

Klaus Regling interviewed by CNBC/European Closing Bell At the margins of the IMF meeting in Lima, Peru, 9 October 2015

Klaus Regling: It is a little bit more nuanced than you put it. Some countries have room to do something on the fiscal side. I am not only talking about Europe now, but also the emerging markets. Some can do something, some have to be very careful. And not all emerging markets are in trouble. That is also a bit too general. Certain countries are and we know why, looking at Brazil, for instance, looking at energy exporters. Other emerging markets are in good shape, are doing better, India for instance or Mexico, some countries in this region. So I really think one has to look country by country. And countries that do have problems we know pretty well why.

Question: As someone who has been on the record on many occasions, I am talking about the need for prudence fiscally. You don't find that there is a contradiction in the message that we should be keeping conditions loose fiscally and monetarily even as the world is already floating in too much debt since the global financial crisis.

Klaus Regling: I think that Europe has emphasized more that there are limits to debt for the long term outlook. Maybe in Europe we have this tradition to take a longer-term view, which by the way I find very much in Asia. Because clearly the crisis is very much behind us. Five or six years ago really exceptional measures were necessary on the monetary side, on the fiscal side. And now we are in a very different situation. Many countries have had growth rates at or above potential for quite some time. And then it is time to think about how to move out of this crisis mode.

Question: I talked just a few moments ago to Mr Thomsen at the IMF who is responsible for Europe within the organisation. The IMF still looks set for leaving the bail-out programme for Greece early next year unless there is some movement on the debt sustainability talks. You have been a verbal opponent to any movement in this direction. Are you still very much opposed to sustainability talks moving forward?

Klaus Regling: That is not quite the way I look at it. We - like the IMF - want Greece to move towards debt sustainability. That is clearly one of the key objectives of the massive support that the euro area has been giving to Greece. But we look at a longer time horizon than the IMF normally does because we built a new framework in Europe with the ESM and the EFSF. Our loans are much more long-term than the IMF loans. Our conditions are much, much better, our interest rates are much lower, we have an interest rate deferral for Greece. So we have already provided a lot of help. The Greek budget sees this benefit every year. Every year they have a benefit equivalent to 4% of Greek GDP. This is unprecedented in world history. We have a different framework in Europe for good reasons because they are member states of the euro area. They should get solidarity if they do a very ambitious reform programme. And there is a clear commitment from the euro area, from the summit and the finance ministers: if Greece sticks to its programme, if they implement reforms and they need it, they will get more debt relief. This commitment is there and not questioned.