

Klaus Regling at Eurogroup press conference

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Transcript of remarks by ESM Managing Director Klaus Regling Press conference after Eurogroup meeting, 12 March 2018

Let me be very brief – a few words on Greece and deepening EMU. I agree with the assessment you heard. The beginning of the fourth review in Athens two weeks ago was positive. But given the fact that the ESM programme expires in August, we are dealing with tight deadlines to complete 88 prior actions, finalize discussions on debt relief and appropriate post-programme arrangements. As Commissioner Moscovici said, the target is to get all of that done by 21 June, when the Eurogroup meets in Luxembourg.

Just to remind you about the latest state of play on the third review: as the President said, we are waiting for the completion of national procedures. Then the ESM Board of Directors can take the final decision on the fourth tranche before the end of this month. If the national procedures are completed by then, the total amount is €6.7 billion, and we would split this into two disbursements. As you remember, the first disbursement of €5.7 billion – if everything goes well – could be made before the end

of this month. A subsequent arrears clearance disbursement of €1 billion would take place later in the spring, provided that a sufficient amount of arrears has been cleared, and that e-auctions are progressing well. And as you may know, the programme objective on arrears that there are zero arrears at the time the programme ends in August.

On the preparation of the summit at the end of next week, let me say a few words about issues that are directly or indirectly linked to the ESM. As you heard, technical work is progressing well on Banking Union, on the further development of the ESM. On the backstop for the Single Resolution Fund – the President of the Eurogroup and the Commissioner mentioned that – we are moving well. The backstop could become operational by the end of 2019, as the Commission proposed in December, if we take the right decisions by June. The ESM could then implement this in time. A lot of technical work has gone into that, but we are waiting now for some political decisions.

On the European Deposit Insurance Scheme (EDIS), the other important issue, I don't want to say much. I agree with what Mario [Centeno] and Pierre [Moscovici] said. But I want to mention one point because I realize there is skepticism in a number of countries with regard to EDIS, and I want to make the point that is often forgotten: that if we had had a common, credible deposit insurance scheme in the last few years, all our ESM and EFSF programmes would have been smaller. Because a lot of money was needed, because there was a withdrawal of bank deposits that weakened the banks. And on average, 40% of our programme money has gone for banking systems, or banks, via the governments. So I think that's one important reason why EDIS indeed is in the interest of the euro area as a whole; of course, certain conditions have to be in place to get there.

The other topic on the summit agenda is the future role of the ESM. There is broad support that the ESM should have a role in the design, the management and monitoring of future programmes and that it should be ready to intervene at any time, should a crisis occur. Of course, together with the European Commission. But to be able to do that, the ESM needs to be in regular contact with member states, also outside ESM programmes. We do not want double work, obviously, and we do not want to take any competences away from the Commission. We respect the existing responsibilities that the Commission has in the area of economic policy coordination and surveillance.

Therefore, we have started a process to design a cooperation that serves both institutions well, and we hope to be able to present this together to the Eurogroup, as it has been requested.

Response to a question on the delay in reaching an agreement between the ESM and the Commission on their respective roles in future bailouts

Don't have the wrong impression – we are not fighting, if you look at Pierre and me. I think the explanation, this has been mentioned a few times, and you're right, that goes back to Mr Dijsselbloem, is that we had more important things to do, like looking at the Greek programme, the conclusion of the third review, beginning of the fourth, we are involved in all of that. So we are working on it, but it's not a top priority, and we do have time until June. I'm sure we will finish before that, and if there is an urgent need, we will sit together and do it immediately. But there were other things that were at this moment in time more urgent, so I'm confident we will manage.

Response to a question on whether Greece's growth strategy will be evaluated by the Institutions, and whether it will be taken into consideration in the final debt sustainability analysis (DSA)

This will be the Greek growth strategy, under the responsibility of the Greek government; we will look at it in April. But it can have an impact on the DSA because our DSA runs until the year 2060, and whatever measure is initiated to strengthen the growth potential, could have an impact. So in that sense, we will look at it very carefully, because the hope is that this will really strengthen the growth potential, and that is what we all want, but it needs to be assessed.

Contacts



[Cédric Crelo](#)

Head of Communications and Chief Spokesperson

+352 260 962 205

c.crelo@esm.europa.eu



[Anabela Reis](#)

Deputy Head of Communications and Deputy Chief Spokesperson

+352 260 962 551

a.reis@esm.europa.eu



[Juliana Dahl](#)

Principal Speechwriter and Principal Spokesperson

+352 260 962 654

j.dahl@esm.europa.eu



[George Matlock](#)

Senior Financial Spokesperson

+352 260 962 232

g.matlock@esm.europa.eu