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New bond-buying program in eurozone "effective": Bank of Italy chief

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Bank of Italy Governor Ignazio Visco said Friday the European Central Bank's recently announced bond-buying program to help lower the borrowing costs of debt-ridden eurozone countries has proved "effective" even before actual purchases have taken place as its availability has already eased concern about the regional crisis.

"You have to understand...this has been effective already without being actually in place" as seen in the substantially reduced differences in interest rates among member countries, Visco said in an interview with Kyodo News. Visco, who is also a member of the ECB's governing council, is visiting Japan to attend the annual meetings of the International Monetary Fund and the World Bank in Tokyo.

As for Italy, where interest rates remain high, whether to apply for the program, called Outright Monetary Transactions, would be a political decision, Visco said.

Under the program announced in September, aimed at saving debt-plagued eurozone countries such as Spain, the ECB will buy government bonds with remaining maturities of between one and three years without setting a limit on the amount.

Regarding the current state of the eurozone, Visco said he feels it is "much better" compared to a year ago as there has been progress on efforts to seek stabilization in the region even though it is still "fragile."

In order to dispel investors' fears of a eurozone breakup, Visco said seeking fiscal integration in the region would be a solution. "This is the only firm, solid, final answer to the fears of redenomination risk."

Meanwhile, on the European Union winning this year's Nobel Peace Prize, Visco said he thinks the prize goes to "the people, not to the politicians," as the efforts of the European population to forge a common identity have been "extremely strong."

"I have to say the efforts by European population have been extremely strong, perhaps even stronger than ones of the European leaders," he said.

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