

Klaus Regling at extraordinary Eurogroup press conference

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Transcript of remarks by ESM Managing Director Klaus Regling

Press conference after extraordinary Eurogroup meeting, 19 November 2018

Good afternoon, I think it was very positive that we had this extraordinary Eurogroup meeting, because we do have a full agenda. There's not much time left until the Euro Summit in December, so this was an important step to make sufficient progress.

A few words from the ESM perspective; let me start with the agreement that the ESM and Commission reached on our future cooperation. I am very happy with that agreement, because we found a good balance that can draw on each other's comparative advantage. On the one hand, it gives a stronger role to the ESM - that's what our Member States wanted. But, at the same time, the agreement fully respects the mandate and competences the Commission has from the EU legal framework.

If we compare today's ESM with its predecessor, the EFSF, obviously the ESM has grown a lot over the years, initially we were only in charge of getting the money from the markets and providing it to programme countries. But, in the case of Greece, in the last few years we have grown into the troika, which then became the quartet, because we are the largest creditor by far for Greece. This gave us certain insights and experiences which I think can be used in the future in a productive way. So, the agreement spells out in some detail how we will cooperate in normal times outside of programmes, and of course how we will in the future prepare, negotiate, and monitor adjustment programmes. The details you will be able to find in [the paper](#) that will be published later today, probably immediately after this press conference.

On the backstop [to the Single Resolution Fund]. This is obviously a crucial element to completing Banking Union, and therefore also important to deepening EMU. The June summit already agreed that the ESM will provide that backstop to the Single Resolution Fund. We are now working out the details which are sometimes very technical, but we are making progress in that work and today the main question the ministers dealt with was whether the common backstop could be activated earlier than 2024. The chairman went through the details; I don't need to repeat that.

I would like to add the ESM is in contact with the markets basically every day, they are also expecting some progress in the area - finishing the backstop. Of course, that also means we need to make progress on risk reduction, which was discussed today as well. On the debt issues, let me also say clearly from my side, that the objective of this discussion is not to make debt restructurings more frequent or automatic in any sense. The objective instead is to have more clarity and predictability. Also to avoid delays in a crisis that can be costly, and we know that markets would also welcome to have more predictability, so it can actually help. Also

for changing the Collective Action Clauses (CACs) again, is something that we, based on our analysis, would not expect adverse market reaction, actually, it could be quite the opposite, that markets could take it in a positive way.

Response to question on the nature of the ESM's country monitoring, and whether the new mandates will amount to a "big bang" for the ESM.

We were very careful to make clear there will be no double processes. There will be joint work. For instance, you will see in the paper [on cooperation between the European Commission and the ESM], and this is actually already included in the current MoU, which we signed in April – that the Commission may invite the ESM to join missions. So we will not do our own missions; we will not write Article 4-type papers. I think that's good to clarify, so there's no lingering doubt about that.

I would not call it a "big bang". We will see what the summit agrees in December; then we need to change the ESM Treaty, which will be a long process, even if we find the political agreement in December. Because the ESM Treaty, once governments agree to change it, has to be ratified by 19 parliaments, and that will be a long process. So I'm not thinking of big bang. If everything is confirmed, there will be some increase in staff, but it will not be significant.

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