



## D-DebtCon Webinar:



### “Sovereign Debt in the European Union”

Tuesday, 8 September 2020, 15.00-18.00 CET

The COVID-19 pandemic is causing havoc in an already fragile global economy. While its full impact in terms of capital flows and debt levels is yet unknown, unprecedented government interventions to minimize the economic impact have spiked public debt to levels unseen in the last 50 years. According to the IMF projections<sup>1</sup> for 2020 public debt relative to GDP will increase by over 13% in the Euro Area and worldwide.

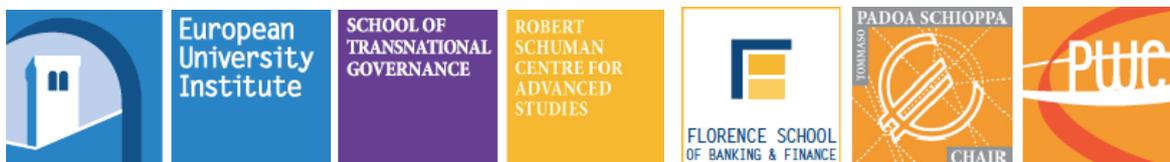
At the same time, new trends are emerging in sovereign debt markets. A number of European sovereigns have announced plans to issue green bonds in 2020, as well as other new debt instruments such as social bonds, sustainability bonds and sustainability-linked bonds. New market developments, in particular after the COVID-19 outbreak, have included floating-rate notes and index-linked bonds.

During the euro area crisis of a decade ago the EU sovereign debt markets suffered damage as never before, while the policy response involved the creation of new instruments and institutions. Today, as a response to the huge shock caused by the COVID-19 outbreak, EU leaders have agreed on a historic package for European recovery, ‘Next Generation EU’. Within this recovery package, the European Commission was mandated to raise €750bn of funds on the markets during the next two years.

Against this background, the research papers to be presented will address a number of facets of EU sovereign debt markets: their maturity structure and cost, the pace of debt crises, and the characteristics of the bank-sovereigns doom-loop. The policy panel to follow will explore the future challenges of sovereign debt in the EU, by focusing on debt sustainability at the national level, common EU borrowing and safe assets.

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<sup>1</sup> IMF Fiscal Monitor, April 2020 regarding General Government Gross Debt in percent of GDP, available at <https://www.imf.org/en/Publications/FM/Issues/2020/04/06/fiscal-monitor-april-2020>



## PART I – RESEARCH PART

- 15.00 - 15.05 **Welcome and Introduction by Elena Carletti** (Professor of Finance, Bocconi University)
- Paper presentations**
- Chair: Ramon Marimon** (Professor of Economics and Pierre Werner Chair at the European University Institute)
- 15.05 - 15.30 **Flavia Corneli** (Senior Economist, Bank of Italy) - “Sovereign Debt Maturity Structure and its Costs”
- 15.30 - 15.55 **Giancarlo Corsetti** (Professor of Economics, University of Cambridge) - “Debt Crises Fast and Slow”
- 15.55 – 16.20 **Dominik Thaler** (Research Economist, Bank of Spain) - “The Bright Side of the Doom Loop: Banks Exposure and Default Incentives”
- 16.20 - 16.35 *break*

## PART II – POLICY PART

- 16.35 – 16.50 **Keynote Speech “A Fresh Look at Debt Sustainability in the Euro Area” by Rolf Strauch** (Chief Economist, European Stability Mechanism)
- 16.50 – 17.50 **Policy Debate on the “Future challenges of sovereign debt in the European Union”**
- Moderator: George Papaconstantinou** (School of Transnational Governance at the European University Institute)
- Speakers:**
- Agnès Bénassy-Quéré** (Professor of Economics, Paris School of Economics and Chief Economist, French Treasury)
- Marco Buti** (Head of Cabinet of EC Commissioner Paolo Gentiloni) [tbc]
- Pablo de Ramón-Laca Clausen** (Spanish General Director of the Tesoro and Financial Policy)
- Isabelle Mateos Y Lago** (Managing Director and Deputy Head of BlackRock’s Official Institutions Group)
- 17.50 – 18.00 **Concluding remarks by Jean Pisani-Ferry** (Tommaso Padoa Schioppa Chair at the European University Institute and Professor of Economics at Sciences Po)