

# Pierre Gramegna in interview with Jiji Press (Japan)

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Interviews

ESM



**Excerpts from interview with ESM Managing Director Pierre Gramegna**

**Jiji Press (Japan)**

**29 March 2023**

**Interviewer: Nobu Sunaga**

**On Japan's investment in the ESM:**

We have seen on capital markets more interest from Asian investors in general, as interest rates are higher. That obviously means the yield is attracting investors for the ESM too.

When we issued our latest bond in February, we noticed more interest from Asia, including Japan. 44% came from Asia. We cannot tell the exact number of Japanese investors, but it was an important participation.

The Government of Japan purchased over 20% of EFSF inaugural bond issue in January 2011. Since then, we have had very close ties with Japanese investors and the number of Japanese investors has grown over the years.

### **On the failure of the Silicon Valley Bank:**

One has to look at a couple of things that were very particular to the Silicon Valley Bank (SVB). Most of the customers of the bank were start-ups.

In the US, a bank with the size of SVB is not subject to the same regulations we have in Europe. So they did not have the liquidity buffers we have in Europe.

Deutsche Bank is a major euro area bank. It is subject to European regulation and supervision, which has increased significantly banks' resilience over the past decade.

### **On the risk of another debt crisis in Europe:**

We had lived almost a decade of exceptionally low interest rates. When compared to that period, the rates are very high. But historically, they are still at a reasonable level.

The problem is the pace [of rising rates]. That's why enterprises and people are feeling pain. But refinancing of public debt stocks doesn't happen in six months, one or two years, but over 7 to 8 years on average. So we will still benefit from these low rates from the past for some time. Thus, the euro area countries have a window of opportunity right now to reduce the debt gradually.

### **On the enlargement of the EU:**

The war in Ukraine might push some countries to look for deeper integration with the EU. What we have seen in the war is we Europeans must stick together. And we did it.

Europe supported Ukraine by providing around €30 billion of concessional loans to Ukraine based on the EU budget. If you had asked me years ago whether the EU would do so for one country in a neighbouring region, I would have said that would never happen. The war triggered solidarity in Europe. I am optimistic that we will have more member countries in the future.

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