

No. 4110

**UNITED STATES OF AMERICA
and
ICELAND**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act.
Signed at Washington, on 11 April 1957**

Official text: English.

Registered by the United States of America on 18 December 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISLANDE**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favoriser
le commerce agricole. Signé à Washington, le 11 avril
1957**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 18 décembre 1957.

No. 4110. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
ICELAND UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT.
SIGNED AT WASHINGTON, ON 11 APRIL 1957

The Government of the United States of America and the Government of Iceland :

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States of America in these commodities, or unduly disrupt world prices of agricultural commodities;

Considering that the purchase for Icelandic kronur of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Icelandic kronur accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of Iceland pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

Article I

SALES FOR ICELANDIC KRONUR

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Iceland during the period ending December 31, 1957, of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Iceland, for Icelandic kronur, of the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act in the amount indicated :

¹ Came into force on 11 Avril 1957, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Market Value (thousands)</i>
Wheat flour	700
Barley	410
Cracked corn	450
Rice	40
Cotton	75
Cottonseed/soybean oil	300
Linseed oil	130
Tobacco	160
Fruit	200
Ocean transportation (est. 50%)	320
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TOTAL	2,785

Purchase authorizations issued pursuant to the above will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of Icelandic kronur accruing from such sale, and other relevant matters.

Article II

USE OF ICELANDIC KRONUR

1. The two Governments agree that the Icelandic kronur accruing to the Government of the United States of America as a consequence of the sales made pursuant to this agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown :

- (a) To help develop new markets for United States agricultural commodities, for international educational exchange, and for other expenditures by the Government of the United States of America in Iceland under subsections 104 (a), 104 (h) and 104 (f) of the Act, the Icelandic kronur equivalent of \$557,000.
- (b) For a loan to the Government of Iceland to promote the economic development of Iceland under subsection 104 (g) of the Act, the Icelandic kronur equivalent of \$2,228,000, the terms and conditions of which will be included in a supplemental agreement between the two Governments. Not less than the Icelandic kronur equivalent of \$50,000 of this sum will be reserved for relending to private enterprise through established banking facilities under procedures to be agreed upon by the two Governments. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in United States dollars or, at the option of the Government of Iceland in Icelandic kronur, such payments

in Icelandic kronur to be made at the applicable exchange rate as defined in the loan agreement, in effect in the date of each payment. It is further understood that loan funds shall be disbursed only after prior agreement as to the uses of such loan funds. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. In the event the Icelandic kronur set aside for loans to the Government of Iceland are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on the use of the Icelandic kronur for loan purposes, the Government of the United States of America may use the Icelandic kronur for any other purpose authorized by Section 104 of the Act.

2. In the event the total of Icelandic kronur accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the Icelandic kronur equivalent of \$2,785,000, the amount available for a loan to the Government of Iceland under subsection 104 (g) would be reduced by the amount of such difference; in the event the total Icelandic kronur deposit exceeds the equivalent of \$2,785,000, 20 percent of the excess would be available for the use of the Government of the United States of America under subsection 104 (f) and 80 percent would be available for the loan.

Article III

DEPOSIT OF ICELANDIC KRONUR

The deposit of Icelandic kronur to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Iceland agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this

Agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities to other countries.

2. The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or materially impair trade relations among the countries of the free world.

3. In carrying out this Agreement the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best efforts to develop and expand continuous market demand for agricultural commodities.

4. The Government of Iceland agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions of commodities, and the provisions for the maintenance of usual marketings and information relating to exports of the same or like commodities.

Article V

CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

Article VI

ENTRY INTO FORCE

This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE in duplicate at Washington this 11th day of April, 1957.

For the Government of the United States of America :
Thorsten V. KALIJARVI

For the Government of Iceland :
Vilhjalmur THOR
