

International Trade and the Emergence of New Inter-State Coalitions

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ABSTRACT

The end of the 1990s presents a qualitatively new set of opportunities and constraints for developing countries participating in international trade negotiations. This paper investigates the potential role for coalitions of states within the emerging trade order. The first section argues that regionalism and multilateralism are bringing about both political and economic conditions which make it necessary for states to consider forming new kinds of bargaining coalitions in order to pursue their interests in the emerging trade order. The second section then defines and distinguishes inter-state trade 'coalitions' from other forms of inter-state groupings such as alliances and regional free-trade-areas, and draws from the literature on coalitions an analysis of what it is that binds inter-state bargaining groups together. The final sections of the paper examine the kinds of trade coalitions that have emerged in recent trade negotiations and, in particular, discuss the example of the Cairns group so as to offer lessons from its experience which are relevant to future issue-based coalitions.

Introduction

The end of the 1990s presents a qualitatively new set of opportunities and constraints for

developing countries participating in international trade negotiations. This paper investigates the potential role for coalitions of states within the emerging trade order. The first section asks why we should expect new trade coalitions to emerge, highlighting the impact of regionalism and liberalization and why they make a new kind of trade bargaining likely. The second section investigates the nature of trade coalitions, drawing on theoretical literature to analyze the kinds of shared interests and characteristics which might bind coalitions of states. The third section asks what kinds of coalitions are in fact emerging. Finally, the example of the Cairns group is closely studied in the final section of the paper, so as to discern which aspects of its experience might offer an example for future coalitions, and which aspects are particular to the issue of agriculture and the specific countries involved.

I. Trade and new coalitions in a globalizing world economy

In the arena of international trade, coalitions have traditionally formed within countries, and occasionally, among countries, in order to protect the domestic production of particular goods, services, or sectors of the economy.⁽¹⁾ However, oil and interest rate shocks in the world economy during the 1980s, coupled with debt crises and the rise of a more market-oriented economic philosophy brought about a dismantling of organized protectionism in many countries, eroding the coalitions which had so tightly resisted trade liberalization.⁽²⁾ Furthermore, the completion of the Uruguay Round led to the creation of the World Trade Organization, and the flourishing of regional trading blocs which many see as stepping stones towards a freer world trading order. In this new internationalized trade setting, it might be supposed that coalitions either within or among countries would have become obsolete. This paper argues the opposite.

The changes of the 1980s and 1990s have not diminished the role of bargaining and power-politics in trade negotiations. Rather, growing regionalism and multilateralism in international trade has shifted some issues out of domestic politics and into regional and international negotiations. Within these regional and international fora, many countries have come sharply to recognize that the impact of trade liberalization is highly uneven. New interests have arisen which they must fight for - either alone or with other countries in a coalition.

The most far-reaching liberalization has occurred within regions. Yet it is not clear that regionalism is a stepping stone to a more liberal global trade order. A substantial body of evidence is now emerging which suggests that regionalism is not creating `open' trading zones, but rather than closed fortresses. As one trade economist puts it: `open regionalism is nothing but an oxymoron'.⁽³⁾ Indeed, some of the powerful commercial forces behind regional liberalization are also changing. As Charles Oman has written `powerful OECD-based

multinational firms that might once collectively have constituted a strong political force against regional protectionism in OECD can no longer be counted on to play that role.'⁽⁴⁾ In today's world economy, once multinationals have established a presence within each of the major regions, such actors give more importance to lowering intra-regional barriers, rather than inter-regional barriers to trade.

The impact of the new regionalism on countries lying outside the region has in some instances been very harsh. For example, countries bordering the European Union have found that regionally organized trading regimes can present a series of closed doors to those outside the 'free-trading' region. In the transition economies of the former Eastern bloc, initial enthusiasm to dismantle trade barriers has been replaced by a bitter recognition that the trade practices of most large industrialized countries are protectionist and restrictive, even though they are legal within GATT/WTO rules.⁽⁵⁾ In this context, many countries bordering successful 'regions' (such as the European Union and NAFTA) are attempting to find ways to gain entry into existing regions, and considering new regional areas of their own (NAFTA's catalyzing of MERCOSUR).⁽⁶⁾

Regionalism not only excludes non-regional members, it also enhances the capacity of large states to play by their own rules in the world economy. Once regional institutions are set up, powerful member-states can start choosing (according to which serve their interests best) between regional institutions and multilateral institutions. Such behaviour might well erode international institutions if powerful states focus attention inwards on their region and regional institutions, neglecting international fora and organizations.

It is worth noting, however, that no country has a clearcut choice between regional trade and international trade. All regions depend heavily on other markets: the EU relies heavily on North American markets, as does Japan; NAFTA offers too small an arena of trade for the USA - indeed, the US impetus for Uruguay Round was to open up access to foreign markets, to extend coverage to agriculture and services and to fix up areas like intellectual property and foreign investment.⁽⁷⁾ However, what the evidence suggests is that powerful states, even though they depend upon international rules and access, gain important bargaining leverage from participation in regional blocs. The United States, for example, used the threat of NAFTA and APEC to force other countries to take the Uruguay Round seriously.⁽⁸⁾ Hence, regionalism is not in competition with multilateralism but it does increase the bargaining power of large players with a regional option.

A second concern about powerful states within regions is that they will dominate, with even fewer fetters, the other states within the region. Here the concern for developing countries is

that regionalism will simply highlight, if not magnify, existing disparities of power. Membership of a regional bloc can be perceived as a source of greater influence, control and market credibility. For example, in joining NAFTA, Mexico hoped to gain greater influence in regulating its access to its large Northern markets, as well, of course, as gaining greater investment. Yet, these gains from regionalism can be chimeric. As Diana Tussie has argued, regionalism can lead to small areas of hegemony in which predominant states enjoy yet a more unfettered power.⁽⁹⁾ In other words, far from obviating the need for developing countries to form coalitions on the bases of interests both within regions and across them, regionalism in which developing countries' participate can underline the ongoing need for other coalitions.

Alongside regionalism, the world trading order in the last decade has been marked by increased institutionalization and multilateralism. This has opened up a new, wider set of issues and interests around which future coalitions of countries may well form. Prior to the Uruguay Round, and during the pre-negotiations of that Round, developing countries had formed a coalition of 'the South'. The Group of Ten (led by a 'Big Five' comprising Argentina, Brazil, Egypt, India and Yugoslavia) formed as soon as the United States began its push to launch a new round of trade negotiations. The coalition of developing countries successfully blocked some aspects of the US initiative. However, the G-10 soon found itself split in trying to formulate negotiating positions on the various aspects of trade to be discussed in the Round.⁽¹⁰⁾ The coalition was overtaken by other smaller groupings of states sharing more specific trading interests.

The Uruguay Round included new issues such as services, TRIMs and TRIPs, as well as bringing agriculture into GATT negotiations. This range of issues gave almost all countries some stake in the outcome. It also altered various alignments of interests among states, opening up new possibilities for coalitions in trade negotiations. The inclusion of agriculture, for example, produced serious rifts within the Quad, as well as defections from the G-10, and led to the formation of the Cairns Group coalition. The inclusion of services, on which there was only a very limited epistemic consensus, underlined the potency of coalitional bargaining. The inclusion of a range of issues such as tropical products, linkages through the Single Undertaking and cross-retaliation further increased the potential for side-deals and further interest-based coalitions.

