

Pierre Gramegna at Eurogroup, December 2023

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Press conferences

Remarks by ESM Managing Director Pierre Gramegna following the Eurogroup meeting 7 December 2023

Good evening, everyone. I will just comment on the euro area recommendations, where we insisted as ESM that we need credible and prudent fiscal policies not only to bring inflation down, but also to build up buffers to face future shocks. The ESM supports the Eurogroup's guidance that the remaining energy support measures should be phased out, so that the support can be limited to the most vulnerable of the population. In doing so, we will have sufficient extra space to face longer-term challenges like ageing population, higher defence spending, and climate change.

Second, we need credible fiscal policy in order to instil confidence in the markets. Investors are closely looking at the guidance for countries and looking at the fiscal stance.

Third, we need to address the investment needs in the next decades. Public investments are needed for the green and digital transition and need to remain elevated also after the Next Generation EU programme runs out.

Last but not least, the ESM treaty ratification will also be an important signal to financial markets about Member States' commitment to safeguarding financial

stability in the euro area and completing the banking union. It is important to realise that the Single Resolution Fund is at full capacity and will be fully mutualised at the end of the year. But it is critical for the Single Resolution Board to have sufficient firepower to handle any crisis successfully.

We have received indication by the Italian Minister that the ratification by Italy will be discussed in parliament next week, and a lot of hope has been expressed by many that this would be a successful week in terms of that ratification. The common backstop is important for all euro area countries.

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