



Commission takes further steps to foster the openness, strength and resilience of Europe's economic and financial system

Brussels, 19 January 2021

The European Commission today presented a new [strategy](#) to stimulate the openness, strength and resilience of the EU's economic and financial system for the years to come. This strategy aims to better enable Europe to play a leading role in global economic governance, while protecting the EU from unfair and abusive practices. This goes hand in hand with the EU's commitment to a more resilient and open global economy, well-functioning international financial markets and the rules-based multilateral system. This strategy is in line with [President von der Leyen's ambition for a geopolitical Commission](#) and follows the Commission's May 2020 Communication "[Europe's moment: Repair and Prepare for the Next Generation](#)".

This proposed approach is based on three mutually reinforcing pillars:

1. Promoting a stronger **international role of the euro** by reaching out to third-country partners to promote its use, supporting the development of euro-denominated instruments and benchmarks and fostering its status as an international reference currency in the energy and commodities sectors, including for nascent energy carriers such as hydrogen. The issuance of high-quality euro-denominated bonds under NextGenerationEU will add significant depth and liquidity to the EU's capital markets over the coming years and will make them, and the euro, more attractive for investors. Promoting sustainable finance is also an opportunity to develop EU financial markets into a global 'green finance' hub, bolstering the euro as the default currency for sustainable financial products. In this context, the Commission will work to promote the use of green bonds as tools for the financing of energy investments necessary to reach the 2030 energy and climate targets. The Commission will issue 30% of the total bonds under NextGenerationEU in the form of green bonds. The Commission will also look for possibilities to expand the role of the EU Emission Trading System (ETS) to maximise its environmental outcome and to support ETS trading activity in the EU. In addition to all this, the Commission will also continue supporting the work of the European Central Bank (ECB) on a possible introduction of a digital euro, as a complement to cash.
2. Further **developing EU financial market infrastructures and improving their resilience**, including towards the extraterritorial application of sanctions by third countries. The Commission, in cooperation with the ECB and the European Supervisory Authorities (ESAs), will engage with financial-market infrastructure companies to carry out a thorough analysis of their vulnerabilities as regards the unlawful extraterritorial application of unilateral measures by third countries and take action to address such vulnerabilities. The Commission will also establish a working group to assess possible technical issues related to the transfer of financial contracts denominated in euro or other EU currencies cleared outside the EU to central counterparties located in the EU. In addition to this, the Commission will explore ways to ensure the uninterrupted flow of essential financial services, including payments, with EU entities or persons targeted by the extra-territorial application of third-country unilateral sanctions.
3. Further **promoting the uniform implementation and enforcement of the EU's own sanctions**. This year, the Commission will develop a database – the Sanctions Information Exchange Repository – to ensure effective reporting and exchange of information between Member States and the Commission on the implementation and enforcement of sanctions. The Commission will work with Member States to establish a single contact point for enforcement and implementation issues with cross-border dimensions. The Commission will also ensure that EU funds provided to third countries and to international organisations are not used in violation of EU sanctions. Given the importance of monitoring the harmonised enforcement of EU sanctions, the Commission will set up a dedicated system allowing for the anonymous reporting of sanctions evasion, including whistleblowing.

Today's strategy builds on the 2018 Communication on the International Role of the Euro, which had a strong focus on strengthening and deepening the Economic and Monetary Union (EMU). A resilient economic and monetary union is at the heart of a stable currency. The strategy also acknowledges

the unprecedented recovery plan '[Next Generation EU](#)' that the EU adopted to tackle the COVID-19 pandemic and to help Europe's economies recover and embrace the green and digital transformations.

Members of the College said:

Valdis **Dombrovskis**, Executive Vice-President for an Economy that Works for People said: *"The EU is a champion of multilateralism and is committed to working closely with its partners. At the same time, the EU should cement its international standing in economic and financial terms. This Strategy sets out key ways to do this, notably by boosting global use of the EU's common currency - the euro. It also looks at ways to reinforce the infrastructure that underpins our financial system and to strive for global leadership in green and digital finance. In shaping a more resilient economy, the EU must also better defend itself against unfair and unlawful practices from elsewhere. When these occur, we should act decisively and forcefully, which is why the credible enforcement of EU sanctions is so important."*

Mairead **McGuinness**, Commissioner responsible for financial services, financial stability and the Capital Markets Union, said: *"The EU economy and financial market must continue to be attractive to international investors. Substantial progress since the last global financial crisis has helped improve the EU's institutional and legislative framework. In addition, the EU's ambitious recovery plan in response to the COVID-19 crisis will support the economy, promote innovation, widen investment opportunities and increase the supply of high-quality euro-denominated bonds. To continue these efforts – and taking account of new geopolitical challenges – we are proposing a number of additional actions to increase the resilience of the EU economy and its financial market infrastructures, foster the euro's status as an international reference currency, and strengthen the implementation and enforcement of EU sanctions."*

Paolo **Gentiloni**, Commissioner responsible for the economy, said: *"Strengthening the international role of the euro can shield our economy and financial system from foreign exchange shocks, reduce reliance on other currencies and ensure lower transaction, hedging and financing costs for EU firms. With our new long-term budget and NextGenerationEU, we have the tools to support the recovery and transform our economies – in the process making the euro even more attractive for global investors."*

Kadri **Simson**, Commissioner for Energy, said: *"A strong euro is important for the energy sector. On the EU energy markets, the role of the euro has significantly increased in recent years. For natural gas contracts, we have seen its share rise from 38% to 64%. We must ensure that this trend continues into nascent markets, for example for hydrogen, as well as strategic markets for renewables, where the EU is a global leader. We also want to reinforce euro's role in financing sustainable investments, in particular as the currency for green bonds."*

Background

[The Commission's Communication of December 2018 on strengthening the international role of the euro](#) laid out some key actions to enhance the euro's status. That Communication was accompanied by a [Recommendation on the international role of the euro in energy](#) and followed by [five sectoral consultations](#) on the role of the euro in foreign exchange markets, in the energy sector, in raw materials markets, in the trade of agriculture and food commodities and in the transport sector.

For More Information

[Commission's communication](#)

[Communication of December 2018 'Towards a stronger international role of the euro'](#)

[Recommendation on the international role of the euro in energy](#)

[Sectoral consultations on the role of the euro in foreign exchange markets, in the energy sector, in raw materials markets, in the trade of agriculture and food commodities and in the transport sector](#)

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[Q&A](#)

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