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Statement

by

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at

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**Launch of the GLOBSEC-Vienna Insurance Group joint report
“K-shaped Recovery in the Region of Central and Eastern Europe”**

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Distinguished guests, ladies and gentlemen,

It is my great pleasure to be here today and to bring a UN perspective to the discussions on how we can recover from the big challenges we face today, including the war in Ukraine, the COVID-19 pandemic and climate change. The United Nations Economic Commission for Europe (UNECE) was founded in 1947 to help rebuild post-war Europe and promote economic cooperation and integration in the pan-European region. We continue to work with our member States to that end, and remain big believers in the power of international cooperation, despite the difficulties we face today. In fact, the UN Secretary-General has said numerous times that we should focus not only on recovering from these challenges, but on “building back better”. In order to achieve this, we need to work together.

The war in Ukraine has radically changed the context for international cooperation – nowhere more dramatically than in the UNECE region.

The war of Aggression waged by the Russian Federation breaches the values enshrined in the UN Charter and violates international law.

Let me reiterate the principles of sovereignty and territorial integrity that must be upheld in our international order. I stand with the people of Ukraine.

While the outcome of the war is uncertain, the political and economic implications are going to be long lasting. We will all need to adjust to a different environment where geopolitical considerations are going to sharply influence the assessment of the benefits of cooperation.

The war brings to the fore issues that had already been a focus of attention during the COVID-19 – in particular resilience and risk.

Connectivity and interconnectedness bring opportunities but can also become a significant source of vulnerability.

These are challenging perceptions, and in some instances real threats, for our multilateral system that need to be addressed and mitigated.

These concerns could lead to fragmentation and to foregoing the benefits of broader economic cooperation, with negative implications for growth.

We should contribute to develop an alternative narrative that, while addressing these concerns, opens spaces for positive changes. For example, an emphasis on resilience creates a more receptive environment for initiatives on circularity. A stronger appreciation of risks could reinforce a prevention agenda, including regarding environmental risks. The UN system stands ready to support member States in this regard, for example UNECE with its numerous normative tools that promote adaptation to and mitigation of climate change and circular economy.

The COVID-19 pandemic reinforced global inequalities and knocked less advanced countries off from their growth trajectories. Unfortunately, this is likely to occur again, with the poorest countries in the UNECE region being among the most affected worldwide. The K-shaped economic recovery that has emerged following the COVID-19 pandemic has exacerbated inequalities even further, precipitating the employees of certain sectors into destitution while others have prospered. According to the 2022 SDG progress report prepared by UNECE, targets to reduce poverty and income inequality are not on track to be achieved by 2030. One in five individuals experience multidimensional poverty across countries in the region, and the share of individuals living below 50 per cent of their country's median

income level is increasing in half of the countries that provided data. Structural changes- both locally and globally- are required to lift growth potential and the ability to withstand shocks.

Energy policies are the most obvious example of how geopolitics are shaping decisions. Food policies are also being reconsidered, as a way to offset a source of emerging fragility.

Initiatives in these areas could be constructed in a way that advance the sustainable development agenda – by reducing reliance on fossil fuels, increasing energy efficiency or rethinking food systems to improve resilience and reduce carbon footprint. These are positive changes that the UN system supports. We need to build on existing trends and strive to shape them in a way that promotes sustainable development. At UNECE, we do this in several work areas such as digitalization of trade, smart sustainable cities, and in a sector which is under transformation – the automotive sector. UNECE transport provides a forum for its 56 members for coordinated action designed to achieve an efficient, coherent, balanced and flexible transport system which is based on principles of market economy, pursues the objectives of safety, environmental protection and energy efficiency in transport and takes into account transport developments and policy. It acts as a centre for supporting new technologies and innovations in inland transport, by providing a platform for digitalization, automated driving and intelligent transport systems. The inland transport sector is of big importance to the countries of Central and Eastern Europe, and we have big innovators here – the flying AirCar developed in Slovakia was recently given the greenlight by the Slovak Transport Authority, for example! It is the privilege of UNECE to work with industry, civil society and with governments to jointly develop the rules and regulations that allow for innovative transport technologies to be

deployed safely and sustainably, in a manner aligned with the 2030 Agenda for Sustainable Development.

Of course, a sustainable recovery necessitates strong resource mobilization. Both at the national and global levels, there is a need for radical reconsideration of tax and financial systems to create the right incentives for behaviours consistent with sustainable development while resulting in fair burden sharing within and across countries.

Climate finance considerations need to be brought to discussions on external debt restructuring in a systematic way. We need to go beyond successful examples, to develop generally accepted frameworks that can be replicated. The UN system can engage to provide transparency, identify projects and deploy its normative tools for monitoring purposes.

The importance of managing global and regional commons- natural resources, climate change determinants - needs to be emphasized. And again, I turn back to how we need to build back better from our difficulties. The UN provides strong platforms for dialogue and cooperation where member States have developed visionary documents for our future – among them, the 2030 Agenda for Sustainable Development, the Paris Agreement and Our Common Agenda. All our efforts need to align with these documents, which is made easier through international cooperation, dialogue and standardization. The 2022 UNECE SDG progress report further identified advancing the green transition, sustainable digitalization, increasing the effectiveness of public spending through better policies and advancing gender equality as policy areas that can accelerate our progress. UNECE stands with all its member States to continue promoting multilateral dialogue in these contexts, for the well-being and prosperity of all.

Thank you.

