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World's poorest countries must diversify economies to beat poverty – UN



UNCTAD Secretary-General Supachai Panitchpakdi

18 February 2010 – Economic diversification is vital if the world's most poverty-stricken countries, some of them depending on a single or a few raw materials or commodities, are to escape their predicament, a top United Nations trade official said today.

“Some countries had been successful in diversifying their economies, in creating jobs, in improving governance,” UN Conference on Trade and Development (**UNCTAD**) Secretary-General Supachai Panitchpakdi told the opening session of a two-day meeting in Geneva of experts on Key development challenges facing the so-called Least Developed Countries (LDCs).

“We should be able to learn from lessons past so that things will be better in the future,” he added, stressing that outside efforts to help LDCs must focus more on enabling them to diversify their economies and depend less on raw materials or agricultural commodities such as copper, cocoa, or coffee.

Enhancing such economies’ productive capacities offers hope that these nations can make steady progress and be less vulnerable to external shocks, such as the food and energy crises, the global recession, and natural disasters such as the earthquake which devastated Haiti in January or last year’s tsunami which struck Samoa, Mr. Supachai said.

The meeting, focusing on structural economic transformation in LDCs, is to provide input to an UNCTAD report ahead of a LDC conference in Turkey next year.

Mr. Supachai noted that since the UN created the LDC category in 1971, the number of countries in it has nearly doubled to 49. Only two countries have “graduated” from LDC status in 39 years – Botswana in 1994 and Cape Verde in 2007, although three more may

soon do so. "We should be looking at ways of making LDC status a temporary status," he said.

The President of UNCTAD's Trade and Development Board, Luxembourg Ambassador Jean Feyder, said it was important to consider new ideas, approaches, and options, especially given the effects on LDCs of the global financial crisis. It is vital to consider what structural changes can be accomplished in these nations' economies and to take a strategic, long-term approach that will allow solid and sustainable progress, he added.

During the meeting economists, academics, and other experts familiar with the challenges facing LDCs will consider such topics as LDC performance and structural progress, their trade performance, investment promotion, and the roles of technology, innovation and infrastructure in their development.

Established in 1964, UNCTAD promotes the development-friendly integration of poorer countries into the world economy, functioning as a forum for intergovernmental and expert deliberations, undertaking research, policy analysis and data collection, and providing technical assistance tailored to the specific requirements of developing countries.

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