

Excerpts of Klaus Regling's interview with *Nikkei Asian Review*

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Interviewer: Shotaro Tani

"[Issuing European Stability Mechanism bonds in renminbi] is possible"

"We are legally allowed to issue in all currencies"

"As a young institution, it is a big step to do our first non-euro issue... and it seems to make sense from the market side to start with the US dollar, but it is entirely possible that we move into other currencies that are attractive from the market side."

"Many Asian investors do not want to buy any papers with negative interest rates. That is an attitude we find much more in Asia than other countries"

"But I think overall to have 18-20% of our investors coming from Asia is a good share. We will also start issuing non-euro bonds for the first time... and maybe that is also interesting for some additional Asian investors."

"I can only encourage [the ASEAN Economic Community] to continue with the integration story. They are in the process of moving towards a single market, and it will take a while, but there has already been tremendous progress."

"I think the evidence is very clear that this helps growth rates in ASEAN countries... and I think the ASEAN countries will be busy continuing that and concluding the single market."

"For ASEAN it will be far too soon to think about a single currency, but I can only recommend strongly to continue with economic integration."

"Regarding austerity, the perception may be that this contributes to populism, but when you look at Greece, where the deficit was more than 15% of GDP, it was unsustainable, it had to change."

"With official lenders like the EFSF and ESM available to provide emergency financing after the country lost market access, the adjustment which was unavoidable could be spread over time."

"If we had not been available, the ESFS and then the ESM had not been created, probably countries like Greece, Ireland, Portugal would have been forced to leave the euro area. That would have led to new national currencies with big devaluations, rapid overnight adjustments. This would have been much more painful, in particular for poor people, I think it would have been much more devastating for the economy and it would probably have led to populism."

"[The rise of populism] indeed is worrying... I think we see in advanced countries, advanced democracies in the Western world, a backlash against globalisation, against cross-border cooperation, against trade. For economists, all this is very hard to understand"

"Economists are convinced this is bad for economic growth. But we have to realise that it seems to be popular with a large share of the electorate. I think we economists have a big job to do here, to explain better how we see the world functioning."