

# Klaus Regling in interview with the Luxembourg Times

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Interviews

**Interview with Klaus Regling, ESM Managing Director**

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Interviewer: Hannah Brenton

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**How could the powers of the ESM be increased as part of the broader efforts to strengthen the eurozone?**

"The objective is not to make the ESM stronger, the objective is to make monetary union more robust - and for that purpose there are also ideas to give the ESM additional mandates."

**Are you optimistic about the outcome of the Eurogroup meeting on 21 June 2018?**

"I think the momentum has accelerated again in the last few weeks but it's very hard to predict. I'm optimistic that some results can be achieved."

"We know different countries have different preferences. I think they all agree that the ESM will play a stronger role in the future but what that means for each of these different ideas that are being discussed is very hard to say today."

**How are the prospects of the ESM becoming a backstop for the Single Resolution Fund?**

"That seems to be fairly uncontroversial."

### **Will the IMF play less of a role in future programmes?**

“The ESM could be more relevant in the future than in the past because the IMF may be less actively involved. They will be involved, but probably not as prominently as the first few years of the crisis.”

### **How are the chances for a complementary unemployment insurance for the euro area?**

“I have been advocating that idea for some time - but so far I don't see that this finds consensus. We have this example in the U.S. where it has been operating for a long, long time. Because of the way this is organised, there are no transfers, so it could really be a useful instrument for macroeconomic stabilisation because it would support countries hit by a shock.”

### **Will the ESM become the European Monetary Fund?**

“The name is one thing and the capabilities and the mandates are the other. It's possible to broaden our mandate and not change the name at all - so the name, for me, is of secondary importance.”

### **What is the status of the Commission's proposed change of the legal status of the ESM?**

“That was a debate we had when the Commission made a proposal in December. But the legal side of that proposal, which would have shifted the governance of the ESM, that has not been pursued. That is not supported by the large majority of member states. So this is actually no longer on the table.”

“One day when the EU treaty is changed, then the ESM could be integrated into the EU legal framework. I would be very happy with that because then the ESM could have the status of the European Investment Bank. That is only possible in the context of EU treaty change - but that's not possible right now.”

### **How dependent is the whole debate on the negotiations between France and Germany?**

"They are the two largest member states of the monetary union and the two largest shareholders of the ESM - therefore they are important. They often in the past have represented two different camps - so it's not only France and Germany, it's two camps that are represented by these two countries. Therefore it is important that they take a lead - but in the end, of course, decisions require unanimous views and it is not enough that Germany and France agree, they have to bring all the others on board - but I think they know that very well."

### **What types of debt relief are possible for Greece?**

"The type of debt relief measures were already clarified by the Eurogroup two years ago. It was said very clearly which types of debt relief measures are possible. So we exactly know the menu that is available, and the Eurogroup will look at the most recent debt sustainability analysis and then decide which measures are appropriate under the circumstances. We also know that Greece received a lot of debt relief in the past. And that benefits the Greek budget greatly already today. So therefore the question is how much more is needed. Certainly no haircuts, but probably some measures to also have longer-term sustainability."

### **How will the ESM staff in Luxembourg develop?**

"It depends on new mandates. If we get new mandates that require more work then we probably would have to add to our staff."

### **And will you move into new offices?**

"I am aware that the European Court of Auditors has recommended to all European institutions to own their building instead of paying rent. So that's certainly something that is very clearly on my mind and now we wait for the decisions on possible new mandates before taking decisions on the office building."

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