



**UNCTAD
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
TRADE AND DEVELOPMENT BOARD**

Sixty-second Executive Session

(25-27 January 2016)

Statement on behalf of the European Union and its Member States

by the Delegation of the European Union to the United Nations

The Least Developed Countries (LDCs) Report: Transforming Rural Economies

Geneva, 25 January 2016

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The Least Developed Countries (LDCs) Report: Transforming Rural Economies

Mr President,

I have the honour to speak on behalf of the European Union and its Member States.

We welcome "The Least Developed Countries Report 2015: Transforming rural economies" that the UNCTAD secretariat published last year. In this sense we tend to agree that rural economic transformation may play a significant role to ensure the development of the Least Developed Countries and may be a key driver to make progress to achieving the SDGs.

We take note of the main messages of the Report: rural economic transformation depends on a mix of agricultural progress and development of non-farm economies (agribusiness, manufacturing, services, etc.); key investments in infrastructures, research and development, education and health are essential for rural agricultural upgrading; an enabling environment (institutional infrastructure) will be critical to contributing to increase agricultural investments; removing gender-based obstacles is needed to increasing rural productivity; and regional cooperation in agriculture and regional integration may contribute to enhancing production efficiency.

We acknowledge that rural economic development plays an essential role in the economies of LDCs, and that increasing both land and labour productivity in agriculture are essential to achieve structural

transformation and rural economic diversification. In that sense sustainable intensification of smallholder production may be very helpful to attain this efficiency in production. As the report precisely underlines, the main route out of poverty is through some combination of market-oriented smallholder farming and strengthening of non-farm production. Agricultural growth generates demands for non-farm goods and services and the income generated by the non-farm sector generates demand for agricultural produce. Investment in health, education and vocational training programmes will also have a positive impact on labour productivity.

At the same time, the EU maintains a strong belief that trade continues to present a transformational opportunity for inclusive growth and sustainable development in LDCs, as is recognised in the Istanbul Programme of Action and reaffirmed in the 2030 Agenda on Sustainable Development. This position is reiterated in the EU's trade strategy – Trade for All which was published in October 2015. With this in mind, the package of measures on export competition agreed at the WTO's tenth Ministerial Conference in Nairobi, notably the elimination of all agricultural export subsidies, is an opportunity for the nexus of trade and rural development to be positively exploited by LDCs.

The EU will continue to focus on the Least Developed Countries and assist them in their economic transformations to enhance their productive capacities, attract foreign direct investment and improve their domestic potential for sustainable development. Economic diversification, based on a wide range of sectors and products (agricultural and non-farming), will be vital to ensuring sustainability, reducing country's economic volatility and stimulating agricultural transformation. The EU's Economic Partnership Agreements with its ACP partners are specifically designed to support the inter-regional trade which is rightly identified as underdeveloped in the report. UNCTAD's experience could be used to help LDCs to assist in the implementation of trade facilitation reforms; to explore the different options for structural transformation by diversifying their exports; and to stimulate the interaction between FDI and local productive capacities.

Mr President,

We welcome the gender-specific chapter in the report. We recognise the importance of women in the agricultural workforce of LDCs and the need to improve their education. We need gender and youth policies in LDCs to try to address these shortcomings. With special acknowledgement, we have to ensure that women and girls are empowered and that their social and economic rights are fulfilled.

UNCTAD's expertise could be used to provide capacity building to LDCs to help them to reduce these gender-based obstacles that decrease women's productivity and their participation in the economy.

We welcome that Foreign Direct Investment (FDI) flows rose by 4.1% (with FDI to the African LDCs recovering from the reduction experienced in 2013) as FDI is a major catalyst for economic growth and technology transfer. These flows tend to go to countries specialised in extractive industries while the flows to exporters of manufactured goods are still low in proportion. It will be good to see a more balanced distribution of FDI towards agribusiness and manufacturing industries which could facilitate the rural economic transformation underlined in the LDCs report.

The report identifies the potential importance of fair and equitable trade and the use of voluntary sustainability labels to add value to LDC products. We would like to draw attention here to the work that the European Union has been supporting since 2012, with the International Trade Centre, to support small operators in LDCs to better understand the range of relevant sustainability standards available, their certification requirements and the application process involved. Having demonstrated the feasibility and potential of such actions with a number of pilot projects, the EU will be supporting a larger scale, longer term project on this topic from mid-2016 onwards.

Concerning the issue of technology, we underline the importance of promoting synergies and avoiding duplication when operationalising the Technology Bank and the Technology Facilitation Mechanism. Furthermore it is crucial to emphasise the importance of an enabling environment and proper investments in education and professional training as necessary conditions for the LDCs to benefit from technological change. We also underscore the essential role the private sector can play in the innovation and technology development.

The EU and its MS are determined to continue supporting LDCs' efforts to reach their ambitious target of graduation by 2020. We are keen to facilitate a smooth graduation process and are looking forward to the progress of those LDCs earmarked for graduation. The EU is clearly committed to this process and extends the benefits of the Everything but Arms scheme under the EU's Generalised System of Preferences for an additional three years after graduation to support a smooth consolidation of transition.

Mr President,

The EU looks forward to engaging constructively in the midterm review conference of the Istanbul Programme of Action in Antalya in May this year. We are keen to work together with UNCTAD and our development partners for the success of the 2030 Agenda for Sustainable Development. The EU's commitment to LDCs remain as strong as ever, and will continue to support LDCs' own efforts towards reaching the goals of the Istanbul Programme of Action.

Thank you.

