

Klaus Regling at Eurogroup press conference

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Transcript of remarks by ESM Managing Director Klaus Regling Press conference after Eurogroup meeting, Vienna, 7 September 2018

Let me start with Portugal. As you know, the post-programme monitoring of Portugal was on the agenda today. The ESM contributes to that with our own Early Warning System; we have to assess whether a country is able to repay the ESM. That's why we go together with the Commission to the countries and analyse the situation. We have no concerns in the short and medium term about Portugal, and as you know, the Early Warning System that is already defined in the ESM Treaty also applies to the other countries that borrowed from the EFSF and ESM.

On deepening Economic and Monetary Union (EMU), following the June summit, we will have a very busy agenda. The Eurogroup will use the next few months to go through the different items. Here the ESM comes up a number of times. We were asked by the summit to look at the backstop [for the Single Resolution Fund], to work out the details, review the toolkit of the ESM, review existing instruments and the possibility to add instruments; this may go into the area of fiscal capacities that [ECB Executive Board member] Benoit Cœuré just mentioned. All that will be an important agenda for the next few months, and I fully agree with Benoit when he said this is really all targeted to make monetary union more resilient, even in the short term. And given the uncertainties around us, that's already a value in itself.

We will also use this time to discuss between the European Commission and the ESM our future cooperation. You may remember that the Commission and the ESM agreed on a memorandum of understanding earlier this year about today's cooperation - which is good, which is working. Of course, if our Member States give

us new additional mandates, then we have to think how that affects that MoU and have to develop it a bit. But this does not mean we have any intention to take anything away from the Commission. I sometimes hear that they are concerned in Brussels about that, and I can just tell you that this is not the case. The mandates of the Commission are enshrined in the EU Treaty, so it's not even legally possible to take anything away from that. The question is really how to organise productive cooperation and coordination. I think we can complement each other; the ESM is an institution that is in the market every day, through our investment and funding activities. We can bring that to the table and have certain expertise in that area, and that goes into market access, debt situation, and things like that.

Today of course the focus was on the backstop. You heard about that, I don't need to add much. If we succeed in introducing the backstop earlier, before 2024, I think that would clearly be a positive signal for markets, so it's worth working on that. The other point – decision-making of the backstop – is complex, but I'm confident, particularly after today's debate that we will find a workable solution. Because on the one hand, we have to make sure that decision-making is fast – that's what is needed in bank resolution – and at the same time, we have to respect national procedures, which in some Member States are based on constitutional requirements. But I think this is possible; of course it also assumes that those countries where parliaments need to be involved have to organise their internal processes in a way that we can come to quick decisions.

Response to question on the Portuguese economy

From the market side, I'd like to say that investors have returned to Portugal, they see the positive developments, and there's the possibility that ratings will improve further in the near future. And then a virtuous circle could start, where the yields could shrink even more, so that's all positive. At the same time, I think it's fair to say that we identified some of the risks in the longer term that the Eurogroup President already talked about.

Response to question on whether Klaus Regling will see the end of his contract (in the context of Germans occupying top EU positions)

It was certainly not discussed in the Eurogroup today. I cannot comment on that; I'm not here as a German, I'm here as a European official, and my contract that was

signed by the previous Eurogroup President, Mr Dijsselbloem, runs until 2022.

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