

# Pierre Gramegna in interview with ARD at Frankfurt Stock Exchange



**Transcript of interview with Pierre Gramegna, ESM Managing Director**

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**Interviewer: Samir Ibrahim**

**Samir Ibrahim: The ESM is here: at the German Stock Exchange, more precisely at Eurex. The ESM is an institution, actually born after the financial crisis, that was created to provide money for emergencies, after Greece had to be rescued. Before that, the banks had to be rescued, and then entire states and the euro came under pressure. And now I welcome Pierre Gramegna, former Luxembourg Finance Minister and Managing Director of the ESM. Bonjour Monsieur.**

Pierre Gramegna: Bonjour, hello.

**Thank you for coming by quickly. You were just on stage, giving a short speech. Maybe you can briefly explain to us what you are doing here. The ESM has been around for a while. The crisis is basically long gone in people's minds. Why is the ESM still needed?**

Well, first of all, I am here because we had a "Ringing the Bell" celebration. And what did we celebrate? That today, for the first time, here at the German Stock Exchange, we are handling our interest rate derivatives here in Frankfurt, together with our partner Eurex. It is about strengthening the capital markets in the euro area and handling these derivatives here in Europe, in the heart of Europe. This is very good news. It may sound a bit abstract, but it is very important if we are serious about having stronger capital markets in the euro area and wanting to deepen them. We have to do this. Because we need growth and innovation, and we will achieve that through such measures at the European level. We are a bit of a pioneer in this, because in a month an EU regulation will come that must encourage or stimulate many others to do the same.

**Then maybe explain to us as laypeople, why Eurex, why the German Stock Exchange?**

Most have always done these transactions outside of Europe. And after Brexit happened, there was honestly an ambition in Europe that we should do this here in continental Europe. And we took it seriously and worked on it for several years to get it done now. The European Stability Mechanism is the EU's safety net. We have almost €300 billion in bonds on the markets that we have issued to support five countries in recent years. And we refinance them (the loans) regularly. So, we are a very important partner and want to live up to our role to make Europe stronger.

**Can you tell us how much support is still needed? The last data, if you look at it, show that it has been years since countries borrowed money.**

Yes, that happened in the last Greek crisis or euro area crisis.

**Spain with the banks?**

Yes, Spain, Ireland, Portugal, Cyprus, and of course Greece. I think, first of all, one must say that the fact that the ESM has not had to set up any new programs is in

itself good news, because our financial situation in Europe has become more stable. Our banks have become much more resilient, have much more capital, much more liquidity, are healthier, and therefore it is naturally much calmer. But the role of the European Stability Mechanism as a safety net is not necessarily to intervene and come into play. No, it is there to reassure, even in times when no money is being mobilised. We are basically like an insurance. You are glad to have fire insurance when the house is burning. But you are also glad to have insurance when the house is not burning.

**Very nice image. One last question about that. This insurance also wants to organise money in a sustainable way. How is that supposed to work?**

What do you mean by sustainable?

**Sustainable, that is, strengthening environmental protection, also in the bonds, giving it a greater importance than was the case in the past. How does that work?**

We do that at the ESM as well. Since I have been there, we have been strengthening our investments with our paid-in capital in climate protection or sustainable bonds because we find that important. And that is important not only for climate protection, but also for the sustainability of finances because many risks are associated with climate protection that are often underestimated. On one hand, in nature, you see what disasters happen because of climate change. On the other hand, it also has financial risks. To a large extent, you cannot insure against it, and it also has consequences for investments in brown assets. That is why we advocate for sustainable finance.

**The Managing Director of the ESM, the European Stability Mechanism, the European insurance, as we have just learned. Merci beaucoup.**

It was a pleasure. Thank you very much.

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