

# Klaus Regling at Eurogroup press conference

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## **Transcript of remarks by ESM Managing Director Klaus Regling Press conference after Eurogroup meeting 17 February 2020**

Good evening, I will focus on only a few points that are of particular importance for the ESM in this very full agenda that we dealt with this afternoon. I will start with Ireland. Of course, the ESM participated in the post-programme surveillance. As you know, we have our early warning system. On the one hand, we are all happy that Ireland enjoys very favourable economic developments and also a favourable situation in the bond market. The ratings have been upgraded for Ireland repeatedly, and Ireland has now the best rating among the five beneficiary member states. And with the last S&P upgrade to AA-, Ireland has reached the best rating since 2010. So this is obviously a positive.

We are not worried that Ireland will be able to make the payments to the ESM that are due this year. That is our short-term question that we always have to answer when we go to one of the beneficiary member states. But we also agree with the

Commission that there are vulnerabilities, given the openness of the Irish economy. Obviously, Ireland is more exposed to external risks than some other countries.

The discussion on the Commission priorities for monetary union are of course also a key interest for the ESM because a sustainable and stable single currency area is at the heart of what we believe in at the ESM and work for. So I fully agree with the different priorities in the Commission Communication that include the completion of the ESM Treaty, completing banking union, including the backstop and the common deposit insurance scheme.

Even that will take some time. Also the other topics: developing capital markets union, simplifying the economic governance, the fiscal framework - I think that's important for credibility. And also, although it is controversial among our member states, thinking about common fiscal stabilisation capacity, including the possibility of a reinsurance of national unemployment systems. So some of these items are easy. Others are controversial. But I think it's good to put it on the table to give a clear vision where we see monetary union moving to.

And I think these additional steps would make our monetary union more resilient, less crisis-prone, and would also enable us to build some independence from the United States and China. The international role of the euro and European sovereignty could be strengthened that way. And I think that's in the interest of the euro area as a whole, but also of every member state. Thank you.

#### *Response to question on the impact of the Coronavirus on the EU economy*

Indeed, there is a lot of uncertainty, nobody can be very sure. And the Commission was right to identify these as downside risks, which are clearly there. What I can add from my contacts with market participants is that many of the market analysts are revising down their growth forecasts for China, but also for other Asian economies. Several banks now expect negative growth in the first quarter. Of course, banks and market analysts don't know how long the problem with the Coronavirus will exist. But even if it comes to an end soon, I think the interruption to supply chains, the effect on trade, on tourism and confidence will spill over to the world economy. And then how bad it gets depends on how long it lasts, and nobody can be sure about that. But I think the first quarter will be problematic for many Asian countries.

*Response to request to comment on former Greek finance minister Varoufakis submitting a recording of a Eurogroup meeting from 2015 to the Greek parliament*

I agree that we regret this break of confidentiality. At the same time, I would expect that he has used everything that he himself finds interesting in his book that was published.

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