Since the Uruguay Round, analysts of trade negotiations have begun to refer to a new 'niche diplomacy'.⁽¹¹⁾ The essence of this new diplomacy is that it brings together smaller or middle powers into coalitions to further particular sectoral or product-specific interests in the face of multilateral negotiations in which they would otherwise have no voice. In agriculture, the EC-US subsidy war led Australia to take a lead in establishing the Cairns Group. Similarly, the International Textiles and Clothing Bureau (ITCB) has been established by developing countries with keen interests in this area. The interests of governments to form such coalitions

have not been eroded by the World Trade Organization (WTO).

The creation of the WTO (which came into being on 1 January 1995) fostered many hopes that international trade would now be regulated in a less power-political and more rule-based way. Certainly, it is true to say that several changes have moved in this direction: the reversal of the requirement of consensus for accepting panel decisions has taken some of the politics out of that process, and the tightening and 'legalization' of disputes resolution mechanisms has further strengthened the role of the WTO (as opposed to individual member states).⁽¹²⁾ However, it does not follow that power-political bargaining has been obviated within the new institution. On the contrary, the 'Quad' which was so powerful within the GATT (the United States, the European Union, Canada, and Japan) still enjoys enormous power in determining rules and outcomes in the WTO. As a result, all other states continue to have an interest in coalescing as groups both to try to alter the structure of bargaining in which the Quad enjoy so much power, as well as to gain more leverage on specific issues or in specific sectors which most affect them.

In negotiations over the structure and representation of states within international trade negotiations, there is still a strong constituency for a 'Southern' or 'developing country' coalition or bloc to be active on trade issues. This is due to a continuing perception that developing countries' interests as a bloc are not adequately represented nor taken into account within the WTO. This perception persists in spite of the fact that today developing countries as a bloc share very few negotiating positions on specific issues or sectors. However, it is widely perceived that only as a group can they argue for a different structure within which to press for specific outcomes or treatment. For this reason, the Group-of-77, UNCTAD, and the Non-Aligned Movement continue to enjoy support by developing country members even though the G-10 (which represented these interests in the 1980s) was soon superseded in its traditional 'Southern', blocking agenda by the more moderate G-20 in negotiations prior to the Uruguay Round.⁽¹³⁾ In addition, new groups such as the Group-of-Fifteen (formed at the NAM Summit of 1989) have emerged to further concerns about the international economy including in the WTO, shared not only by its smaller membership but by all developing countries.⁽¹⁴⁾

On specific issues and in particular sectors, as already discussed above, a different kind of politics is emerging - a new 'niche diplomacy' in which smaller coalitions have become very important. Here the WTO has played an important role. It is conventionally assumed that such an institution affects trade politics in three important ways: it sets an agenda (which individual states would not set); it ties the hands of domestic policy-makers; and it undercuts the power of protection interests.⁽¹⁵⁾ In this section it has been suggested that the WTO plays a further role: through its agenda (the wide range of issues opened up within the WTO) and its structure (which privileges the Quad), the institution influences the formation of inter-states coalitions and

their bargaining behaviour in international trade.

II. Coalitions defined

This section defines the terms alliances and coalitions, distinguishing them from other groupings such as regional trade arrangements and cartels. Broadly speaking, the term coalition describes groups which form for the purposes of bargaining and collective negotiations. It refers to 'any group of decision-makers participating in a negotiation and who agree to act in concert to achieve a common end.'⁽¹⁶⁾

At the heart of this definition lies the notion of concerted activity involving cooperation among actors, which is aimed at achieving a well-defined, shared interest i.e. the pursuit of 'a common end'. This definition excludes some kinds of cooperation such as 'long-term harmonic games'. It also excludes ad hoc policy convergence among actors. Coalitions, in summary, must involve group behaviour which results from conscious coordination.

This paper classifies coalitions into two archetypes - alliance-type and bloc-type groupings. In alliance-type coalitions, there is a very specific give-and-take among actors. In other words, states are motivated by a basket of immediate incentives, which result from trade-offs within the coalition. Participation and success will depend upon the balancing out of gains and losses among members. Cooperative interaction among states based on such processes is well captured by both realist and neo-liberal institutionalist theories of international relations.⁽¹⁷⁾

When applying these approaches to trade coalitions, it is possible to expect that the alliance type processes work best when limited to a particular issue area. This is because members can better calculate the advantages and disadvantages of coalition membership, trade-offs and log-rolling within one area. Alliance-type coalitions will falter when membership no longer confers the expected pay-offs to members.

In further elaborating the nature of alliance-type coalitions, it is useful to draw from writings on security, where they have been defined as 'temporary coalitions of self-interested states who come together for instrumental reasons in response to a specific threat. Once the threat is gone, the coalition loses its rationale and should disband.'⁽¹⁸⁾

Two aspects of this description are particularly useful in understanding the nature of alliance-type coalitions in trade: (1) that members of coalitions come together in pursuit of self-interest not in recognitions of a shared identity or set of beliefs; (2) that coalitions form in response to specific threats rather than to promulgate particular ideologies. An example of behaviour which reflects this description is the Café au Lait style of diplomacy which emerged within the Uruguay Round, and the subsequent development of issue-based coalitions in trade negotiations.

A second and different kind of grouping is described in this paper as a 'bloc-type' coalition. These coalitions are characterised by the fact that they bring together 'like-minded' states who actively promulgate a shared identity and ideology. They do not need to be issue-specific, and as such they are more durable than alliance-type coalitions, with a capacity to adapt themselves to new issues even after the original issue for their creation has been resolved. It is, of course, possible that a coalition may begin as an alliance-type and then develop a collective identity among its members to form a bloc - or indeed vice versa. Examples of bloc-type coalitions include developing countries operating together as the Third World, the G-77 within UNCTAD, or the group of Islamic countries taking a common stance on population issues.

Alliance-type coalitions and the contrasting bloc-type groupings each enjoy advantages in different settings. Where negotiations call for intra-coalition flexibility, the capacity to rework deals, alliance-type coalitions are obviously more successful. Bloc-type coalitions by contrast do best in setting out initial proposals and blocking or vetoing actions. The essence here is that bloc-type coalitions cannot afford to enter into deals which challenge or erode the collective idea or identity of the group.[\(19\)](#)

The definitions given above exclude some kinds of collective multilateral activity. Free-trade-areas are a particularly pertinent example, the characteristics of which help further to define and clarify the nature of coalitions. Free trade areas (FTAs) are not contingent nor temporary like a coalition; rather they are dynamic and evolving, relying on benefits which are perceived to increase though time as investment and the gains from trade increase. Recall, by contrast, that the benefits of a coalition cease once its objective has been achieved. A second characteristic of FTAs is that they are heavily institutionalized and involve specific legal duties and penalties for particular behaviour. By contrast, coalitions tend to rely on the particular shared interest and goal to ensure members' adherence to the group's position: the costs of defection are not far-reaching on members and therefore the question of what holds a coalition together is crucial. Finally, FTAs tend to be geographically defined whilst trade coalitions can comfortably comprise geographically dispersed members.

In spite of the deep differences between FTAs and coalitions, nevertheless regional trade arrangements may be utilised as platforms for joint bargaining. In such an instance, the regional trade area acquires the characteristics of a trade coalition. For example, the EU has negotiated through one representative in the GATT, as has the ASEAN since the Uruguay Round. Both groupings provide us with examples of bargaining coalitions with a regional basis. In other words, regional arrangements may provide a method of coalition formation, but do not constitute bargaining coalitions in themselves.

Collusion is another collective activity that need not produce coalitions. Cartels comprise groups of actors who unite specifically to control the price of a good such as oil, tin or coffee (such as by limiting production or sale into the market). A coalition, by contrast, might have a broader aim, say of liberalizing a particular rule or gaining access to a particular market.[\(20\)](#)

Within a cartel, the risks of defection increase as the success of the cartel increases. In other words, if the cartel successfully keeps the price of a good high, this also increases the incentives for any individual member to defect and to sell more than their quota.

