

26th OSCE Economic and Environmental Forum

“Promoting economic progress and security in the OSCE area through innovation, human capital development, and good public and corporate governance.”

**Thursday, 24 May 2018
Scuola Grande San Giovanni Evangelista
San Polo 2454, 30125 Venice**

Opening remarks

**Ambassador Vuk Žugić
Co-ordinator of OSCE Economic and Environmental Activities**

Ambassador Azzoni,
Professor Severino,
Mr. Quattrocioche,
Excellences,
Ladies and gentlemen,

I would like to join Ambassador Mati in welcoming our speakers, and reiterate my appreciation to the Italian Chairmanship for the selection of the theme for this 26th Economic and Environmental Forum.

Let me also thank the Italian Chairmanship for hosting us in this outstanding venue in the beautiful city of Venice. Historically Venice has made the most of its position as an important sea port. For centuries, Venice's economic development relied on innovation, specialisation and co-operation among the players involved in long-distance trade. These are the same patterns that companies of the XXI century need to succeed in the global market.

But what Venice has been able to do after its mercantile empire was largely played out in the 18th century was to reinvent itself, avoiding to mourn for its lost status as a prominent player in the international arena, but rather celebrating its heritage and cultural richness.

This major process of change can be possibly compared with what our societies are experiencing today, at the global level: a rapid technological transformation brought about by the impact of automation and artificial intelligence.

Indeed, the global economy is going through an epochal transition that will transform deeply how and where people work.

According to some relevant studies, while one out of five jobs will be lost in the near future due to the impact of technological innovation, many other will be created thanks to the same process of digitalization.

Although the history of previous innovation waves suggest that the Fourth Industrial Revolution will bring broad-based benefits, and at the same time the current rapid technological change is widely considered as a source of economic risk, and I would dare to add also a security one. The most frequently cited concern is the pairing between ramping unemployment – particularly among young people - and the adverse impact of automation. Indeed, I believe, that there is a risk that such economic disruption might lead to increased illegal economic activity and other factors that can undermine security and stability also in the OSCE region.

But it is not technology *per se* that causes people anxiety, but rather the progressive reduction of safety nets, the decreasing opportunities for quality education and re-training, the growing erosion of labour standards.

The topic was prominent at some of recently held multilateral gathering including in the G7 and G20 agendas, with the aim to promote joint strategies to strengthen the resilience and adaptability of labour markets so that workers and countries can manage the digital transition with the least possible disruption.

To harness the opportunities, and curb the inevitable challenges associated with these megatrends, it is crucial that policy makers gain an in-depth understanding of the factors that influence challenges and opportunities

In this regard, investing in human capital represents a key mitigating strategy to address the transition to an increased automated world. Yet, together with greater investments in education, with the view to catalyze a future of learning and employment that truly works for everyone, there is a strong need to re-think how our economic systems work.

Indeed, already in 2003, the OSCE Maastricht Strategy underlined that “*Human resources are an essential factor for economic growth and development [...], calling for increased investment in human capital development is a key policy area to tackle “deepening economic disparities between and within countries” deriving from the uneven benefits of “globalization, liberalization and technological change”.*

The Ministerial Council Decision no. 8/17 on “*Promoting economic participation in the OSCE area*” further acknowledged the importance of education and training, suggesting pS to “*Continue their efforts to promote education and vocational training, [...] and increase employment opportunities*” [...] particularly for young people.

Labour markets are increasingly complex for workers. ‘Uber-like’ business models are now being embraced in the field of employment too. According to the OECD, almost 20% of jobs terminated within one year, while over 33% last less than 3 years. This is forcing workers to embrace a more entrepreneurial approach to finding and maintaining work. Traditional jobs are disappearing and creative work is highly prized

We therefore need to focus on the responsibility of business, including platform businesses. And we need to focus on public governance rules that put the future of work at the centre, with a strong engagement on the most disadvantaged, to allow everyone access the new technological tools.

The “digital gap” is, today, one of the many faces of inequality. To limit the disruptive impact that this innovation process could have on the overall stability of our societies, it is paramount to reinforce co-operation.

I, therefore, wish to thank the 2018 Italian OSCE Chairmanship for bringing these topics high in the agenda of the OSCE.

In the next two days we will indeed have the opportunity to discuss how the Fourth Industrial Revolution has already and will continue transforming the dynamics of the demand and supply of labour force and how public and private players can join forces in tackling the major transformations brought about by the increasing digitalization of production. Our main objective is to maximize the potential benefits and make innovation a concrete source of prosperity, competitiveness and well-being for all.

Thanks to the prominent speakers, we will look at some of the key challenges brought about by digital innovation on the labour market, and the role that the OSCE can play in addressing them, including their implications for security, as well as in fostering co-operation among various stakeholders.

The discussions will focus primarily on the impact of innovation on public and corporate governance; challenges in ensuring not only the quantity but also quality of jobs; the future of education and long-life learning, in order to increase adaptability of the current and future generations, leaving no one behind because of gender, age or census.

In doing so, our debate will intercept some relevant Goals of the 2030 Sustainable Development Agenda: Goal no. 4, “Quality education for all”, and Goal no. 8 “Decent work for all”. But most of all, our guiding vision will be the Goal no. 17: “Partnerships and co-operation” to name a few.

It is essential that the dialogue on the future of work is inclusive, involving major stakeholders, governments, think tanks, enterprises, workers’ associations, experts. Only together we can move beyond good intentions.

I wish this meeting will offer such an opportunity and I wish you all a productive discussion.
Thank you