

## EUROPEAN STABILITY MECHANISM

# Next ESM managing director still needs to be named--by Friday



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Klaus Regling, the current managing director of the European Stability Mechanism, will step down on 7 October 2022. The ESM's Governing Council will hold an emergency meeting on 6 October to find a temporary successor. Photo: Shutterstock



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**The term of office of Klaus Regling, managing director of the European Stability Mechanism, ends on Friday 7 October. However, the consultations**

## between eurozone finance ministers have not yet succeeded in identifying a successor.

The current managing director of the Luxembourg-based European Stability Mechanism, Klaus Regling, is on his way out. He has started to say goodbye to the European political world. On 3 September, Paschal Donahoe, president of the Eurogroup, gave him a farewell speech during the last meeting of the eurozone finance ministers.

On 4 October, on the occasion of the conference organised in Luxembourg on economic and monetary union by the Bridge Forum Dialogue, Regling confirmed his departure in person. Several European personalities, presidents of institutions, finance ministers and former presidents of the Eurogroup paid tribute to his long career in the service of European monetary and economic policy.

Yet time is running out. Regling's term of office ends on 7 October and no successor is known at present. When contacted by Delano's sister publication Paperjam on Tuesday evening, the ESM confirmed that no candidate has been chosen.

### No qualified majority

On 20 September, the candidacy of former Luxembourg finance minister  Pierre Gramegna for the position of managing director of the ESM was withdrawn. At the same time, his competitor, Portugal's João Leão, announced his withdrawal from the recruitment process.

According to the information provided by Eurogroup, it appeared that neither candidate was able to reach the 80% majority needed to be appointed. Consultations within Eurogroup had led to this conclusion. This led the president of Eurogroup to relaunch a new consultation process between the various ministers of the euro zone in order to identify a new candidate capable of achieving a qualifying majority of 80%.

The appointment was then postponed for the next meeting of Eurogroup, which was held on 3 October. But the consultations seem to have not come to a conclusion in. "We started the selection process for a new managing director with four

excellent candidates, but none of them was able to meet the very high threshold of 80% of votes cast,” Donohoe stated following the Eurogroup meeting.

## Emergency meeting on Thursday

The Eurogroup presidency team told Paperjam that “Paschal Donahoe informed the members of the state of play regarding the selection of a new managing director of the ESM”. They added: “Consultations to identify a candidate who would gather the necessary majority are continuing.”

The ESM’s Governing Council will meet urgently by video conference on Thursday 6 October “to formalise the transition after the departure of Klaus Regling”. The Board of Governors, composed of the finance ministers of the 29 shareholder countries of the ESM, is the most active decision-making body of the ESM institution. According to the institution’s statutes, it is responsible for appointing the managing director for a period of five years. Donahoe, who is also the chairman of the ESM Board of Governors, will again be in charge at the meeting on Thursday 6 October.

In the meantime, speculation is rife. In its daily newsletter, Politico, which specialises in ‘Brussels Bubble’ affairs, suggested on Tuesday 4 October that the consultations had reached an impasse due to disagreements between France and Germany, which have a right of veto. The publication suggested that a temporary solution could be found, by appointing the current deputy director general of the ESM, Christophe Frankel, as director general for a transitional period of a few months.

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