

Prof. Danuta Hübner

“The euro is irreversible as European currency”

**Professor Danuta Hübner’s Report on Strengthening of the
International Role of Euro**

European Parliament plenary session

24 March 2021

In 20 years of its existence, the euro has become a positive symbol of Europe's unity, integration and economic strength. Two thirds of Europeans see euro as a good thing. The starting point for this report has been the observation that international role of the European currency remains below its potential. And that it is our strategic interest to reap all possible benefits from stronger role of the euro in the world.

For far too long the use of the position of euro internationally was entirely left to the market forces. Recently we have realized that with supportive policies euro can become a currency that is widely welcome, used and trusted all over the world.

Geopolitical shifts and international trade challenges, including the disruption of value chains, technological developments, digital transformation, the rise of China's economic power, geopolitical challenges to multilateralism, and, last but not least, the pandemic and its consequences have triggered reflection and action on building necessary resilience of our economy.

President of the European Commission in his state of the Union address at the end of 2018 highlighted the strategic importance of the euro and the need to ensure that the single currency plays its full role on the international scene.

After elections in 2019 the European Parliament accepted my proposal to start working on our position on this issue.

The European Commission in its Communication issued on 19 January, 2021 encourages a wider use of the euro as part of a broader strategy to enhance the Union's leading role in global economy and its governance.

The European Parliament's report comes just before the Euro Summit on Friday 26 of March, set to discuss how to enhance the euro's weight as an international reference currency. In preparation to the summit, the Euro group contemplated last week how the international role of the euro can contribute to the EU's open strategic autonomy and resilience while boosting the EU's openness and global engagement.

The ECB too has departed from its historically neutral stance regarding promotion of the euro. Beyond its active contributions to the discussions and preparation to launch the digital euro, the ECB has taken actions attesting its support to the eurocurrency's

international role. An example here can be the extension of swap lines to a number of central banks outside the euro area.

The global nature and the severity of the pandemic has highlighted the world interdependencies, bringing new impetus to the project.

The push for action toward stronger international role of the euro comes in the moment of high relevance of policies enhancing the EU's geopolitical resilience and its new trade agenda.

But a stronger role for the euro internationally will also provide additional choice to market operators globally, contributing to stability of the international finance and trade.

It will lead to deeper and more liquid European financial markets, providing for more reliable access to finance for European businesses and governments. It will make the world economy less vulnerable to monetary shocks. Strengthened European currency can facilitate building a multi-polar international monetary system.

However, the decision to use a currency is ultimately determined by market participants' preferences. Our policies should be supporting market driven shifts in this direction.

The report proposes in this context focusing on a number of particularly relevant policies, covering areas of international trade, financial services and capital markets, payments systems but also climate change and digital transformation, as well as energy, foreign and security policies.

The report leaves no doubt - the euro is irreversible as European currency.

And its strengthened international role will allow EU to improve wellbeing of citizens and promote international system based on multilateral cooperation and good global governance.