

Pierre Gramegna at Eurogroup press conference, July 2025



Remarks by ESM Managing Director Pierre Gramegna Press conference following Eurogroup meeting Brussels, 7 July 2025

Good evening, everyone. Let me start by congratulating Paschal Donohoe for being appointed for the third time as the President of the Eurogroup. I think this is a testament to his professionalism, his dedication, and his diplomacy, which he has himself very well described when he said that he was there to listen to all ideas and all opinions. I can confirm this is always the case. That is also why I'm pleased to also underline that he has also been confirmed as the Chairman [of the Board of Governors] of the European Stability Mechanism, and I look forward to continuing to work with you, dear Paschal.

I will briefly touch upon three points; the international role of the euro first. We had the pleasure to hear the dedicated report of Christine Lagarde, President of the European Central Bank, who presented a very timely and comprehensive report on the international role of the euro. In recent months, uncertainty surrounding the impact of the US administration's actions has resulted in the strengthening of the euro against the dollar and enhancing the role of the euro as a safe haven. This also reflects the fact that in times of geopolitical tensions, Europe offers a stable institutional trade and monetary policy setting. It offers the opportunity for Europe to strengthen the international role of the euro, and this is worthwhile being underlined.

To build on this momentum, Europe must do its homework, which I would summarise in three points: First, introducing the digital euro. Second, reaping the benefits of a modernised single market and quickly implementing the savings and investments union. And third, bolstering its defence capabilities and the necessary financing of it, which would also increase the supply of euro-denominated safe assets, which are in high demand. The ESM supports these efforts as they also strengthen financial stability, which is our mandate.

Speaking of the euro and its appeal, I can then say a few words on Bulgaria, which will hopefully be officially recognised tomorrow in a decision of the ECOFIN that it can join the euro area at the beginning of next year. I want to especially thank Minister Petkova, who visited the European Stability Mechanism headquarters in Luxembourg two weeks ago; we discussed there the process of also becoming in the aftermath a member of the ESM. After the decision of tomorrow, we will be able to invite Bulgaria to also be an observer to the Boards [*Board of Governors and Board of Directors*] of the ESM. This is the first step to becoming a full member following the adoption of the euro and having a voice in the decision-making of the ESM.

The last point: the euro area fiscal stance. I want to thank the new Chairman of the European Fiscal Board for the assessment on the euro area fiscal stance. The ESM supports the Board's position that flexibility under the national escape clauses should be used strictly for ramping up defence spending. The key challenge in the medium term is how to absorb higher defence spending, which will be a structural increase and not a temporary one. One important element will be to improve efficiency in defence spending and to think thoroughly about what countries can do together. Geopolitical threats require a coordinated European response. Thank you.

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