By contrast, in a coalition the risks of defection will increase with the likelihood of failure of the coalition. For example, when the G-10 (representing developing countries) tried to prevent the Uruguay Round talks from proceeding until issues such as safeguards, textiles and agriculture were on the agenda, it presented its members with a dilemma. G-10 members could join forces to ensure credible leverage and therefore bargaining power to have these items put on the agenda. Alternatively, if members believed the Uruguay Round would go ahead anyway, they could calculate that their own interests lay in pursuing a more specific and moderate agenda within the Round. Indeed, this is what occurred, splitting the developing country group into the G-20 countries who opted for the latter route, making the original G-10 position, in the end, untenable.

A further option for members of a coalition in trade negotiations is that members will defect to follow a large power which promises preferential or special individual treatment. This is what scholars of security studies call 'bandwagoning'. In the mid-1980s this behavior occurred in debt negotiations between the United States and Latin American countries when Mexico's participation (indeed, leadership) of a debtors' group in Cartagena in early 1986 was scuttled by a generous US offer of bilateral assistance to Mexico.

Crucial to the cohesion of a coalition is not just the likelihood of success in achieving its objectives, but also the political context within which it operates. More specifically, the cohesion of a coalition will depend upon the availability of other incentives or rewards which obviate or displace the priority for belonging to the coalition. This is a point well-elaborated in the political economy literature on domestic trade coalitions.[\(21\)](#)

The literature on this points us not just to the kinds of sectors most likely to produce coalitions, but also to the necessary political conditions within which effective coalitions are likely to arise. One final observation on the cohesion and effectiveness of coalitions is that, along with cartels and bandwagons, they depend (as will be further elaborated below) on effective leadership.

Coalitions, it has been seen, are (sometimes tenuously) held together by the need for bargaining power which members can only achieve by standing together, and a common specific goal or interest. The grander-scale North-South negotiating blocs of old were doubtless also held together by shared identity, common understandings of their situation, and shared ideology. These elements of cement, however, are ever less present in the emerging new sectoral and coalitions with which the rest of this paper will concern itself. In the rest of this paper, we will examine the experience of new trade coalitions with a detailed study of the Cairns Group, and in conclusion come back to more general reflections on coalition cohesion and effectiveness.

III Emerging Trade Coalitions and the Cairns Group

The Uruguay Round marked the beginning of coalitions that cut across the traditional North-South divide and often focused on sectoral interests or specific trade issues. The previously mentioned G-20 joined forces with a number of EFTA countries (the so-called 'Café au Lait' Group, led by Colombia and Switzerland) and played a major role in generating a negotiating text for the Punta del Este meeting of GATT contracting parties in September 1986. It also paved the way for other issue-specific groupings in subsequent negotiations.

Subsequent issue-based coalitions have focused on different sectors and sub-sectors. In natural resources for example, Cameroon, Cote d'Ivoire, Senegal and Zaire joined forces to present a proposal for the liberalisation of trade in natural products and the elimination of barriers in processed and semi-processed products. Another informal group of resource-based exporters comprising Canada, Australia, New Zealand, Brazil, Chile Peru, Colombia, Argentina, Thailand, Philippines, Indonesia, Malaysia and Zaire also developed a common platform. Coalitions in services have emerged at the levels of the sector and sub-sector. The Friends of Services Group presents an example of the former type. Sub-sectoral coalitions have proliferated in services, e.g. the coalition of like-minded countries comprising Argentina, Colombia, Cuba, Egypt, India, Mexico, Pakistan and Peru, which was responsible for the initiative and subsequent inclusion of the Annex on Movement of Natural Persons in the GATS. However, among all the coalitions that have emerged with an issue-based focus, perhaps the most prominent is the Cairns Group of Fair Trading Nations.

The Cairns Group was formed during talks on the Uruguay Round, and brought together agricultural exporters from different regions and development levels with the purpose of establishing rules for agriculture within the GATT. The group provides a particularly interesting case for three reasons. First, with its formation, the issue-based diplomacy combining developed and developing countries and first attempted by the Café au Lait, finally came of age. But second, the Cairns Group presented a much more evolved version of the issue-based diplomacy that had been cautiously attempted in the pre-negotiation phase of the Uruguay Round. It transformed itself from an agenda-setting coalition into a negotiating one, successfully involved the middle powers at its helm and played a mediatory role between the great powers, and further proved itself by its institutionalisation and longevity where several other coalitions had failed. Third, and as a result of the first two points, the Cairns Group came to be seen as a 'model' coalition. Several other coalitions tried to emulate the strategies of the Cairns in varying proportions (e.g. the Friends of Services Group and Food Importers Group), and many statesmen cast the activities and methods of the Cairns as the route forward in trade negotiations -

'From our viewpoint, the Cairns Group provides an excellent demonstration of how we wish to work. We do not view the next stage in world relations as a mere confrontation between industrialised and developing countries, because that is a way of continuing to look back towards the past.'[\(22\)](#)

Below, this paper provides an account of the formation and agenda of the group, and traces the sources of its successes. Given the imitative coalitions that the Cairns Group has generated, any study of the coalition would be incomplete without an assessment of the extent to which it can be adopted as a model for other coalitions. To facilitate such an assessment, the limitations of the group are also examined. The final part of the next section highlights those elements of the Cairns Group that can be easily adopted and those that are relatively irreproducible.

IV The Formation of the Cairns Group

Agriculture was a highly politicised issue in the 1980s - the Cairns Group successfully utilised the topicality of the issue to carve out a niche for itself. There were two principal reasons why agriculture acquired unprecedented urgency before the launch of the Uruguay Round. First, the fall in agricultural prices in the 1980s was the worst since the 1930s (e.g. 50% in the case of cereals by 1982). National concerns about food autonomy and self-sufficiency found immediate manifestation in the increase in protection against agricultural

imports, as well as new internal and export support policies. The competition particularly between the US and the EC turned into an open subsidy war. For all exporters of agricultural commodities, the plummeting prices amounted to a crisis. Second, while the subsidies war had high costs for the two giants involved,⁽²³⁾ the costs were even higher for the 'natural exporters' of agricultural commodities who found their traditional comparative advantage eroded due to US-EC subsidisation. It was these traditional exporters from both the developed and developing worlds that came together under the banner of the Cairns Group of Fair Trading Nations. The US, EC and traditional exporters were all in need of a truce to alleviate the farm wars - the Cairns Group arose to fulfil that need.

The first meeting among non-subsidising agricultural exporters took place in April 1986, in Montevideo, Uruguay, among Argentina, Australia, Brazil, New Zealand and Uruguay. The five-country initiative was a response to the immediate crisis and limited itself to a coordination of their positions to defuse the subsidies war between the US and the EC. A second meeting was held in Pattaya, Thailand in July, and was attended additionally by the ASEAN countries of Malaysia, Indonesia, and Thailand, as well as Canada, Chile and Hungary.⁽²⁴⁾ The informal group crystallised into a coalition when the EC, driven by French reluctance to commit to agricultural liberalisation, attempted to bloc the preparatory draft at the final meeting of the prepcom. Under the leadership of Australia, the 14-member Cairns Group emerged. Ministers from Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, Thailand and Uruguay, all agreed to work collectively at Punta del Este, three weeks thence.

