development of competing synthetics and substitutes should be avoided. (The use of indexation - a key demand - and of other means to secure a guaranteed return on exports is discussed below.) Producer cartels established by developing countries to enforce high prices should not be countered by industrialized countries.

(Commentary and Canadian Position): The question of the stability and level of commodity prices has had special prominence in the context of the New Economic Order, since the abrupt increases in petroleum prices in 1973/74. It should be noted, at the outset, that while any measures to maintain favourable terms of trade for commodities as against semi-processed and manufactured goods would benefit many developing countries, they might well work against the interests of a number of developing countries which rely heavily on industrial exports (Singapore, Korea, possibly India, Mexico, etc.). It should also be noted that the question of commodity prices cannot be realistically dealt with, particularly in the agricultural sector, in isolation from the questions of production supports, access to international markets, and upgrading.

There are a number of approaches to the question of commodity prices:

a) Regional Preferences

The European Community has just completed the negotiations of the Lomé Convention (or ACP Agreement) with 46 developing countries in Africa, the Caribbean and Pacific (ACP).

b) International Commodity Agreements

International Commodity Agreements have been negotiated for five major commodities (cocoa, sugar, coffee, tin and wheat). They have sought through quota systems, buffer stocks, and supply commitments to moderate international price fluctuations and to facilitate regular trade flows with varying degrees of success. Experience has shown that it is difficult to maintain effective agreements. It is even more difficult to do so when the world economy is unstable (i.e. in the face of exchange rate fluctuations, rapid inflation, or extreme shifts in supply and demand). On the whole, such agreements appear to work more effectively as a means of countering low prices and oversupply than as a means of moderating upward price movements in times of scarcity. Producing countries have been inclined to take full advantage of high prices when they occur and to call for new agreements to restore moderate price levels

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