

Klaus Regling at Eurogroup press conference

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Transcript of remarks by ESM Managing Director Klaus Regling

Press conference after Eurogroup meeting, 21 January 2019

Good evening and Happy New Year to all of you from my side. I want to focus on two points only that are particularly relevant to the ESM. One is the follow-up to the Euro Summit - you heard about the different work-streams that are under discussion. From my perspective, obviously it's important to get the work going on changing the ESM Treaty. We at the ESM are in the process of preparing the necessary draft changes, of course we work here closely with the European Commission and the Council's Legal Service. We do have a deadline - in the middle of the year. I'm confident we will meet that deadline because the ESM issues are probably the least controversial among the different issues that were discussed at the summit, and as you already heard, the debate on a European Deposit Insurance Scheme (EDIS) and budgetary instruments continues to be more controversial.

It's important to continue the debate because from my analysis at the ESM, and being in contact with market participants, they look at these issues also very clearly. We do know that EDIS is important for the completion of monetary union; one can debate on the preconditions that have to be in place, but ultimately, from my perspective, EDIS would be important. We know for instance that all the ESM programmes of the last few years would have been much smaller if we had had a

common deposit insurance.

And all this is linked to the other point, where I want to make a few remarks on the international role of the euro. From the discussions the ESM has with investors around the world on our roadshows, during our market activities, it is very clear that investors are looking at this topic, they ask questions. And in their view it's very clear what needs to change to make the euro more in the international financial and monetary system. It's all linked to the topics that we are discussing – completing the Banking Union, making progress on Capital Markets Union, because investors look particularly at the financial market side, and they see that our financial market in the euro area today is fragmented; we don't have one integrated market.

So we should continue to work and we'll do it on the agenda that we have. In addition, one should also look at the financial infrastructure; that is important to support a stronger role for the euro internationally. And I think in the very long run – that's not up for discussion for the next few years – to really have a euro that has an equal weight to the US dollar, one would also need a safe asset in the euro area that is as broad and liquid as the US dollar.

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