Formed within the context of the subsidies war and a history of implacable disputes over the position of agriculture in the GATT system, the main concern of the Cairns when it emerged, was to engineer an inclusion of agriculture into the Round. Punta del Este sealed that inclusion. However, rather than dissipate after this initial procedural victory, the Cairns Group evolved from an agenda-setting coalition to a negotiating one. Rigorous studies were carried out to build internal group consensus and also devise formulae for agricultural liberalisation. On the basis of these studies and information exchange, the first detailed proposal of the group was put forth in October 1987 to the Negotiating Group on Agriculture. The proposal contrasted with the zero option of the US (advocating a complete removal of distortionary policies over a short phase-out period) and offered potential meeting ground for the two agricultural superpowers. While supporting the US objective of a complete removal of distortionary policies, the Group suggested early relief (in the form of a freeze on market access restrictions) for exporters hurt by the phase-out of support policies. Longer phase-out periods were provided for with a focus on export subsidies and quantitative import barriers for immediate address. Most of the proposals of the Cairns were adopted as the basis for discussion at the Montreal mid-term review in December 1988. Continued deadlock between the US and the EC precipitated the Latin American walk-out with the announcement that without an agreement on agriculture, they would veto results in other areas. As a result of this threat, the mid-term review was postponed. At Geneva in April, 1989, at a meeting between the EC, the US and the Cairns Group, a freeze on levels of protection and support was agreed on, with the long-term objective of 'substantial progressive reductions'. While several other factors facilitated this rapprochement, the influence of the Cairns and the strategies particularly of its Latin American members provided an important example for developing countries.

Another deadlock emerged at Brussels in 1990, when the EC refused to accept the compromise text that had been put forth by the Chairman of the Negotiating Group (which would have averaged a cut of about 25% in protection levels). The Latin American members once again, used the threat of blocking negotiations in all other areas, unless visible progress was made on agriculture. An agreement was finally reached between the EC and the US in the Blair House Accord in November 1992. In all the processes leading up to the Blair House Accord, the Cairns Group had ensured that the momentum on the negotiations be maintained.

Even after the agreement had been reached, the Cairns continued to reinvent itself. Today, Hungary is no longer a member of the group, but membership has been expanded to Paraguay, South Africa, Bolivia and Costa Rica and Guatemala. The group has expanded its agenda to address non-trade issues as they pertain to agriculture. The group advocates a decoupling of non-trade and agricultural policies through programmes of rural community development and expanded technology applications, direct government assistance to address problems of soil erosion, land degradation and so forth.[\(25\)](#)

In the light of its history, it is not surprising that the Cairns Group triggered overt admiration, at least in some diplomatic circles. Since its inception as an agenda-setting coalition that successfully placed agriculture on the negotiating table at Punta del Este, and subsequently through its evolving reputation as a negotiating coalition, the Cairns Group acquired a weighty diplomatic presence in the GATT/ WTO circuit. It is one of the few coalitions that have received recognition from the WTO. The fact that the Cairns Group has survived for over 14 years has added to its attractiveness. It is not surprising that the group has frequently been seen as an example for developing countries, as well as the smaller and middle powers among the developed countries. Its working provides an illustration of how developing countries could work in liaison with the developed ones and still maintain their own ground and even find a larger voice. The Latin American members in particular, presented themselves as such a sub-set of developing countries that had successfully expressed their own interests and wielded considerable influence within the group. The assumption of its issue-driven nature had allowed the coalition a freedom from bloc diplomacy, and thereby facilitated a flexibility of agenda that was new to its participants as well as conducive to the bargaining process. However, it is noteworthy that though the Cairns Group exploited the agricultural crisis to its own advantage, the attention accorded to the group was far from inevitable. Precisely how the issue-based focus of the group was maintained in spite of the heterogeneity of its members, and how a group of middling powers sustained itself as a third force with considerable influence, are issues examined in the next sub-section.

V What made the Cairns Group successful?

Three critical forces provided the impetus to the smaller agricultural exporters to dispense effort in the creation and maintenance of the Cairns Group. The first of these was the configuration of interests which was important both for maintaining intra-coalition coherence and imparting greater collective weight to the members. Conscious strategies employed by the coalition constituted the second factor that contributed to its maintenance and sustainability. The third factor was the external condition of American support that the group enjoyed. Each one of these is examined in detail below.

1. Shared interests

The marked and durable presence of the Cairns derived in significant measure from the convergence of members' interests. Common to all the members was the fact that agriculture (in one or several encompassing sub-sectors) occupied a large portion of the export earnings and production base (more on this below). Yet the

Cairns Group not only straddled different regions, it also brought together producers of tropical and temperate commodities, and food and cash crops, including those who had been undercut by the US-EC subsidies' war, as well as producers who had no access to the EC due to the Lomé based preferential agreements. The secret to unity within the coalition, was the extent to which countries traded-off their different interests in agricultural trade - compensating losses in one sub-sector with gains in another - thereby engineering an overall unity that was the coalition's greatest strength.[\(26\)](#)

The collective agenda of the Cairns Group has its foundation in the importance of agriculture in each of its member's economies. In spite of the differences at the level of the sub-sector, all members had a significant portion of export earnings coming from agriculture overall. Agriculture provides 62% of the export earnings of Argentina, 82% of Fiji, 69% of New Zealand and 55% of Uruguay.[\(27\)](#) Even if absolute figures of the agricultural exports of some developing countries were small, high export and GDP shares brought a high level of individual commitment to the group. The resulting similarities of commitment in a context of differences are illustrated through the table on the next page. It is noteworthy that by operating at the sector level, the Cairns Group also acquired a substantive collective weight of 26% in global trade in agriculture.

Table 1: The Cairns Group 1987-89

GDP	Exports (merchandise only)			
	Total (1987 US\$bn.)	Share of Agriculture (%)	Total (1987 US\$bn.)	Share of Agriculture (%)
Argentina	78	13	8	62
Australia	192	4	28	37
Brazil	307	8	29	35
Canada	433	4	102	20
Chile	22	8	6	35
Colombia	38	18	5	45

Fiji	1.3	23	.24	82
Hungary	26	16	9	23
Indonesia	81	23	19	22
Malaysia	32	20	21	36
New Zealand	16	10	8	69
Philippines	37	24	7	29
Thailand	55	15	14	41
Uruguay	8	10	1	55
TOTAL	1324	9	257	30
Global Averages		5		13

Source: Rod Tyers, *The Cairns Group Perspective*, in Eds, K. A. Ingersent, A. J. Rayner and R. C. Hine, *Agriculture in the Uruguay Round*, London: Macmillan, 1994, p. 91.

Besides the structural feature of being agricultural exporters, members of the Cairns Group had a second interest in common - their self-identification as a group of 'fair-trading nations'. The only exception was Canada, which offered high rates of assistance to its dairy and livestock sectors, though even here, protection took the form of import quotas rather than export subsidies. As most of the countries were middle powers or small states, they were in no position to match subsidies by the rich trading powers. To prevent further erosion of their markets as a result of declining prices through the export of US-EC subsidy policies, these countries found a common interest in a liberal agricultural regime. Their cohesion was a result of the reduction in their net agricultural export earnings by more than half, due to protective policies in industrial countries.[\(28\)](#)

The two sets of shared interests among members were balanced by actual and potential differences within the group. First, beyond the sector level, differences in economic size, levels of development and importance of particular sectors were high. This meant that the various members of the group took very different positions in other areas of trade. Here, the agricultural issue-based focus of the CG helped combat the potentially divisive impact of unequal size, development, and earnings.

