

**Professor Danuta Hübner, European Parliament**

**“Strengthening the international use of the euro for a stronger independent European Union”**

**Keynote speech on the European Parliament resolution on strengthening the international role of the euro (rapporteur Professor Danuta Hübner)**

**European Economic and Social Committee public hearing on "The European economic and financial system: fostering openness, strength and resilience in the COVID-19 context”**

**Brussels, 22 April 2021**

Protecting the European Union’s interests has today a strong geopolitical dimension. The real geopolitical challenge lies however not in foreign and security policy but in the economic core of the European integration. And the good news is that, unlike in foreign and security policy, in economic area the EU has already instruments to defend its interests.

EU must use its economic strength strategically, deploy its financial firepower, and complete important integration projects. At the same time, the Union needs to understand the risks of taking on a geopolitical role and enhance its resilience and autonomy while continuing to work toward rules based multilateral governance.

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 European economy.

The international role of the euro while contributing to the EU’s open strategic autonomy and resilience can boost EU’s global engagement.

In its twenty years of its existence, the euro has become a positive symbol of Europe’s unity, integration and economic strength. Two thirds of Europeans see the euro as a good thing. However, the international role of the European currency remains below its potential. 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 the euro internationally was left entirely to market forces. We have realized however that with supportive policies the euro can become a currency that is widely welcome, used and trusted.

The ECB too has departed from its historically neutral stance regarding promotion of the euro as a global currency.

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.

Stronger role of the euro 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. It will also provide additional choice to market operators globally, contributing to stability of the international finance and trade. 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. European policies should therefore support market driven shifts in this direction.

In this context, a number of policies seem particularly relevant, 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 euro as European currency is irreversible. Its strengthened international role will allow EU to improve well-being of citizens and promote international system based on multilateral cooperation and good global governance.

Naturally, the common issuance and a widely used currency also brings responsibilities and concerns. Large, liquid, deep and dynamic financial markets are needed, underpinned by credible and sustainable monetary, fiscal and regulatory policies. The Economic and Monetary Union must be enhanced, the Banking Union completed, and the Capital Markets Union built. Other policies boosting the internal market, promoting growth, securing our industrial fabric, and ensuring financial, fiscal and macroeconomic stability at both the aggregate and national levels are needed. Work on macroeconomic governance must be advanced. The new set of challenges in response to the UK withdrawal from the European Union must be coped with. Europe as one of the largest trading blocs in the world would benefit from a stronger international role of its currency. We need to foster the use of the euro in pricing and invoicing in trade transactions, promote its use in EU trade agreements, especially in the area of energy trade where the leading role of the EU in natural gas markets and emerging energy commodities, such as hydrogen, offers better prospects for the use of financial instruments denominated in euro. The European Green Deal provides here a solid head start to develop EU financial markets into a new 'green finance' hub.

Creating more resilient and independent structures with a strengthened international role of the euro certainly interplay with the wider need to strengthen the EU's ability to shield itself from unlawful, extra-territorial application of unilateral measures by third countries.

A stronger euro and more independent and resilient infrastructures together with a solid EU modus operandi on sanctions, will allow EU to frame its own policy stance independently of global developments and enable European companies compete globally.