



Issues note – Eurogroup 15 February 2021

The International Role of the Euro

The euro summit statement of Dec 2020 confirmed that the international role of the euro should be commensurate with the global economic and financial weight of the Union. The draft Council Recommendation on the economic policy of the euro area, agreed in the December 2020 Eurogroup, underscores the importance of completing EMU, completing the Banking Union and deepening the Capital Markets Union for enhancing the international role of the euro and promoting Europe's economic interests globally. In accordance with these priorities, the Eurogroup, through its Work Programme, will continue to monitor carefully the potential opportunities and advantages but also the risks of an enhanced international role of the euro. These risks and rewards were outlined in the Commission's 5 December 2018 Communication "*Towards a stronger international role of the euro*".

In its new Communication "*The European economic and financial system: fostering openness, strength and resilience*", published on 19 January 2021, the Commission outlines the case for enhancing the international role of the euro as an element of the EU's open strategic autonomy and resilience. To achieve this objective, the Commission specifies a range of actions including reaching out to third-country partners to promote use of the euro, supporting the development of euro-denominated instruments and benchmarks, and fostering the euro's status as an international reference currency in the energy and commodities sectors. The Commission also refers to the joint work with the ECB to analyse a broad range of technical questions emerging from a possible introduction of a digital euro. The Eurogroup will discuss the digital euro later in the year following the publication of the ECB's analysis of its public consultation.

The Commission Communication also shows the interconnected nature of the international role of the euro, with action points covering a wider span of policy areas. In addition to recalling the relevance of strengthening the institutional foundations of the EU and EMU, the Communication highlights increasing the resilience of EU financial market infrastructures and related critical service providers, along with strengthening implementation and enforcement of EU sanctions.

An initial discussion at Eurogroup on this topic will assist in identifying key issues for further discussion in March, which may then feed into the euro summit preparation.

Questions for discussion:

1. *What (more), in policy and practical terms, can the euro area do to enhance the international role of the euro both now and in the longer term?*
2. *Aside from the benefits of a stronger international role of the euro, what are the most relevant risks and trade-offs – and how should these be managed?*
3. *Which elements of the Commission Communication are most relevant at this stage for (euro area) Finance Ministers?*