

Deputy Prime Minister,
Leader of the National Party and Minister for Trade,
The Hon Tim Fischer MP,
to the Cairns Group Opening Session

Sydney
Thursday 2 April 1998

Lord Mayor Frank Sartor, His Excellency, Mr. Arlindo Porto, Brazilian Minister for Agriculture and Supply - and other fellow Cairns Group Ministers, my Parliamentary colleagues, Minister John Anderson and Senator David Brownhill, Cairns Group Ambassadors and High Commissioners, Ambassadors from the United States and the European Union, and other distinguished guests.

Let me once again welcome all of you to this beautiful city of Sydney. I would particularly like to extend a warm welcome to Cairns Group Farm Leaders and congratulate the NFF on its initiative in organising this program for farm leaders in parallel with the program for Cairns Group Ministers.

Your active involvement in these issues sends a strong statement of support for the Cairns Group's objectives. We particularly welcome your joint statement just conveyed to us by my colleague, John Anderson, as a valuable contribution to our own meeting.

We also appreciate the vital role you play in selling the need for ongoing reform back in your own farming constituencies and in informing them about international developments in the agricultural reform debate. I hope this close contact between Governments and industry leaders will continue.

I would like to extend a special thanks for Lord Mayor Sartor, and to the NSW Government and Parliament for their support for this Cairns Group meeting.

Ministers will have a chance on Friday afternoon to visit the Sydney Royal Easter Show - one of the great agricultural showcases of the world. They will also view the site for the 2000 Olympics. I am sure that when you have seen the site, and have had an opportunity to sample the many attractions of Sydney, you will share our confidence that the Sydney Olympics will be a truly great occasion.

Ladies and gentlemen, this meeting marks a milestone for the Cairns Group. It is the first time since the Group was formed in 1986 that its Ministers have returned to Australia. Importantly it also marks the end of the first phase in the Cairns Group's existence - a phase which centred on the Uruguay Round of Trade Negotiations.

As we enter this next phase of the Group's existence and begin a new push toward a more market-based system for agricultural trade, I think it is worth looking back on the distance we have travelled together as this sheds much light on the challenges ahead.

In 1986, when the Cairns Group was formed, world agricultural markets were in turmoil. Agriculture was characterised by uneconomic production and big surpluses in rich countries; export subsidy competition between the EC and the United States; and diminished market access opportunities.

These were driving down world prices and harming efficient producers. This chaos in world agriculture markets - and the inability of smaller GATT members acting alone to bring about meaningful change - gave birth to the Cairns Group, which became the third force in agriculture trade negotiations alongside the EU and the United States.

The Cairns Group's goals in the Uruguay Round were clear:

- elimination of direct export subsidies;
- commitments to cut all forms of production related domestic subsidies; and
- tariffs to replace all non-tariff barriers and phasing out tariff quotas.

The Cairns Group undeniably had a huge impact on the Uruguay Round. Despite the efforts of those who sought to sideline the agricultural component of the Uruguay Round, we held together strongly and ensured that agriculture remained centre-stage. We were instrumental in achieving a first and very significant step in moving world agriculture in a market-oriented direction.

The Cairns Group was influential during the Uruguay Round because we had a common goal, were well coordinated, and determined to succeed.

Since the end of the Uruguay Round the Cairns Group has continued this successful habit of close cooperation.

We met in Manila in 1995 to reaffirm the importance of the Group in the post-Uruguay Round period and to work together to ensure faithful implementation of agreements.

In 1996 we met at Cartagena where we agreed on a compact setting out our position on agriculture for the Singapore WTO Ministerial Conference.

At Singapore we secured our objective to start preparations for the next round of agriculture negotiations the so-called Analysis and Information Exchange process.

In Rio de Janeiro, in June 1997, we agreed to work together for the early implementation of the WTO agreements relating to Agriculture. The group has been active in the Analysis and Information Exchange exercise in Geneva and in the Committees on Agriculture and Sanitary and Phytosanitary measures.

The Group has also successfully coordinated on a wide range of other important agriculture trade issues. For example, in lobbying the economic majors (US, EU and Japan) to move their domestic farm programs in a direction consistent with a more open trading system, and most recently, we have made joint desmarches on the United States and EU on the export credits issue.

Through such activities the Cairns Group has consolidated its influence and maintained its profile in the agricultural policy debate. But while the Cairns Group has a credible record of achievement, much remains to be done.

Major distortions continue to exist in world markets for both bulk commodities and processed foods.

In OECD countries taxpayers still subsidize producers to the tune of US\$280 billion in 1997. Across the OECD, support still averages 35% of the value of production - much higher in some cases; and tariff peaks and tariff escalation continue to restrict market access for many products.

Let there be no mistake - despite the common sense and fairness that underlie the Cairns Group position, the recent OECD Agricultural Ministers Meeting demonstrated that many rich countries intend to resist further agricultural reform on the basis of non-trade concerns, under the new rubric of "multi-functionality".

Certainly we are all aware from our experience in the Uruguay Round of how difficult, frustrating and time-consuming negotiations on agriculture can be.

But this time we are better placed to succeed. In particular, we have a solid commitment, in Article 20 of the WTO Agriculture Agreement, that further multilateral agriculture negotiations will take place from 1999. We are also now working within a framework of rules, disciplines and commitments that apply to agriculture.

International conditions are also more favourable than in the 1980's. Higher world grain prices are helpful. The US has begun its own reforms and they no doubt will be looking to Europe to do the same. Moreover budgetary pressures in Europe are mounting inexorably. Many more developing countries now recognise that distortions in world farm markets are harmful to their development objectives. But most importantly, from our experience we know that the Cairns Group can make a big difference.

At our 1997 meeting in Rio de Janeiro we made it clear that Cairns Group countries would be seeking major and fundamental reform of world agricultural trade when negotiations resume in 1999.

Ministers resolved that the next agriculture negotiations should commence on time in 1999, be pursued expeditiously, and achieve fundamental reform "to place agricultural trade on the same basis as other areas of world trade".

Here in Sydney we must send out a ringing endorsement of that message. In doing so we will make it clear at next month's WTO Ministerial meeting that we are determined to achieve fundamental reform, and that the Cairns Group is a cohesive force in world trade.

We must also go as far as we can in determining the best strategies for achieving this ambition, while retaining the necessary flexibility to adjust to changing circumstances.

In my view the message we send to next month's WTO Ministerial Meeting must be as clear and direct as we can make it:

- we must eliminate export subsidies - indeed our goal should be the ultimate elimination of all subsidies that distort prices, production and trade;
- the negotiations, to commence in 1999, must deliver major improvements to the rules governing trade in agricultural products;
- and achieve substantial cuts to protection levels.

These are ambitious goals but achievable. The time is right for us to be ambitious and to challenge those who oppose reform and seek to sustain unfair distortions in world agriculture trade.

I look forward to an intensive and productive exchange of views with you all over the next two days.