

Klaus Regling at Eurogroup press conference

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Transcript of remarks by ESM Managing Director Klaus Regling Press conference after Eurogroup meeting 7 November 2019

Good evening. As everybody said here, this was a really productive meeting today. But I will focus on the reform of the ESM. That's obviously particularly important from my perspective, although the other agenda items were also important in a broader sense. As the President of the Eurogroup mentioned, the mandate of the ESM will be broadened, and in June already there was a broad agreement on the main changes to the ESM Treaty. But now we are making good progress on the other related documents, on the guidelines, lending documents and so on.

All this is important for the broader mandate - to provide a backstop to the Single Resolution Fund, to play a stronger role in future adjustment programmes with the European Commission, obviously together. And the revamped precautionary instrument to make it more usable. These enhanced roles for the ESM will strengthen our mandate to ensure financial stability in the euro area. This is positive. But of course, a stronger ESM is not a goal in itself. The ESM reform is part of a comprehensive package of measures to deepen monetary union, including the work on completing the banking union with the deposit insurance scheme and the introduction of a budgetary instrument, the BICC (budgetary instrument for convergence and competitiveness).

Completing banking union will create the conditions to promote financial integration and make monetary union overall more resilient to shocks. That's why I also

welcome the debate that was today enriched by the contributions from the German finance minister and I agree that this is giving a new momentum to the debate. And as I have said many times, if we had had a common deposit insurance in the past, in the last 10 years, all ESM programmes would have been smaller. That's why I follow this debate with particular interest because we at the ESM have an interest to be needed less in the future. We want to make monetary union more resilient.

Finally a point on the ESM that I want to mention is that we recently launched an interactive [Programme Database](#) on our website, with all the information relative to each of the five countries that received financial assistance from the EFSF and ESM. In this database you will find information about our loans, the conditionality of the programmes, lending rates, underlying economic projections - everything that may be useful to explain and illustrate what happened during the programmes. Setting up this database was one of the recommendations of our first evaluation exercise in 2017. And if you look at it, I am sure you will find it helpful. I think it provides all the information that is really important if you want to look back what happened. Thank you.

Response to question on whether any progress was made on the issue of liquidity in resolution

Liquidity in resolution was not discussed today, therefore I shouldn't go into too many details. It is an issue; the backstop from the ESM to the Single Resolution Fund (SRF) can also be used for liquidity, and there are particular safeguards for that. But we know that the backstop will be limited in size; we have not agreed on the number, but it will be limited. And we also know that for the resolution of a big bank, it may not be enough. The ESM is probably too small to really come up with all the liquidity that might be needed, so there are several proposals how to deal with that. It was not discussed today; we have to come back to that.

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