



Organization for Security and Co-operation in Europe

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”**

CONCLUDING MEETING

Prague, 5-7 September 2018

Venue: Czernin Palace, Loretánské nám 5, 118 00 Prague

Welcoming Remarks

Ambassador Vuk Žugić

Co-ordinator of OSCE Economic and Environmental Activities

Minister Petříček,
Deputy-Minister Picchi,
Ambassador Mati,
Director General Viola,
Ambassador Azzoni,
Excellences,
Ladies and gentlemen,

I wish to welcome you all to the Concluding Meeting of the 26th OSCE Economic and Environmental Forum. Let me first of all express my gratitude to the Czech Ministry of Foreign Affairs for hosting us here. Your renewed hospitality is never given for granted and is highly appreciated.

I also wish to welcome the speakers and experts who accepted our invitation to discuss and share their experiences on the two priorities proposed for this year by the OSCE Italian Chairmanship in the Economic and Environmental Dimension, namely: how to harness the opportunities of digital transition while curbing its security implications; and human capital development.

These topics are timely and relevant.

Indeed, economists throughout the past decades have always warned that the overall outcome of automation would not result into improved human productivity but, rather, impact negatively on workforce, and thus on society as a whole.

This means that, as rightly pointed out by the Chairmanship in the Food-for-Thought Paper, which recently was prepared for the next Session, if not managed properly and in a timely manner, the digital transformation can lead to increased firm closures, skills' mismatch and unemployment, resulting in potential growing internal and transnational tensions. Reducing the technological gap remains, in fact, a challenge for many societies, including in the OSCE region, and an additional stress factor to attract foreign direct investments.

Compared to previous technological innovations, some features of the current digital transformation are notable. Today's digital transformation allows firms to scale quickly, blurring the boundaries of enterprises and challenging traditional production patterns. New business models—including digital platform firms—evolve rapidly.

This new and fast-evolving industrial re-organization offers opportunities and a number of policy challenges that have been reflected by the Italian Chairmanship in the agenda of this year's Forum process. I look forward to the next three days to continue the discussions initiated in Vienna in January and in Venice in May with the aim to pave way to a successful Ministerial Council in Milan in December.

Colleagues,

The opportunities of the Fourth Industrial Revolution to bring about prosperity and growth are indisputable. Innovation has transformed our living standards, and for the better. The fact that - most probably - many of us have used our mobile phones and computers to book on Booking.com our hotels here in Prague, or are using Whatsapp to staying in touch with the family and colleagues are small but tangible indicators of how technology is embedded in our daily life.

Indeed, there is no doubt that technology is driving historic levels of transformative change whose consequences – however - are still to be fully understood. One of the most disruptive consequences could be the impact on work. The progressive expansion of non-standard employment has a number of detrimental effects on many aspects, including on employment security, occupational health and accident insurance, social security, training - with consequences on the quality and quantity of jobs, particularly for youth.

In such an increasing volatile business climate, there is a strong need to re-think corporate governance as well as public-private partnerships to steward a technological transformation that is fair and leaves no one behind.

Technology and innovation are top priorities in almost all participating States to promote economic growth, to increase the efficiency of the public sector, to improve governmental services and enrich the lives of all citizens. But this also implies the need to manage the unequal distribution of the gains stemming from digitalization and the impacts of such gains among countries, social groups, productive sectors and skill levels. To enable technology to display its most positive effects it is critical to invest in human capital development. The Maastricht Strategy, indeed, calls for renewed investment in human resources that are defined as “*an essential factor for economic growth and development*”.

This Forum meeting should contribute to the identification of the role of the OSCE in supporting participating States in shaping a common vision on how to harness the potentialities of digitalization while limiting its negative potential.

As the largest regional security organization in the world we are aware of the need to address such topic. And we are aware that there is no one-size-fits-all solution. Yet, we are eager to offer our inclusive platform to discuss the many areas of policy action in order to promote the use of technology as a factor to improve the business environment, human capital investments, public governance and ultimately security.

Indeed, we are aware that technology is not the only answer to the many problems we face. However, by properly framing the right questions now, there is a better chance that innovation will help more than hinder our progress.

I therefore wish to invite you to take full advantage from the presence of our experts to discuss openly the prospects for enhanced co-operation in an area that is already shaping our present and will continue shaping our future.

In concluding, let me voice my highest appreciation for the excellent co-operation with the Chairmanship along this year's Forum process and let me also thank our speakers, the Delegations, representatives of the Field Operations and all participants for joining us in Prague.

Thank you.