

Box 5

European Commission Communication on the European economic and financial system

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On 19 January 2021 the European Commission issued a Communication on the launch of a new strategy to stimulate the openness, strength and resilience of the economic and financial system of the European Union (EU).⁷¹

The Communication stresses that the foundation for a stronger EU is a deep and well-functioning internal market. To this end, the EU must pursue policies that enhance growth and efficiency, and that support the green and digital transitions. Furthermore, the EU must continue its efforts to strengthen Economic and Monetary Union (EMU), in particular completing banking union and deepening the capital markets union. Building on this foundation, the Communication proposes an approach to strengthening the EU's open strategic autonomy based on three mutually reinforcing pillars: (i) promoting a stronger international role of the euro, (ii) further developing EU financial market infrastructures and improving their resilience, including towards the extraterritorial application of sanctions by third countries, and (iii) further promoting the uniform implementation and enforcement of the EU's own sanctions.

As regards the pillar that consists of promoting the international role of the euro, the Communication outlines a series of targeted actions to promote the use of the currency. A first set of measures aims to increase euro-denominated trade in debt securities, commodities and related financial instruments. This includes promoting the use of the euro in the context of EU trade agreements, engaging with the main players in key strategic sectors and ensuring that financial market regulation allows EU financial markets to remain competitive and attractive for international market participants. A second set of

⁷¹ See the Communication of 19 January 2021 from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions on the [European economic and financial system: fostering openness, strength and resilience](#) (COM/2021/32 final).

measures relates to EU issuance and outreach to third-country investors and issuers. With the implementation of Next Generation EU (NGEU) and the Support to mitigate Unemployment Risks in an Emergency (SURE), the role of the EU as an international debt issuer will become more important. Building on this, the Commission intends to organise high-level contacts with market participants, in particular outside the EU, to promote investments in euro-denominated bonds. It will also launch outreach events to promote the use of the euro as an invoicing and denomination currency and foster a better understanding of the obstacles for its wider use. A third set of measures relates to the role of the euro in the green transition. The Commission aims to promote the use of green bonds as tools for the financing of investments and to issue in the form of green bonds 30% of the total amount of bonds issued under NGEU. Furthermore, it will look for possibilities to expand the role of the EU's Emissions Trading System. A final set of measures regards the role of the euro in the digital era. This includes promoting digital finance and collaborating with the ECB to examine the possibility of introducing a digital euro.

This Communication was tabled as a contribution to the Euro Summit on 25 March 2021. In the concluding statement, Member States gave their support to the objective of strengthening the international role of the euro with a view to enhancing the EU's strategic autonomy. They reiterated several points from the Communication, underlining the need for a robust recovery, further deepening of EMU and additional work to support the green and digital finance sectors.⁷²

⁷² See the [statement by Members of the Euro Summit](#), 25 March 2021.