

No. 6376

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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). Signed at  
Reykjavik, on 16 March 1962**

*Official text: English.*

*Registered by the United States of America on 27 November 1962.*

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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). Signé à Reykjavik, le 16 mars 1962**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 27 novembre 1962.*

No. 6376. 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 16 MARCH 1962

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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 or normal patterns of commercial trade with friendly countries ;

Considering that the purchase for kronur of 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 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 issuance by the Government of the United States of America and acceptance by the Government of Iceland of purchase authorizations and to the availability of commodities under the Act at the time of exportation, 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 in the amounts indicated :

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<sup>1</sup> Came into force on 16 March 1962, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (thousands)</i>
Cracked corn and cornmeal . . . . .	\$250
Barley and barley meal . . . . .	150
Wheat and wheat flour . . . . .	600
Rice . . . . .	45
Edible oils . . . . .	100
Tobacco/tobacco products . . . . .	500
Ocean transportation . . . . .	100
	<u>\$1,745</u>

2. Applications for purchase authorizations will be made within 90 calendar days of 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 to this Agreement will be made within 90 days after the effective date of such amendment. 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. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this Agreement.

4. The financing, sale and delivery of commodities under this agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

## *Article II*

### USES OF KRONUR

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, twenty-five percent of the kronur accruing pursuant to this Agreement.

B. For a loan to the Government of Iceland under Section 104 (g) of the Act for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Iceland, seventy-five percent

of the kronur accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement.

In the event that agreement is not reached on the use of the kronur for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the kronur for any purposes authorized by Section 104 of the Act.

### *Article III*

#### DEPOSIT OF KRONUR

1. The amount of kronur to be deposited to the account of the United States shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States (except excess costs resulting from the requirement that United States flag vessels be used) converted into kronur, as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Iceland, or
- (b) if more than one legal rate for foreign exchange transactions exists, the rate of exchange shall be mutually agreed upon from time to time between the Government of the United States and the Government of Iceland.

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of kronur which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

### *Article IV*

#### GENERAL UNDERTAKINGS

1. The Government of Iceland 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 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 will take reasonable precautions to assure that all sales or purchases of agricultural commodities pursuant to this Agreement will not displace usual marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or 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 will furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to the arrival and condition 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 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 in duplicate this sixteenth day of March, 1962.

For the Government  
of the United States of America :

J. K. PENFIELD

For the Government  
of Iceland :

Gudm. I. GUDMUNDSSON

## MEMORANDUM

The following understandings were reached in the course of negotiations between representatives of the Government of the United States of America and the Government 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 that Agreement is based.

1. The Government of Iceland will provide facilities for Icelandic importers to purchase, during calendar year 1962, at least 2,500 metric tons of wheat and/or wheat flour from the United States and other friendly countries in order to maintain its usual marketings.

In addition, at least the following amounts of commodities will be imported from the United States during calendar year 1962 and financed from funds other than those provided for in the Agreement :

Feed 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 or tobacco acquired from foreign countries during calendar year 1962.

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 provide facilities for conversion of 2 percent of the Icelandic kronur accruing from sales under this agreement into other currencies for purposes of Section 104 (a) of the Agricultural Trade Development and Assistance Act. These currencies will be used to finance agricultural market development activities in other countries.

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 B of Article II, the two Governments agree to follow the procedures in effect for the Agricultural Commodities Agreement of March 3, 1959,<sup>2</sup> and, specifically, those referred to in paragraph 7 of the Memorandum of Understanding attached to that Agreement.

J. K. P.      G. I. G.

<sup>1</sup> See p. 50 of this volume.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 341, p. 261 ; Vol. 358, p. 376, and Vol. 372, p. 403.