

Pierre Gramegna at Eurogroup press conference, 22 May 2026

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Press conferences

Remarks by Managing Director Pierre Gramegna

Press conference following Eurogroup meeting

Nicosia, Cyprus, 22 May 2026

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Kalimera. It's nice to be in Nicosia, back in Cyprus. My gratitude goes to Minister Makis Keravnos for hosting this event and for making sure that this informal ESM can take place in Cyprus. It was delayed, as you all know, by the conflict in the Middle East. So I'm very pleased to be here.

I will focus my comments on the macroeconomic situation and build on the presentation that Commissioner Dombrovskis gave in the meeting and outlined here, just to underline that markets have a similar view and mirror the numbers that were presented by the [European] Commission.

EU growth has been revised downwards from 1.2% to 0.9%. And in parallel, inflation is going up from 1.9% to 3%. Now, that said, European economies have been more resilient in the aftermath of this energy price shock compared to 2022. At the same time, growth remains in positive territory. So we cannot speak of stagflation and we cannot speak of recession. Uncertainty and downside risks are clear, and ultimately the outlook will be influenced by the duration of the conflict in the Middle East.

Let me turn to four points, a kind of bigger picture seen from the marketplace. First, oil and gas prices have increased sharply, reflecting supply risks and also falling inventories.

Second, rising energy costs are pushing up inflation expectations, and this has recently led to a sell-off of bonds and also triggered higher yields.

Third, Europe's terms of trade have deteriorated, reducing the purchasing power of companies and households.

Fourth, the US economy has been supported by AI-driven growth expectations and lower energy dependence, which means that the equity market is up.

Europe cannot benefit from the same factors, as obviously our situation is quite different. This underscores once more the need for Europe to do its homework and limit short-term relief measures to be targeted and temporary, as mentioned.

A key objective should be to increase productivity and competitiveness to enhance growth, a topic which I will elaborate during the lunch today. There is a clear need to ramp up investment and innovation, as growth is not likely to be sustained on the basis of traditional export markets and products. For that, it is imperative to boost private capital flows into innovative investment. The cost of inaction would be very high. What we need now is more Europe, not less.

Let me conclude on a very positive note. I would like to highlight that two days ago, the Parliament in Bulgaria adopted the ratification of the country's accession to the ESM, adopting both the existing ESM Treaty and the amended Treaty. So, Bulgaria is set to join the ESM pretty soon, and I look forward to welcoming the new finance minister, Galab Donev, soon in Luxembourg on 11 June, when we will have our annual Board of Governors meeting.

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