

Klaus Regling at Eurogroup video press conference (April 2021)

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Press conferences

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Transcript of remarks by ESM Managing Director Klaus Regling

Video press conference after Eurogroup meeting

16 April 2021

Good afternoon from Luxembourg. As you heard, we had a full agenda in the Eurogroup today. I will add remarks on only two items.

First, on banking union. Obviously, we have made significant progress over the last few years on developing the banking union. Early next year, the ESM will provide the backstop to the Single Resolution Fund. So that is the next important step towards completing banking union. But it's not enough, and work on all of the missing elements that were discussed today in the Eurogroup need to progress at full speed and in parallel. And I'm very glad that we do have a work plan now how to do that. This is, I think, a promising way forward to really complete banking union.

And let me add that banks themselves are calling for a single market in banking - that would be the banking union, and that would really help banks to play the role they need to play and they want to play in the recovery. Also, it would help banks to gain strength compared to their American and Asian competitors.

On the international meetings, there were a lot of video calls last week with the IMF and other participants, and it was very good to hear the fairly favourable views about Europe. The [Eurogroup] President talked about optimism, I think, based on the decisions taken last year. Financial markets take the same view. They anticipate a considerable rebound once the vaccine rollout has cleared the recent hurdles. I would also reject the perception that Europe is falling behind the US that I sometimes hear. When you look at the most recent IMF forecast, growth in the US this year will indeed be higher than in Europe. But the same IMF projection shows higher growth in Europe next year, in 2022, than in the US.

In addition, one should not forget that comparing GDP growth on a per capita basis is the more appropriate comparison because there are different demographic developments in Europe and the US - an old story. And on a per capita basis, GDP growth in Europe and the US is traditionally very similar. Thank you very much.

Response to question on what is the "lowest hanging fruit" in the discussions on completing banking union.

Seen from Luxembourg, the different fruits are hanging at the same height. So I think there's agreement and it's important to have a parallel process. But it's also important - and there was broad agreement on that - that we need to make progress over the next two years or so in order to pluck all the fruits together not too far in the future.

Response to question on whether the outcome of the upcoming elections in Germany might have an impact on that country's position on completing banking union.

I agree, of course, with what the President said. We are used to situations that governments change. Elections are part of democracy, but at the same time, I believe that the arguments, the economic arguments in favour of completing the banking union are so strong that eventually all will agree to move in that direction. It sometimes takes a while to balance the different arguments. But I think they are overwhelming in the end. And looking at my own country, of course, I will not predict any election outcome. But my experience from the ESM is very clear. The ESM was very unpopular 10 years ago in Germany, and that has changed completely. So that confirms my argument that economic rationale in the end will win.

Contacts



[Cédric Crelo](#)

Head of Communications and Chief Spokesperson

+352 260 962 205

c.crelo@esm.europa.eu



[Anabela Reis](#)

Deputy Head of Communications and Deputy Chief Spokesperson

+352 260 962 551

a.reis@esm.europa.eu



[Juliana Dahl](#)

Principal Speechwriter and Principal Spokesperson

+352 260 962 654

j.dahl@esm.europa.eu



[George Matlock](#)

Senior Financial Spokesperson

+352 260 962 232

g.matlock@esm.europa.eu