

## **Basic Objectives of the General Economic Segment of the UNECE Biennial Commission Session and guidelines for participation**

### **Note to Participants**

The Commission is responsible for making strategic decisions on the UNECE Programme of Work and also provides a forum for policy dialogue on the economic developments in the region. Hence, the Biennial Session of the Commission provides an opportunity for its member States and the UNECE's other intergovernmental partners to provide their strategic vision of how the effectiveness of the organization could be enhanced.

The objective of the discussion under agenda item 2: Economic Developments in the ECE Region, is to discuss the economic circumstances of the wider-European region including the current financial and economic crisis and other technological or social developments and to consider how the work programme of the UNECE could or might be adjusted over the coming two years in order to deal with the new challenges deriving from these changes.

Before beginning the more focused discussion of how changing economic circumstances could be reflected in the work programme of the ECE, the opening session will begin with three presentations providing broad overviews, from three different perspectives, of the economic situation and the role of and need for intergovernmental cooperation in helping to address the current crisis.

Thereafter there will be three panel discussions. In this connection, the UNECE has nine major programmatic areas of work – energy, environment, trade, transport, cooperation and integration, statistics, forestry, population, and housing; in addition, there are several cross cutting themes such as promoting gender equality and addressing the Millennium Development Goals (MDGs). The activities within these programmatic areas of work can be clustered into three main types of activity: 1) those that require intergovernmental cooperation and primarily attempt to coordinate governmental policies involving international integration and transboundary issues whether it be trade policies, international transport routes or transboundary environmental issues; 2) those that promote good economic governance leading to innovative, competitive and growing economies; and 3) those that address the specific needs of social or disadvantaged groups which can promote economic cohesion so that everyone in the region can benefit from economic development. The three panels will, thus, be built around these three overarching themes.

Each of the three panels will begin with an overview presentation by a general expert in the field. These presenters are expected to provide in a very concise manner a broad assessment of where the wider-European region stands regarding the thematic theme (integration, competitiveness, cohesion) and then isolate where the important bottlenecks or challenges are in moving forward. If possible, it would be desirable if the presenter of the overview would also consider the work activities of the UNECE and how they could possibly address the challenges they have isolated.

Next a series of panelists who are more familiar with the specific activities of the UNECE will make shorter and very focused interventions related to existing or proposed activities of a given division or work programme. The objective for these panelists is to describe a much more particular or specific challenge facing the region, give us their view of the basic solution, and make specific suggestions as to how the UNECE could contribute to this solution. After the initial interventions, the audience will be allowed to ask questions and the panelists will be given the floor to respond. Please note that the agenda identifies the major focus area of each of the panelists which may help you to prepare yourself.

In addition, the following provides a short overview of the context in which this discussion will take place.

Other than North America, the European region is perhaps the most economically integrated continent. Clearly integration is deep within the European Union, but east-west integration within Europe, although it has progressed significantly over the last two decades remains somewhat weak in a number of important areas. Trade barriers remain and progress in achieving WTO membership for all the European economies has been poor, border crossings can be quite timely and involve excessive amounts of paper work, health and product standards are often incompatible, some transboundary environmental issues are unaddressed, transport networks – both rail and road – are often less than adequate, energy infrastructure is limited and characterized by a number of important choke points or bottlenecks, financial restrictions still limit capital flows, and migration, even with the EU or the CIS, remains restricted. Given all these limitations on integration, what are the key areas where significant progress is possible and what does this imply about how the UNECE should be addressing these challenges? The financial crisis has recently increased countries sensitivities toward trade, capital and migration flows; given the well know historical mistakes that were made during the Great Depression, how can these trends be contained. These are the issues that the session on integration will attempt to address.

The financial crisis is likely to throw most of the European region into a deep recession. Thus additional progress towards creating a more prosperous Europe with better paying jobs and a higher quality of life will have to be postponed for several years. Although the crisis is global in scope, there a number of emerging economies in other regions that will likely continue to grow and become even more competitive with those in Europe. Even before the crisis, in a number of economies productivity growth was quite low, in others unemployment remained remarkably high, and others remained specialized in a narrow range of commodities, while others had limited technological progress and seemed unable to develop their domestic innovative capacities. The section on promoting competitive knowledge-based innovative economies will address what the key challenges are in overcoming these obstacles to higher growth. Given the special role that real estate has played in creating the current crisis, the need for reforms in that sector also will be addressed.

Given the severity of the current economic downturn, perhaps the worse since the Second World War, a high number of people are likely to be negatively affected. Unemployment is expected to rise everywhere and with it poverty and numerous

social inequities. History has shown that it is usually the poorest and those socially marginalized that often suffer the most during a crisis. In the poorer regions of the UNECE there is likely to be an increase in absolute poverty, that being an increase in those unable to attain their basic biological needs for food and shelter. More generally the recent progress in achieving the Millennium Development Goals is likely to be unwound. What are the key issues for the region in this thematic area, and what type of policies are now needed to address them? How will the crisis affect the region's ability to address long-run environmental concerns that impact human health, how will the increased fiscal stimulus negatively affect debt levels which are already problematic due to demographic aging issues, will the progress in terms of gender equality that has been recouped after the decade-long transition recession be forfeited, can the incredible loss of life and health due to road accidents be reduced despite strained government budgets? These are some of the core issues that will be addressed in this session on economic cohesion and hopefully there will be many useful suggestions on what role the UNECE can play in solving them.

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