negotiate to reduce the trade tensions.

In my talks, this was discussed quite a lot, and there's lots of worries about that.

As an economist, how much do you think those trade tensions and protectionism will cost the world economy? As you said, multilateral trade is important. How can we uphold multilateralism?

It's a chicken and egg question. Very simply, the more trade you have, the more growth you have, the less tensions you have in the world, or less temptation for fights and wars exist. So, more trade is conducive to more peace.

And talking about growth, China is prioritising green development in its economic blueprint. What new opportunities of collaboration do you think for China and Europe in terms of green financing and green bonds?

Europe is certainly the trendsetter and the leader in green bonds. I think of the European Investment Bank, for example, who was the first one to issue a green bond and is still the world champion in it.

But I'm glad to see that the interest in China is increasing. Unfortunately, there are other areas in the world, and in particular the United States, where there is less interest recently for ESG bonds or green bonds.

I have to underline: climate change is there to stay. We've had the hottest years in history in the last five, six years. We are not reaching the goals that we had set ourselves in the Paris Accord.

In the medium and long term, there's no escape. And I'm glad that Europe and China are continuing to make sure that finance will help green the economy because we will not be able to achieve that without sustainable finance.

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