



PLEASE CHECK AGAINST DELIVERY

Statement

by

Ms. Olga Algayerova

United Nations Under-Secretary-General

Executive Secretary

of the United Nations Economic Commission for Europe

at

**SIDE EVENT: WORLD ECONOMY IN CRISIS: EXPLORING THE EU'S
ROLE AMIDST THE WAR IN UKRAINE AND ECONOMIC
CHALLENGES AHEAD**

GLOBSEC 2023 BRATISLAVA FORUM

29-31 MAY 2023

Bratislava, 30 May 2023

14h, Room Ferdinand

Distinguished Delegates, Ladies and Gentlemen,

Thank you for inviting me to this very interesting side event. UNECE is collaborating on many different topics with the Ukrainian government: this is a core element of our work.

For us, the world is in crisis in a divided region. The current economic outlook is characterised by both high uncertainty and downside risks. We do not know what might happen while, at the same time, we can identify a number of negative events that are likely to occur. This context is likely to have a dampening effect on investment, with knockdown effects on productivity and growth -which are the ultimate drivers of economic prosperity. There is a need therefore to reduce uncertainty and address those risks before they materialise.

Multilateral cooperation can have an important role in dispelling sources of uncertainty and taking the necessary action to combat known risks. In our region, the EU contributes to advance cooperation among its member States and beyond, including by engaging in wider platforms like the Economic Commission for Europe.

But multilateral cooperation itself is under threat under rising geopolitical tensions – and the differentiated economic impacts

associated to the new political context. The peace dividend is clearly coming to an end. Increased military spending will tend to crowd out space for spending on social programmes, climate action and other sustainability issues in many countries. We need to offset this negative impact with continued political commitment to sustainable development and solidarity towards those who need support.

Geopolitical considerations are shaping core policies, energy in particular. This can provide an impetus to the green transition but also lead to decisions on infrastructure that may create lock-in effects and delay decarbonization. But let me underline a fact that I believe should be stressed: the gains in energy efficiency in the European industry resulting from actual and anticipated high energy prices. These have been substantial and will stay with us.

As we try to grapple with the fallout of the war in Ukraine and the new economic context created by tightening monetary policies, we cannot forget other ongoing crises. Existing patterns of resource use are exceeding planet boundaries. We need to address climate change, arrest biodiversity losses, and, overall, reduce our environmental footprint. A green transformation is required to change the way in which we produce and consume. Climate change is already a reality that is affecting agricultural yields and increasing the frequency and

intensity of natural disasters. ECE is working with its member States to advance decarbonization and also to anticipate and adapt to looming environmental risks.

Beyond the immediate economic and geopolitical tensions, the ongoing digital transformation is unleashing some profound economic and social changes. We are just at the beginning of what promises to drive a significant reshaping of existing economic structures, opening new ways for cooperation – but also for competition and the concentration of power.

This digital transformation can play an important role in fostering prosperity and advancing sustainability. However, it presents also potential downsides that would need to be addressed. It will have a significant impact on labour markets. New forms of delivery of basic services and access to public information may put population groups with limited digital skills at a disadvantage, in particular the aged, who are going to become a growing share of the population in our region. As a result, inclusiveness may suffer. In addition to the potential divisive impact within countries, existent digitalization divides across countries could also widen and make more persistent development divides across the region. All these pitfalls call for determined policy action and solidarity across generations and countries. Appropriate

investment should be mobilised to address related needs, both regarding infrastructure and skills.

EU initiatives seek to harness the power of these two twin transformations – green and digital - so they reinforce each other, and negative aspects are addressed. This was also the theme of the recent 70th session of the Economic Commission for Europe, which provided a new impulse to our work in these areas.

Changes are afoot – but it is up to us to shape them in the right direction. Policy actions in the EU and the wider ECE region would have consequences far beyond. We need to understand and accept this responsibility in our quest for a sustainable development for all.

Thank you very much for your attention.
