

Commodity arrangements may also take the form of international agreements involving contractual obligations in which exporters and importers, developed and developing alike, accept reciprocal commitments regarding price levels and supply commitments, as in the case of the wheat and tin agreements.

There are other commodity arrangements involving informal price agreements (e.g. hard and soft fibres), or intergovernmental arrangements consisting merely of regular international consultations on the market situation and outlook (e.g. olive oil, tea).

Canada is a member of all the major international commodity agreements. In so doing Canada fosters the mutuality of interests and benefits in international trading.

- a) In the case of the International Grains Arrangement, Argentina benefits from commercial sales at price levels fixed under the Arrangement. Developing importing countries benefit through the Food Aid Convention, which provides 4.5 million tons of wheat annually. By the way, the experience under the Grains Arrangement points to the difficulties of maintaining prices at agreed levels when there is a substantial surplus.
- b) In the International Sugar Agreement, several developing countries are exporting members who benefit from a higher and more stable price for raw sugar (e.g. the West Indies, Mauritius, Cuba), while importing members like Canada benefit from supply commitments and quota increases at specific price levels.
- c) In the International Coffee Agreement, all exporting members are developing countries and, in some cases (Brazil, Colombia) a large percentage of their export earnings come from sales of coffee at higher and more stable prices. The Agreement contains a diversification fund for inefficient coffee producers, which is raised through a premium of exports above agreed annual export quotas. There is also a device for controlling production.
- d) The International Tin Agreement, through a buffer stock mechanism, greatly assists its developing exporting members (e.g. Malaysia and Bolivia).
- e) Canada has also actively participated in efforts to negotiate an International Cocoa Agreement, which would be of particular benefit to Ghana and Nigeria. It is interesting to note that since cocoa prices have risen and stabilized at higher price levels, developing countries are not as anxious to obtain an early agreement. In addition, the developing producing countries cannot agree on which countries should be entitled to export quotas under any agreement or how the quotas should be divided amongst them.

Canada is also a member of various international study groups on a wide range of primary commodities of interest to developing countries (e.g. rubber, lead and zinc, vegetable oils). There have been suggestions for more commodity agreements (e.g. iron ore, oilseeds, oil and fats).