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# WHAT IN THE WORLD IS THE CAIRNS GROUP?

by James P. Houck

Although the GATT Uruguay Round is in its early stages, one noteworthy development is the emergence of the 13-nation "Cairns Group" as a negotiating coalition with a new perspective on world trade. The group includes Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, and Uruguay—all GATT contracting parties. The Cairns designation was applied following a 1986 planning meeting of national representatives in that northeastern Australian city.

About 25 percent of world agricultural exports originate in this widely diverse group of countries. The Cairns Group thus becomes the fourth major actor in global agricultural matters along with the United States, the European Community (EC), and Japan. As illustrated in the table, the Cairns nations vary greatly in many ways. Even their political systems are very diverse—established democracies, autocracies, and one communist state. However, in total this group represents 80 percent more people than the European Community (EC 12), has a collective Gross Domestic Product (GDP) more than half as large as Japan's in 1986 U.S. dollars, and contains some nations whose per capita incomes rival those of Europe, Japan, or the United States. Still, over half of the Cairns Group display per capita incomes less than \$2,000.

Two common factors precipitated the formation of this group. One is the continued growth and impenetrability of import barriers which protect agricultural sectors in Europe, Japan, and the United States. The second factor is growing frustration and anger with export subsidies for grains, dairy products, and other commodities as applied by the EC and, more recently, the United States. A specific Cairns negotiating proposal was put on the GATT table in October 1987. Its goals are relatively close to the widely discussed U.S. proposal. However, the Cairns proposal outlines a more measured pace toward trade liberalization. The Cairns nations seek total liber-

alization of agricultural trade, including a phasing out of domestic farm subsidies and an immediate stop to export subsidies.

Despite the anti-protectionist position of the Cairns Group, individual Cairns members are not totally innocent themselves in the trade protectionist game, either as exporters or importers. Thus, it may be difficult for them to project a unified coalition throughout the long, arduous negotiations that surely lie ahead. Yet, the creation of this group is notable because it underscores the widespread view that agricultural markets for numerous important countries are deteriorating. By acting together, these nations aim to have a sizeable impact on the agricultural negotiations. Whether or not they can tip the balance toward an improved trading environment remains to be seen.

## The Cairns Nations Are Widely Diverse: 1986 data

Country	Population	GDP	Per capita GDP	% of GDP from agriculture
	Millions	Billion U.S. dol.	U.S. dollars	Percent
<b>CAIRNS GROUP</b>				
Argentina	31	\$67	\$2,135	12
Australia	16	156	9,861	4
Brazil	143	165	1,151	13
Canada	26	361	14,059	3
Chile	16	17	1,367	6
Colombia	30	32	1,070	20
Hungary	11	24	2,244	16
Indonesia	177	79	450	24
Malaysia	16	27	1,706	21
New Zealand	3	26	7,825	11
Philippines	58	30	523	27
Thailand	52	40	766	17
Uruguay	3	6	1,933	11
<b>Total Cairns</b>	<b>582</b>	<b>1,030</b>	<b>1,770</b>	<b>10</b>
UNITED STATES	241	4,167	17,300	2
EC (12)	324	3,334	10,290	3
JAPAN	121	1,960	16,142	3

Source: ERS-U.S. Department of Agriculture.



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