



11 January 2019

**Press release of The Bridge Forum Dialogue**

**Conference of Mr François Villeroy de Galhau, Governor of the Banque de France,**  
Thursday 10 January 2019 at 6:30 p.m.

**“Twenty years after the introduction of the euro, what are the economic prospects for Europe?”**

**« Vingt ans après l’euro, quelles perspectives économiques pour l’Europe ? »**

A large and distinguished audience gathered in the European Convention Center at Luxembourg- Kirchberg for this event, including members from European institutions and bodies, members of the corps diplomatique, numerous public authorities and actors of the academic, economic and social spheres as well as students.

**Mr Gaston Reinesch, Governor of the Banque centrale du Luxembourg and President of the Bridge Forum Dialogue,** chaired the conference.

Mr François Villeroy de Galhau explained that the euro’s success was built on three principles : a clear defined mandate for the Eurosystem, a specific independence regime and the pursuit of general European interest under the leadership of the three successive Presidents of the European Central Bank (ECB).

Euro is supported by 75 % of euro area citizens, even by 85 % of Luxembourgers. Europe is popular as long as it stops being abstract and takes the form of concrete projects.

At the start of 2019, we observe a slowdown rather than a downturn of the economic environment.

We now face three challenges : uncertainty, impatience and isolationism. In this context, the normalisation of our monetary policy must be gradual and pragmatic.

Interest rates are not the main instrument of monetary policy anymore. The range of our monetary policy tools was expanded considerably over the course of the crisis. We will no longer use them all, once we have reached the “new normal” but it is in all interest to keep them all to hand.



We have to keep our options open in the face of the current uncertainty; we need a better understanding of the path of inflation. Relentless efforts towards a stronger Europe are badly needed. Monetary policy cannot be the only game in town.

The Banking Union and Capital Markets Union are key components for a genuine “Financing Union for Investment and Innovation”.

Institutional reforms, including the reinforcement of the European Supervisory Authorities (ESAs) are necessary.

With regard to the European Stability Mechanism (ESM), it’s not just about managing crisis ex post, but about preventing them from happening in the first place by reinforcing our precautionary tools.

The presentation was followed by a stimulating questions and answers session.

The discussions related to the Target 2 balances within this Eurosystem payment system should not be dramatised.

Climate change is a concern for Central Banks, but more for the supervisory arm than the monetary policy one.

Excessive public deficits shall be reduced, in a pragmatic way, supported by growth and adequate structural measures.

Bitcoin or other so-called crypto-currencies are not currencies but speculative assets; their underlying technology (Block chain) is however interesting.

The international role of the euro should be stimulated at the initiative of the economic agents.

In his conclusion, the Governor of the Banque de France pleaded for the improvement of the governance and efficiency of the public sector; he referred also to the primary importance of the promotion of the European Social Model.

More information is available on the website of the Bridge Forum Dialogue a.s.b.l.: [www.forum-dialogue.lu](http://www.forum-dialogue.lu).



***Photo: from left to right:***

Mr Gaston Reinesch, Governor of the Banque centrale du Luxembourg and President of the Bridge Forum Dialogue, Mr François Villeroy de Galhau, Governor of the Banque de France