A second potential source of division was the sub-sectoral differences and the relative importance of particular sub-sectors in the import and export balances of each member country. If bargaining had devolved to the sub-sector level, then the coalition may well have collapsed. By contrast, however, differences at the sub-sectoral level were cleverly utilised to the advantage of the group. For instance, at the level of agriculture overall, the dominance of the EC, Japan and the US in agricultural trade was evident. However, in many sub-sectors the CG members had a comparative advantage: indeed, in virtually all agricultural commodity groups with the exception of cereals and oilseeds (where the US enjoyed a dominant position) and dairy products (where the EC was dominant).[\(29\)](#)

Some differences within the Cairns group did cause tension. Indeed, divisions within sub-sectors opened up along a number of different lines: developed vs. developing countries; exporters of temperate products vs. exporters of tropical products; exporters of grains vs. rice and sugar; those demanding free and fair trade in agriculture vs. Canada demanding the continued legality of import quotas. Nonetheless, as will be argued more fully below, the Cairns Group was able to camouflage these differences by incorporating the dominant interests of each of its members, all of which shared a broad common interest in agriculture. First, however, the differences among the membership are worth elaborating.

Developed countries (and sometimes Argentina) within the Cairns Group had particular interests which set them slightly apart from the rest of the group. All were major exporters of temperate products. Argentina, Australia and Canada exported 35% of the wheat traded. Argentina, Australia and New Zealand accounted for 25% of world dairy trade.[\(30\)](#) Indeed, at least one (and often more) of these four countries ranks among the world's top ten producers in animal feedstuffs, barley, cereal, oilseeds, vegetable oils, wheat, wool and sugar.[\(31\)](#)

Developing countries, by contrast, stood to lose in a number of ways from agricultural liberalisation. Losses stemmed from the higher prices of imports that would result, and in such imports, tropical products were significant. Green coffee, rubber, cocoa paste, and bananas were some. But the agricultural content of total Argentine imports was small while the export content was huge, and hence Argentina showed a willingness to include products which constituted its imports.

Brazil's position was less determined by such an obvious production profile. While a huge exporter in absolute terms, it was less dependent than its Latin American neighbours on agricultural exports. Through participation in a coalition that was formed along the lines of the G-20 and contrasting with the G-10, Brazil risked opprobrium from the hard-liners and former leaders of the Informal Group and the South. A major change in strategy would also involve a soul-searching and questioning of its international identity. There were other divisive issues which isolated Brazil - for instance its support of S&D Treatment which initially found backing with few of the CG members. Brazil was finally won over to the Cairns through economic and political compromise. On the economic front, the inclusion of tropical products on the agenda of the Cairns gave Brazil overwhelming interests in towing the CG line. Ideologically, Brazil's commitment to S&D was respected through an inclusion of a phased-out S&D proposal for the LDCs in the Cairns agenda. The political consideration of participating in a group in which five other Latin American countries were already members, also came into play. Even after this, some losses were inevitable. For instance, both Argentina and Brazil were to be the

highest beneficiaries of liberalisation in beef (besides Australia and Uruguay), but were also expected to undergo offsetting losses in feed grain exports.

The inclusion of tropical products within the Cairns agenda was responsible for introducing a serious source of divisions within the group and for creating ambiguities within the agenda (as will be illustrated in the next section). But the inclusion ensured that losses borne by importers of temperate products like grain would be balanced by gains in sectors which constituted a greater share of the export content of some countries. The only net exporters of temperate products were Australia, Argentina, Canada, Hungary, New Zealand and Uruguay. The inclusion of tropicals meant that Brazil, Australia, and Canada became the major exporters of the group, followed by Malaysia, Argentina, Thailand, Colombia, Indonesia and New Zealand.

[\(32\)](#) Together these countries accounted for 70% of the group's exports, and the participation of a diversity of countries with significant shares in world trade in agriculture greatly enhanced the bargaining power of the group in terms of legitimacy as well as coercive strength.

Certain sub-sectors were essential for winning the loyalty of some of the smaller members for the group. Philippines provides one such example - a country whose interests in sugar exports would not have received the same attention as they did by virtue of participation in the CG. Likewise, Indonesia had a keen interest in an opening of international rice markets. Thailand had similar interests as one of the world's largest rice exporters and was one of the founding members of the group.

The case of Chile is more difficult to explain. Though clearly an exporter of food and other agricultural products, the largest component of Chile's exports came from horticulture (along with fish, minerals and forest products - negotiated separately in the natural resources group). It has hence been suggested that Chile joined the Cairns more as a matter of principle.[\(33\)](#)

These intra-coalition deals allowed a sufficiently expansive agenda to the group to make it the collective third force in the negotiations. Excluding Paraguay and South Africa (which only joined the group in 1997 and 1998 respectively), and including Hungary, the thirteen countries of the CG contributed 26% of world agricultural exports. The wide coverage of sub-sectors meant that the group provided 21.4% to 91.8% of the world market in 13 different agricultural commodities.[\(34\)](#)

Bargaining leeway on account of the large trade shares by CG members in agriculture was enhanced by other structural sources. The population of the CG collectively was almost as large as that of the US, EC, and Japan combined. Already, it comprised one-tenths of the global GDP. In international trade too, the Group had a large share. The table overleaf illustrates the shares of exports from the EC, Japan and the US that went to the markets of the Cairns Group's members. Even without overt muscle-flexing and cross-sector bargaining, the market power of the Cairns Group may have formed a part of the reason behind the group's considerable influence in agriculture.

Table 2: The Cairns Group as destination for 'big three' exports

Share (%) of exports of All Merchandise	EC-12	USA	Japan
1980-82	9	25	15
1987-89	9	30	12
Manufactures			
1980-82	10	30	15
1987-89	8	34	11

Source: Rod Tyers, *The Cairns Group Perspective*, in Eds., K. A. Ingersent, A. J. Rayner and R. C. Hine, *Agriculture in the Uruguay Round*, London: Macmillan, 1994, p. 94.

Influence deriving from market shares was enhanced by the diversity of the group. The group overcame the North-South divide by combining developing and developed countries. By including Hungary, it bypassed East-West divisions. It included regional powers and middle powers but also the smaller countries. Its cross-regional, multi-continental membership imparted legitimacy to its demands, which traditional bloc-type coalitions like the G-10 had lacked. This diversity further allowed a role differentiation and division of labour within the group. Canada as a G-7 and Quad member provided links with the developed world. Australia brought with it 'a long-established tradition of mutuality of interest and purpose with several like-minded countries on agricultural issues'; it could also capitalise on the goodwill of the LDCs for championing their causes in the past.⁽³⁵⁾ Brazil as a G-10 core member was trusted by other developing countries and could build bridges between the CG and the developing world. 'Argentina was a useful enfant terrible; Canada a bridge with G7, Brazil a bridge with developing countries; Australia the mentor, leader and conciliator.'⁽³⁶⁾ The Cairns Group reinforced these structural advantages of common interests, collective weight and diversity of membership through a set of carefully employed strategies.

2. Good Strategies

The strategies deployed by the Cairns Group reinforced both the cohesion of the group and its external influence. Key to the group's success was the strategy of bridge-building and finding the middle ground to facilitate a reconciliation of extreme positions on the outside. The group did not seek to challenge the great powers but restricted its agenda to 'restraining and modifying' the behaviour of larger actors. In this capacity it played a role as a mediating coalition and succeeded in facilitating a compromise between the US and the EC.

In part this was because the availability of the proposals of the Cairns Group made a come-down for both the US and the EC logistically and politically possible. The result was to give the CG legitimacy that surpassed any international recognition that traditional coalitions of developing countries such as the G-10 or the Informal Group had ever enjoyed.

