

**No. 5048**

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**UNITED STATES OF AMERICA  
and  
ICELAND**

**Exchange of notes constituting an agreement relating to  
special economic assistance. Reykjavik, 23 June 1959**

*Official text: English.*

*Registered by the United States of America on 14 March 1960.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
ISLANDE**

**Échange de notes constituant un accord d'aide économique  
spéciale. Reykjavik, 23 juin 1959**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 14 mars 1960.*

No. 5048. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND ICELAND RELATING TO SPECIAL ECONOMIC ASSISTANCE. REYKJAVIK, 23 JUNE 1959

I

*The American Ambassador to the Icelandic Minister for Foreign Affairs*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA  
REYKJAVIK, ICELAND

No. 79

June 23, 1959

Excellency :

I have the honor to refer to recent conversations between representatives of our two Governments and to inform Your Excellency that the Government of the United States is prepared to furnish financial assistance, on terms of repayment, to the Government of Iceland to enable it to arrange for the importation of essential commodities in the hope that this may help speed the attainment by Iceland of its stabilization objectives. The Government of the United States has presently at its disposal for obligation on or before June 30, 1959, the sum of three million dollars for a loan to the Government of Iceland according to the terms and conditions specified herein. I have the honor to propose the following understandings, provided they are accepted by June 30, 1959, in view of the requirements of United States legislation :

1. The International Cooperation Administration, an agency of the Government of the United States, shall make available, subject to applicable United States laws and regulations, a line of credit to the Government of Iceland and not to exceed the sum of three million dollars for the purpose of assisting the Government of Iceland in financing imports of essential commodities in the following categories :

Iron and steel products, agricultural implements, machinery, hand and machine tools, electrical machinery, automobiles, spare parts for repair of these items, chemicals, textiles, rubber products, petroleum and fertilizer.

These commodities are to be contracted for on or before June 30, 1960, in accordance with established ICA procurement procedures.

2. The Government of Iceland promises to pay, for value received, to the International Cooperation Administration or to any agency of the Government of the United

<sup>1</sup> Came into force on 23 June 1959 by the exchange of the said notes.

States designated by the International Cooperation Administration to administer the credit, or its successor or assigns, in Washington, D. C., the principal sum of three million dollars, or so much thereof as may be drawn down under this line of credit, and interest on the unpaid principal balance outstanding. Interest will accrue at the rate of three and one-half percent per annum beginning from the end of the month in which disbursements under this credit are made. Principal and interest will be payable in United States dollars. The principal shall be paid in thirty-five equal successive semi-annual installments, beginning one (1) year after the end of the month in which first disbursement is made. Interest shall be paid semi-annually, commencing six (6) months from the end of the month in which first disbursement is made. In the event of default in the prompt and full payment thereunder, the entire unpaid principal hereof and interest thereon shall become due and shall be payable at the option and upon demand of the agency of the Government of the United States administering the credit. The non-exercise of such right at any time shall not constitute a waiver of such right. Prepayment of principal may be made, without penalty or premium, to apply to installments in the inverse order of their maturity.

3. Disbursements under this credit shall be reimbursements to the Government of Iceland for its expenditures made, subsequent to the effective date of this agreement, in order to carry out the purpose for which this credit is established. Reimbursements shall be made against such documentation as the International Cooperation Administration may reasonably require and shall be deemed to be disbursements under this credit as of the last day of the month for which such disbursements are reported to the Government of Iceland.

4. Prior to the first disbursement under this credit, the Government of Iceland shall submit satisfactory evidence that these understandings constitute the valid and binding obligation of the Government of Iceland in accordance with their terms.

I have the honor to propose that, if these understandings are acceptable to Your Excellency's Government, this Note and Your Excellency's Note in reply concurring therein shall constitute an agreement between the Government of the United States and the Government of Iceland, which shall enter into force on the date of Your Excellency's Note.

Accept, Excellency, the renewed assurances of my highest consideration.

John J. MUCCIO

His Excellency Gudmundur I. Gudmundsson  
Minister for Foreign Affairs  
Reykjavik, Iceland

## II

*The Icelandic Minister for Foreign Affairs to the American Ambassador*

UTANRÍKISRÁÐUNEYTIÐ<sup>1</sup>  
REYKJAVÍK

Reykjavik, June 23, 1959

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note No. 79 of today's date reading in substance as follows :

[*See note I*]

I have the honor to confirm that the Government of Iceland accepts the above understandings and agrees that Your Excellency's Note and the present reply thereto shall constitute an agreement between the Government of Iceland and the Government of the United States of America, entering into force today.

Accept, Excellency, the renewed assurances of my highest consideration.

Gudm. I. GUDMUNDSSON

His Excellency John J. Muccio  
Ambassador Extraordinary and Plenipotentiary  
of the United States of America  
Reykjavik

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<sup>1</sup> Ministry for Foreign Affairs.