

No. 5850

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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 7 April 1961**

*Official text: English.*

*Registered by the United States of America on 6 September 1961.*

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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 Mémoire d'accord). Signé à Reykjavik, le  
7 avril 1961**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 6 septembre 1961.*

No. 5850. 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 7 APRIL 1961

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

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 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

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

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<sup>1</sup> Came into force on 7 April 1961, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (thousands)</i>
Wheat/wheat flour . . . . .	\$600
Cracked corn/cornmeal . . . . .	200
Barley/barleymeal . . . . .	200
Rice . . . . .	20
Tobacco/tobacco products . . . . .	500
Soybean/cottonseed oil . . . . .	100
Fresh lemons and lemon juice . . . . .	20
Ocean transportation (est.) . . . . .	100
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TOTAL	\$1,740

2. Applications for purchase authorizations will be made within 90 calendar days after the effective date of this Agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment or supplement to this Agreement will be made within 90 days after the effective date of such amendment or supplement. 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.

3. 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), and (h) through (r) of Section 104 of the Act or under any of such subsections, the kronur equivalent of \$435,000.
- 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 \$1,305,000 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 \$1.74 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 \$1.74 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 seventh day of April, 1961.

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

For the Government  
of Iceland :  
Gudm. I. GUDMUNDSSON

#### 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 to the maintenance of usual marketings in Iceland of commodities sold under the Agricultural Commodities Agreement, signed today,<sup>1</sup> 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 calendar year 1961, 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.

<sup>1</sup> See p. 204 of this volume.

In addition, at least the following amounts of commodities will be imported from the United States during calendar year 1961 and financed from funds other than those provided for in the Agreement :

Feed and feed grains . . . . .	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 calendar year 1961.

3. It is understood that the Government of Iceland may, at its discretion, arrange for the processing in the United States at its own expense of any leaf tobacco, and for the grinding of barley.

4. The Government of Iceland agrees, upon request of the United States Government, to convert the kronur equivalent of up to \$35,000 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.

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

6. The Government of Iceland undertakes to keep the United States Embassy informed as to the operations of the program and 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 1960 program.

7. 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, 1959,<sup>1</sup> and, specifically, those referred to in paragraph 7 of the Memorandum of Understanding attached to that Agreement.

T. T.

G. I. G.

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<sup>1</sup> United Nations, *Treaty Series*, Vol. 341, p. 261; Vol. 358, p. 376, and Vol. 372, p. 403.