The fact that the positive, pro-liberalisation agenda of the Cairns conformed with the GATT agenda further enhanced the legitimacy of the group. Compared to the blocking extremes adopted by other coalitions (such as the Food Importers' Group), the contrast is telling. Even later when the Latin American members of the Cairns staged walkouts or threats thereof, the long history of the Group's bridge-building activities gave the threats a veneer of legitimacy. The fact that the Latin American step was taken in the cause of free trade further enhanced this veneer.[\(37\)](#)

The Cairns Group founded its mediating role and pro-liberalisation agenda on the groundwork of research and analysis rather than rhetoric or demands for unilateral concessions. The Australian research initiative was especially important in this context, and was utilised explicitly as a bargaining tool. Australia's Bureau of Agricultural Economics took the lead in analysing the technical details pertaining to the costs of protection, as well as publicising this information to substantiate the diplomatic stance of the Cairns Group.[\(38\)](#) A foundation in research allowed the Cairns Group a flexibility of negotiating agenda that bloc-type coalitions find difficult to entertain. It is noteworthy that this strategy bore considerable similarity with the Jaramillo process that had culminated in the formation of the Café au Lait.[\(39\)](#) But the Australian lead in the Cairns Group took the Jaramillo example further by serving as group hegemon that was able and willing to bear the costs of the research initiative. Even today, the Australian minister for trade chairs the annual ministerial meetings of the group.

The status and high-level composition of the Cairns Group also played an important role in its strategy. The Ministerial level at which intra-coalition bargaining took place and at which the group was represented in international negotiations helped to politicize the agricultural issue in an unprecedented way. The high profile made withdrawal from commitments difficult, and created higher stakes for governments for the success of the Cairns.

On the strength of its interest alignments and reinforced by its strategies, the Cairns Group was able to preserve its internal coherence as well as establish legitimacy and presence among other protagonists. By attempting to act as a mediating coalition and constantly adapting its constructive and pro-liberalization agenda, the Cairns emerged as a negotiating coalition rather than a purely agenda-setting one. Hence group activism continued well beyond the Punta del Este declaration.

3 The Support of the US

Finally, the success of the group cannot be analyzed without mention of US support. The shared interests and good strategies of the group were doubtless critical to its internal stability and external legitimacy, however,

they were not sufficient to ensure the success of the group. Whilst the shared interests described above gave the group considerable bargaining power, nevertheless, the group represented at best, a 'third force' in the negotiations. Critical to its achievements and bargaining efficacy was the support of the US. This backing of American hegemony, while a strength of the group was also a limitation. Precisely how this limitation constrained and tilted the agenda of the group is explored in the next section.

VI The Limitations and Constraints of the Cairns Group

The Cairns Group had several achievements to be proud of, as was illustrated above. However, in adopting the coalition as a model for other coalitions, either in other issue areas or within the issue area of agriculture, some caution is necessary. This section identifies some of the limitations within the group, as well as potential and actual divisions within it. It also highlights the sources of these limitations.

A closer scrutiny of the agenda and achievements of the Cairns Group reveals the need for some qualifiers for the successes that are traditionally attributed to it. From its inception, the agenda of the Cairns was limited. Even this limited agenda was progressively narrowed. After the EC and the US had been prodded by the Cairns Group into negotiating the agricultural issue, the coalition became very much a sidelined third party operating in the face of great power bilateralism. Among the successes in its list, those directly relevant to developing countries were few. The Cairns Group resembled other coalitions in that as the diminishing influence of the group became obvious, so did potential rifts. An analysis of the diminishing agenda of the group follows.

The goal of the Cairns from the very beginning was that of bridge-building. The middle ground that the Cairns claimed to represent, and its associated strategies, by definition limited the agenda of the group to 'restraining and modifying' the behaviour of larger actors in the negotiations. The bridge that the Cairns built was located in the political niche created by the EC-US rift, with a tilt towards the liberalising agenda of the US that became more evident as the negotiations progressed.⁽⁴⁰⁾ In presenting itself as a negotiating coalition, the Cairns Group redefined and reformulated its agenda. Flexibility however also translates into a scaling down of demands and giving in to pressures from stronger parties. Such a scaling down did occur in the case of the Cairns. The eventual agreement that resulted fell far short of even the revised objectives of the group.⁽⁴¹⁾

The Blair House Accord was cited as a victory by both the US and the EC. Even this accord deviated significantly from the initial Cairns Group proposal of 10% down payment, increasing import access, lowering administered prices and initiating stock disposal of disciplines. It was reached only after the EC had addressed some of its internal concerns first and then chosen to negotiate, and focused on the key concerns of the EC and the US. EC compensation and payment policies (under which farmers were paid to take land out of production) were accepted and a sectoral approach abandoned. The two critical commitments of the Blair House Accord concerned export subsidies, and access to the EC market for oilseeds. The Dunkel draft had incorporated the US objective of a 24% reduction of export subsidies over six years. The EC had offered 18% and the final agreement specified 21%. The use of an extended base period of 1986-90 brought about an effective subsidy reduction from the 1991-92 level to 24%. The second critical provision in the Blair House Accord related to oilseeds - again an area which was of primary concern to the US and EC.⁽⁴²⁾ The US had

consistently insisted on a reduced quantitative production limit on EC domestic production 8-9 million metric tonnes, compared to 12.8 million tonnes of production in 1991. Insisting that such a quantitative production limit went beyond the mandate for internal EC agricultural reform which was limited to reduction in acreage, the EC offered a 10-15% acreage reduction (calculated by the Americans at a reduction 8.5-9.7 million metric tonnes, though it would be compensated by higher yields as a result of intensive farming). Note that oilseeds production is an issue area where developing countries bear little interest as exporters.

Initially only developing country members of the CG found their interests sidelined, with the oilseeds example providing one example. Progressively, however, bilateralism came to dominate the negotiations in which the CG as a whole had little say. The resulting Blair House Accord could be said to have been mostly engineered by the US and the EU to meet their own needs. Subsequent negotiations did little further to include other parties' interests, in spite of the participation of the Cairns Group. US officials, despite public denials of reopening the Blair House Accord, had been considering internally possible adjustments to appease the EU, particularly the French. A more even phase-out was allowed for the six-year period of 21% tariff reduction. The US also extended the period of the so-called peace accord, in which it agreed not to challenge the EU farm policy in the GATT. In turn, the US received market access commitments for almonds, citrus and other fresh fruits, pork and turkey products. Further, this US-EC agreement was not made public while intensive review and approval within the EU went forward.⁽⁴³⁾ The CG, despite its claims to continued activism, had not had much say in the story.

As this sidelining of the CG became clear, potential rifts within the group developed into actual fissures. With the emergence of these features, the Cairns Group lost one of the chief characteristics that had sparked off imitative attempts i.e. the coherence of the group in spite of its heterogeneous membership. The first of these divisions was between producers of tropical and temperate products. It was mentioned earlier that the expansion of the agenda of the Cairns into tropical products rather than just temperate produce, had imparted greater weight and legitimacy to the coalition. However, the expansion also induced cracks in the coalition. Producers of tropical products had not been directly affected by the trade war between the US and the EC. Their motivation for joining the group (e.g. Colombia, Malaysia, Indonesia, Thailand) was to bridge the gap that separated them from the ACP countries due to preferential access into EC markets. The tension between the two product types was exploited at different times by the two giants. The US, even initially, tied progress on tropical products to progress on their proposal on agricultural liberalisation. The EC similarly, chose to exploit the potential rift during the Brussels meeting, by offering special concessions to tropical producers.

The second visible division was regional. Led by Argentina, the Latin American members of the group staged walkouts when their middle power counterparts suggested compromise.

