

No. 4581

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**UNITED STATES OF AMERICA  
and  
ICELAND**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act,  
as amended (with Memorandum of Understanding).  
Signed at Reykjavik, on 3 May 1958**

*Official text: English.*

*Registered by the United States of America on 1 December 1958.*

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**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, telle qu'elle a été modifiée (avec  
Mémorandum d'accord). Signé à Reykjavik, le 3 mai  
1958**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 1<sup>er</sup> décembre 1958.*

No. 4581. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
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, AS AMENDED.  
SIGNED AT REYKJAVIK, ON 3 MAY 1958

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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 kronur of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

Considering that the 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 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

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<sup>1</sup> Came into force on 3 May 1958, upon signature, in accordance with article VI.

following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, in the amount indicated :

<i>Commodity</i>	<i>Export Market Value (Million)</i>
Wheat/wheat flour . . . . .	\$.8
Cotton . . . . .	.2
Corn/cracked corn/corn meal . . . . .	.7
Barley . . . . .	.5
Tobacco . . . . .	.4
Fruit . . . . .	.3
Ocean trans. (est.) . . . . .	.1
	TOTAL \$3.0

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this agreement. They will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Icelandic kronur accruing from such sale and other relevant matters.

## *Article II*

### USES 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) For expenditures in Iceland by the Government of the United States of America under Section 104 (f) of the Act, the kronur equivalent of \$585,000.
- (b) For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of the Act, and for administrative expenses of the Export-Import Bank of Washington in Iceland incident thereto, the Icelandic kronur equivalent of \$750,000 but not more than 25 percent of the currencies received under the agreement. Such loans will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Iceland for business development and trade expansion in Iceland and to United States firms, and Icelandic firms, for the establishment of facilities for aiding in the utilization, distribution or otherwise increasing the consumption of and markets

for United States agricultural products. It is understood that such loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Iceland. The Development Bank of Iceland will act on behalf of the Government of Iceland in this matter. In the event the Icelandic kronur set aside for loans under Section 104 (e) of said Act are not advanced within three years from the date of this agreement because Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to Export-Import Bank of Washington and the Development Bank of Iceland, the Government of the United States of America may use the Icelandic kronur for any purpose authorized by Section 104 of the Act, after full consultation with the Government of Iceland to ensure that the utilization of the kronur funds does not detrimentally affect the Icelandic economy. These funds will not be used for loan purposes without agreement between the two Governments.

- (c) For a loan to the Government of Iceland to promote the economic development of Iceland under Section 104 (g) of the Act, the kronur equivalent of \$1,665,000 the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in U.S. dollars or, at the option of the Government of Iceland, in kronur, such payments in kronur to be made at the applicable exchange rate as defined in the loan agreement, in effect on the date of the 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 purposes authorized by Section 104 of the Act.

2. In the event the total of 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 kronur equivalent of \$3 million the amount available for a loan to the Government of Iceland under Section 104 (g) may be reduced by the amount of such difference ; in the event the total kronur deposit exceeds the equivalent of \$ 3 million, 55 percent of the excess may be available for loans under Section 104 (g) and 45 percent may be available for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

*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 precaution 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 endeavors 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 Reykjavik this third day of May, 1958.

For the Government  
of the United States of America :  
Theodore B. OLSON

For the Government  
of Iceland :  
Gylfi Th. GISLASON

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT  
OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT  
OF ICELAND.

In arriving at mutual agreement concerning loans eligible under Section 104 (e) the Managing Director of the Development Bank of Iceland, or his designate, will act for the Government of Iceland, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.

Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the Development Bank of Iceland of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, the general purposes for which the loan proceeds would be expended, and the probable range of (1) the interest rate and (2) the repayment period.

Within sixty days after the receipt of such notice the Development Bank of Iceland will indicate to the Export-Import Bank whether or not the Development Bank of Iceland is receptive to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Development Bank of Iceland, it shall be understood that the Development Bank of Iceland has no objection to the proposed loan.

When the Export-Import Bank approves or declines the proposed loan, it will notify the Development Bank of Iceland.

In approving a loan, the Export-Import Bank will (1) fix an interest rate similar to that prevailing in Iceland on comparable loans ; and (2) establish maturities similar to those of Export-Import dollar loans to private enterprises.

Reykjavik, May 3, 1958

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