

# Klaus Regling's opening remarks at 3rd Joint RFA Research Seminar

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Speeches

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## **Klaus Regling, ESM Managing Director** **Opening remarks** **3<sup>rd</sup> Joint RFA Research Seminar**

Luxembourg, 16 May 2019

*(Please check against delivery)*

Ladies and gentlemen, good morning.

I would like to welcome all of you gathered here in Bourglinster Castle, especially the experts, researchers and academics that have come from far away. I am pleased to see so many colleagues from the RFAs and the IMF, and representatives from ESM Member States.

I welcome colleagues from the Latin American Reserve Fund (FLAR) and AMRO, who have co-organised this seminar together with the ESM. In particular, I welcome Jose Dario Uribe, the Executive President of FLAR, Yasuto Watanabe and Hoe Ee Khor, Deputy Directors of AMRO, Andrey Shirokov, the Managing Director of the Eurasian Fund for Stabilization and Development, and colleagues representing other regional financing arrangements from around the world: the Arab Monetary Fund, BRICS Contingent Reserve Arrangement, and the European Commission. I am pleased to note that this is the first joint research seminar where we have managed to bring together representatives from all the RFAs.

It is a great honour for the ESM and me personally to see you all here for the third joint RFA Research Seminar. I know that the participants of last year's seminar in Cartagena, Columbia, were greatly impressed by the historical venue. Here, in Bourglinster Castle, where the oldest records date back to the 11<sup>th</sup> century, you have the opportunity to discover part of Luxembourg's magnificent historical heritage. I hope it will be an inspiring setting for colleagues from all corners of the world to think about the future – that is detecting and preventing the risks that could lead to a future financial crisis.

In recent years we have witnessed significant progress towards enhancing the coordination and cooperation within the Global Financial Safety Net, especially between institutions where multilateral decision-making is required.

As we know, financial crises occur suddenly, and can unexpectedly spread very quickly from country to country. Given this fundamental uncertainty, it is all the more important that the defence mechanisms around the world share their expertise. Cooperation is equally important: the various actors in this field should speak each others' language and work together seamlessly.

Academic research into the reasons behind financial crises and the effectiveness of our policy tools plays an essential role.

The ESM was one of the three institutions (along with AMRO and FLAR) that initiated and jointly organised the first RFA research seminar in Singapore two years ago. The idea was to enhance technical-level cooperation among RFAs, and between RFAs and the IMF. We wanted to have a platform where academics could share and discuss the research work directly related to RFAs' operations on crisis prevention and resolution. This will help us improve our surveillance capacities, our crisis management and our policy recommendations.

And that is why we are here today: to compare experiences, and to learn from each other - as institutions - and from the academic world.

Every year, the seminar focuses on a different theme. Currently, as you are well aware, we are experiencing heightened global risks related to trade tensions, geopolitical challenges, and economic and market uncertainties. Therefore, our research seminar this year will focus on detecting, analysing, preventing, and tackling sovereign risks. We will also consider how the Global Financial Safety Net

can provide efficient and effective support.

In particular, we would like to hear the academic diagnosis of the current global sovereign risks and the new methodologies and models available for crisis management institutions to early detect sovereign risks. How could our institutions better deal with these risks? What are the policy implications? What insights does recent academic work offer about the channels through which sovereign risks unfold?

At the beginning of the year, we launched a call for papers for this seminar, posing the questions that I have just mentioned. We received a large number of replies and recommendations from peer institutions, from which we have chosen six, to be presented during the academic sessions. We thank researchers and colleagues from different institutions for their interest and support.

Looking at the agenda of this seminar, I am certain that it will be an opportunity for an excellent exchange of knowledge. You will have two academic sessions today, and a roundtable discussion tomorrow. Plus a social evening tonight at another historical site.

Please forgive me that I won't be able to participate in the discussions, due to the Eurogroup meeting in Brussels today. Our Chief Economist Rolf Strauch and other ESM colleagues will make sure that everything goes well, and that you have an enjoyable stay in Luxembourg.

On this note, I wish you all a productive and successful seminar, with stimulating discussions over the next two days. Thank you for your attention.

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