A developed-developing country rift was also evident. Canada and Australia were reluctant to use agriculture for cross-sectoral bargaining, because of their interests in allying with other bargaining groups. For instance, Canada along with Japan, Sweden and Switzerland, wanted no linkages in the drafting of the financial services agreement and Australia maintained a keen interest in the subsidies group. The Australian trade negotiations minister Neil Blewett, indicated Australian willingness to negotiate with the EC before the Brussels meeting; Canada too, did not want to force a crisis. The situation contrasted with the position maintained by the Latin Americans i.e. consensus would be withheld on all other areas if positive results were not obtained in agriculture. The difference is easily explained - the stakes of most developing countries were higher, both in terms of the agricultural component of GDP as well as exports.

As the influence of the CG waned, linkages with other coalitions and issues appeared and further divided the Cairns Group. Brazil for instance, as a leading member of the Informal Group, advocated S&D treatment in agriculture and was supported by Colombia; Argentina strongly resisted.

With the progressive marginalisation of the Cairns Group, many of its former strengths became liabilities. Even the middle power leadership that had been hailed as a hallmark of the group and its attendant successes, produced divisions. It is true that Australia had assumed the mantle of leadership of the coalition, and was seen as such by insiders and outsiders. However, unlike hegemonic leadership, middle power leadership is one that is more open to challenges, and such a challenge did emerge from Canada. Canadian loyalty to the group, it is noteworthy, had been somewhat suspect even initially. Canada was a net importer with an extensive supply management system through which it has sheltered its farmers from market forces. An overt rift occurred when the Cairns submitted an offer in 1990 which Canada did not initial, requiring the elimination of Article XI. Canada's submission called for the retention of Article XI and the tariffication of only those QRs which were inconsistent with revised GATT rules.

It was mentioned earlier that the conformity of the liberalising agenda of the Cairns Group with the US, and the progressive tilt of the group towards the US even on methods of achieving the objectives, were crucial to the bargaining leeway of the group. However, the de facto alliance also circumscribed the negotiating space that the group could enjoy. By the end of 1989, the group had acquired an explicit tilt towards the American position. In part, this tilt was a reaction to the EC's intransigence on using 1986 as a base year, and not reforming its dual pricing system. The EC had further not been satisfied by the Cairns Group concession on a ten-year phase-out of export subsidies. Instead, it had demanded the continuation of export subsidies (though with tighter disciplines) for the disposal of surpluses. The Cairns Group, at this point, accepted the US suggestion that NTBs on agriculture be converted into ad valorem tariffs and then reduced to low or zero levels within ten years. The group also adopted the traffic-light approach as proposed by the US with a red, amber and green categorisation of domestic support measures. Some scholars have argued that the US incited the Cairns Group to stage a walk-out at Brussels. While there is some controversy on this, the support of the US was important in leading the Latin American countries to walk out at Montreal and use a similar threat at Brussels. The progressive evolution of the Cairns agenda revealed that its negotiating strategies of flexibility were reliant on and responsive to the changing American agenda, and resulted in further scaling down of the agenda of the group as a third force. Such scaling down in turn, reinforced the intra-group differences, e.g. the refusal of the Latin Americans to compromise at a time when the developed country members of the group were more willing to do so.

On balance, the Cairns Group was certainly important in exploiting the US-EC rift, to ensure that agriculture did not get swept away under the carpet. But just as important is the fact that the Cairns Group was at most a third force in the negotiations, and did not drag the US and the EC screaming to the negotiating table. Rather, it provided the two superpowers with a modus vivendi. Note that the US in particular and also the EC to some extent (due to the high costs of the subsidies war) had desired such a truce. The Blair House Accord was first and foremost an accord between two giants to suit their interests. The Cairns Group worked in the exceptional circumstances of a transatlantic rift and a supportive US. In the absence of these conditions, which of the strategies of the Cairns can be successfully replicated is assessed in the next section.

VII Concluding lessons from the experience of the Cairns Group

By setting an example as an agenda-setting coalition with enough flexibility to evolve into a negotiating one, and in its longevity, the Cairns Group inspired several coalition attempts to emulate its structure, strategies and successes. The analysis in the preceding pages, however, suggests two reasons why the group does not serve as a 'model' coalition for developing countries. First, the successes of the Cairns Group were qualified and its agenda itself was limited. Second, the group arose in the unique context of a transatlantic rift, and evolved an agenda that enjoyed the support of the US and progressively conformed with the American agenda. The second qualifier is particularly important - it was the political condition of the transatlantic rift and the nature of the Cairns agenda that lent great efficacy to the strategies of bridge-building, positive liberalising agenda, and an institutionalised research initiative. In the absence of these supportive conditions, it has been shown elsewhere that the successes of the model have been difficult to emulate.⁽⁴⁴⁾ While an assessment of the relative importance of all the factors that facilitated the working of the Cairns Group requires a comparative analysis with other coalitions and lies beyond the scope of this study, some lessons of the Cairns Group were universal as were also certain strategies of the group. The most important of these lessons are highlighted below.

The first lesson of the Cairns experience that has not gone unlearned in diplomatic circles is that of strategy i.e. the process of negotiation. The Cairns Group demonstrated that a carefully-devised negotiating strategy can be used to reinforce the internal coherence of the coalition, as well as garner legitimacy and a bigger voice externally. Many of the Cairns-type strategies, moreover, have universal applicability and are worth recapitulating. The first distinctive strategy of the Cairns was its conscious attempt to have a positive agenda. A positive, liberalising agenda is important in the institutional recognition or support that it procures from the GATT/ WTO. Institutionalised coalitions are easier to sustain than those that operate like secret societies. Compare the influence, longevity and institutionalisation of the Cairns Group with the bloc-type coalitions of the G-10 and the Food Importers' Group, and the importance of a positive agenda becomes obvious. Second, research-based agenda formulation is an important coalition asset. The legitimacy enjoyed by the Jaramillo track, the Café au Lait and the Cairns Group can be explained by their research-based rather than rhetorical agendas. Third, whether the coalition is cross-sectoral or issue-based, focused diplomatic effort and a high profile (e.g. through ministerial involvement) lend greater substance and credibility to the coalition. Fourth, flexibility of agenda and simple coalition structure gave the Cairns Group considerable power of manoeuvre, and also allowed it to transform itself from an agenda-setting coalition into a negotiating one. Once the reputation of the Cairns Group as a bridge-building, negotiating coalition was well-established, the Latin Americans were able to use blocking tactics with credibility. Note that the threat of blocking was used minimally, and only within a context and reputation of flexible strategies.

But the lessons of the Cairns were not only about strategy - a point that is often forgotten by negotiators who have reproduced the strategies of the group and thereby also hoped to also replicate its successes. The second and crucial lesson of the Cairns group was on the importance of the structure of the coalition. It is true that the external conditions of a transatlantic divide and US support were key to the influence of the group. But without the compatible configuration of interests within the Cairns, the external weight of the coalition and its internal coherence would have been difficult to engineer. Section IV.2 noted the nature and importance of intra-group deals within the agricultural sector that won the coalition a loyalty of individual members and also collective weight for the coalition. The importance of structure is borne out in a comparative study between the Food Importers' Group and the Cairns Group. Even while operating within the same international context, the

Food Importers' Group was unable to achieve the influence of the Cairns, in large measure to its inability to gather together members with common interests at the level of the sector. The Friends of Services Group too offers a similar lesson - despite its replication of the strategies of the Cairns, the Friends' Group did not yield similar successes due to the divergent interests of its members.⁽⁴⁵⁾ These experiments reinforced an important lesson of the Cairns Group - without a common pursuit of interests, a coalition founded simply on strategies of research, bridge-building and niche diplomacy is unlikely to be internally coherent or externally influential.

