

No. 5289

**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 Understandings).
Signed at Reykjavik, on 6 April 1960**

Official text: English.

Registered by the United States of America on 4 August 1960.

**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 6 avril
1960**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 4 août 1960.

No. 5289. 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, AS
AMENDED. SIGNED AT REYKJAVIK, ON 6 APRIL 1960

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 in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Considering that the purchase or 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 purchase will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales, as specified below, of surplus agricultural commodities to Iceland pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) 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 KRONUR

Subject to the availability of commodities for programming under the Act and to 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 sales for kronur to purchasers authorized by the Government of Iceland of the following agricultural

¹ Came into force on 6 April 1960, upon signature, in accordance with article VI.

commodities determined to be surplus pursuant to the Act, in the amounts indicated :

<i>Commodity</i>	<i>Export market value (thousand)</i>
Wheat/wheat flour	\$600
Cracked corn/cornmeal	375
Barley/barleymeal	175
Rice	60
Tobacco/tobacco products	440
Soybean/cottonseed oil	100
Ocean transportation (est.)	100
TOTAL	\$1,850

Applications for purchase authorizations will be made within 90 calendar days after the effective date of this Agreement. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the kronur accruing from such sale, and other relevant matters.

It is understood that the sale of agricultural commodities under this Agreement is not intended to increase the availability of these or like commodities for export and is made on the condition that no exports of such commodities will be made from Iceland during the period that the commodities are being imported and utilized.

Article II

USES OF KRONUR

1. The two Governments agree that the kronur accruing to the Government of the United States of America as a consequence of 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 United States expenditures under subsections (a), (b), (c), (d), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), and (r) of Section 104 of the Act or under any of such subsections, the kronur equivalent of \$462,000.
 - b. For a loan to the Government of Iceland under subsection (g) of Section 104 of the Act, the kronur equivalent of not more than \$1,388,000 for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Iceland, as may be mutually agreed. In the event that agreement is not reached on the use of local currency set aside for loans under this paragraph within three years from the date of this agreement, the Government of the United States may use the local currency for any other purposes authorized by Section 104 of the Act.

2. In the event the total 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 equivalent of \$1.85 million, the amount available for loans to the Government of Iceland under Section 104 (g) will be reduced by the amount of such difference; in the event the total kronur deposit exceeds the equivalent of \$1.85 million, 75 percent of the excess will be available for a loan under Section 104 (g), and 25 percent for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

Article III

DEPOSIT OF KRONUR

The deposit of 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 nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of surplus agricultural commodities, pursuant to the Agreement, will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or disrupt normal patterns of commercial trade with friendly countries.

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 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

The Agreement shall enter into force upon signature.

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

DONE at Reykjavik this sixth day of April, 1960.

For the Government
of the United States of America :
Tyler THOMPSON

For the Government
of Iceland :
Emil JONSSON

MEMORANDUM

The following understandings were reached in the course of negotiations between representatives of the Governments of the United States and of Iceland with respect of the maintenance of usual marketings in Iceland of commodities sold under the Agricultural Commodities Agreement, signed today,¹ and to other undertakings of the Government of Iceland on which this agreement is based.

1. The Government of Iceland will provide facilities for Icelandic importers to purchase, during the period covered by the sales agreement, at least 1,500 tons of wheat and/or wheat flour from the United States and other friendly countries in order to maintain its usual marketings.

¹ See p. 72 of this volume.

In addition, at least the following amounts of commodities will be imported from the United States during the period covered by the agreement and financed from funds other than those provided for in the agreement :

Feeds and feedgrains	10,000 metric tons
Tobacco and tobacco products	\$390,000
Soybean and/or cottonseed oil	100 metric tons

2. The Government of Iceland undertakes not to resell to third countries or permit to be resold to third countries any grains, fruit, or tobacco acquired from foreign countries during 1960.

3. The Government of Iceland agrees, upon request of the United States Government, to convert the kronur equivalent of up to \$37,000 of the amount of kronur deposits reserved for United States uses into other non-dollar currencies for agricultural market development projects in countries where Title I local currency funds are not available or are inadequate.

4. The Government of Iceland assures that any taxes collected in connection with the import of commodities under this agreement will not be used for export promotion.

5. The Government of Iceland undertakes to keep the United States Embassy informed as to the operations of the program, in particular, to supply the same information as to arrivals and unloadings of commodities by ship, assurances regarding re-export, and progress in meeting usual marketing requirements, as was supplied under the 1958 program.

6. With respect to paragraph 1*b* of Article II, the two Governments agree to follow the procedures in effect for the Agricultural Commodities Agreement of March 3, 1959¹ and, specifically, those referred to in paragraph 7 of the Memorandum of Understanding attached to that agreement.

T. T.

Em. J.

¹ United Nations, *Treaty Series*, Vol. 341, p. 261, and Vol. 358, p. 376.