To conclude, the Cairns Group can be seen as a 'model' coalition, provided the external conditions that were critical to the successes of the group are also present. In the absence of a transatlantic divide and US support, the exact replication of the Cairns model is not possible. It is also noteworthy that the Cairns experience does not imply a vindication of all issue-based coalitions - if anything, it only urges caution that issue-based coalitions thrive only under very specific internal and external conditions. Euphoric attempts to emulate the issue-based structure and mediating role of the Cairns in other conditions, have fizzled out with a whimper. The Friends of Services Group is one example of this. In spite of this sobering conclusion, coalitions would do well to adopt some lessons of the Cairns. Here, some of the strategies of the Cairns are important and have utility for issue-based as well as cross-sectoral coalitions. The broader lesson of intra-coalition coherence (which can be either sectoral, sub-sectoral, or bloc-type, depending on the members and issues involved) based on a similarity of interests is also critical. Precisely at what level this coherence can be achieved so that the strategies of the Cairns can be put to optimal use, can be determined only through a comparative analysis of other issue-based coalitions formed under different conditions and different sectors. The answers would vary according to the countries involved and their respective interests. But in providing us with a general principle that emphasises structural interests, and in highlighting strategies of universal utility once an optimal coalition structure is achieved, the Cairns experience provides us with an important start to the search for viable and influential coalitions for developing countries.

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ENDNOTES

1. 1. Rogowski (1989).

2. 2. Goldstein (1998).

3. 3. Srinivasan (1998), p.340

4. 4. See Oman (1999), p.21

5. 5. Pietras (1998).

6. 6. Cf the view and the evidence that regionalism is being accompanied by stronger global interdependencies: Poon and Pandit (1996).

7. 7. Odell and Eichengreen (1998) p.183.

8. 8. See Schott (1989) and Wiener (1995) on NAFTA; and Destler (1995) Frankel (1998) on APEC.

9. 9. Tussie & Woods (2000).

10. 10. Narlikar (1998), Kumar (1995).

11. 11. Cooper (1997)

12. 12. Jackson (1998).

13. 13. Haggard (1995) 38-45; Narlikar (1998).

14. 14. The original G-15 (established at the Ninth-Non-Aligned Summit in Belgrade in September 1989) includes: Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Nigeria, Malaysia, Mexico, Peru, Senegal, Venezuela and Zimbabwe (Sri Lanka has since been admitted). The Group was established to promote South-South cooperation and North-South dialogue. See 'Draft Joint Communique of the VIII Summit of Heads of States and Government of the Group of Fifteen', Cairo 11-13 May 1998.

15. 15. Goldstein (1998).

16. 16 Hamilton and Whalley (1989), p. 547.
17. 17 For a collection of articles sharing the liberal approach, see special issue of *World Politics on Cooperation under Anarchy*. Examples of Realist writing include Mearsheimer (1995) and Waltz (1979).
18. 18 Wendt (1994), p. 386, see also Walt (1997) for a useful analysis of security alliances.
19. 19 Hamilton and Whalley (1989) classify coalitions as proposal-making, agenda-setting, blocking and negotiating.
20. 20 The empirical experience of developing countries with cartels has shown OPEC successes in the seventies to be more the exception than the rule. Cartelisation also invited retaliation through the search for substitutes, and further undermined whatever minimal advantage that developing countries had enjoyed as suppliers of commodities. Hence while all coalitions hope to have the collective resource-based weight of cartels, they have chosen alternative, more positive ways of bargaining as well as other sources of influence.
21. 21. See James Alt et al, 'The Political Economy of International Trade: Enduring Puzzles and an Agenda for Inquiry', *Comparative Political Studies* (December 1996): 689-717.
- 22.
- 22 President Sanguinetti of Uruguay, in a speech to the GATT delegations, March 17, 1988, quoted in Finlayson and Weston (1990).
23. 23 E.g. two-thirds of the EC's budget was spent on supporting the CAP.
24. 24 Oxley (1990).
25. 25 Department of Foreign Affairs and Trade, Australia, 1998.
26. 26 Compare this with the machinations of the Informal Group and the G-10, and one explanation to the successes of the Cairns Group becomes obvious. The Informal Group and the G-10 were preserved in a similar mixed-motive situation, but their cross-sector scope meant a) that intra-group trade-offs and linkages extended into several contradictory areas and b) this wide scope led developing countries to bargain in areas where they had no collective comparative advantage. The Cairns Group in contrast, struck a balance between a sub-sector focus that allowed intra-coalition deals and sector boundaries that prevented contradictory log-rolling and also allowed the retention of the negotiations in an area where members had a comparative advantage.
- 27.
- 27 Tyers (1994), p.91.
28. 28 Tyers (1993), p. 58.
29. 29 If a purely sectoral approach were taken, the evident US-EC dominance (despite the occasional significant shares of developing countries or the middle powers in some temperate zone e.g. sugar, cotton, rice, oilseeds and beef and several tropical commodities) led to speculations that any agreement on agriculture in the Uruguay Round would be reached simply

through great power machinations and at the exclusion of the smaller powers. Hence Hoekman (1988) wrote, 'In any event, the implications is that as a bloc, the developing countries can be expected to play at most a minor role in agricultural negotiations.'

30. 30 For the sub-sectoral component of exports of individual member countries, see Tussie (1995).

31. 31 Higgott and Cooper (1990).

32. 32 Tussie (1995), pp. 188-89.

33. 33 Tussie (1989), p. 189.

34. 34 Higgott and Cooper (1990), pp. 604-605.

35. 35 Higgott and Cooper (1990), p. 610.

36. 36 Tussie (1995), p. 199.

37. 37 'The Latin American decision was legitimated by its perfect consonance with the culture of an organization founded on the belief in free trade in all goods as far as possible. This makes a veto based on the demand for integration; it places the onus of justifying opposition to liberalisation squarely on the shoulders of the other parties.' Ricupero (1998), p. 19.

38. 38 Higgott and Cooper (1990).

39. 39 Narlikar (2000).

40. 40 In fact, it has been alleged in some quarters that the US incited the Cairns Group to stage a walk-out at Brussels. Elsewhere, Tussie (1995) writes, 'Brazil became convinced of withdrawing from the round only by US prodding after a visit by Yeutter, a few weeks before the Brussels meeting,' p. 199.

41. 41 For the incorporation of agriculture in GATT 94 and WTO rules, Hoekman and Kostecki (1995), pp. 192-206.

42. 42 Losses to the US oilseed exporters were estimated at \$1 billion. In fact, after the breakdown of talks following the Dunkel draft proposal, the US announced in November 1992, a 200% levy on \$300 million worth of white wine and other agricultural imports from the US, effective from 5 December (this action was taken after the US had found favour with two GATT panels on the oilseeds dispute); additional \$700 million worth sanctions were threatened for later. For further details on this phase of the Uruguay Round Negotiations, see Preeg (1995).

43. 43 At least some diplomats from non-CG developing countries commented in interviews that the intra-Quad collusion that had led developing countries to resentfully dub the GATT a 'rich man's club' was operative once again, this time between the two giants.

44. 44 A comparative study between the Cairns Group and the Friends of Services Group (modelled on the strategies of the Cairns) revealed the importance of the international context for the successes of the former. The Friends of Services had a minimal impact on the negotiations, in significant measure because of the absence of a transatlantic divide on a

comparable scale. The external condition of US support was also absent. Further, the services sector differed markedly from the agrarian one by proving especially prone to disaggregation, and thereby rendering sector-level coalition initiatives difficult from the beginning. For details of comparative study, see Narlikar (2000).

45.

45 Narlikar (2000).