

No. 6858

**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 6 February 1963**

Official text: English.

Registered by the United States of America on 7 August 1963.

**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 6 fé-
vrier 1963**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 7 août 1963.

No. 6858. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF ICE-
LAND UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT REYKJAVIK, ON 6 FEBRUARY 1963

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 :

¹ Came into force on 6 February 1963, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (thousands)</i>
Wheat and wheat flour	\$600
Cracked corn and cornmeal	550
Rice	40
Vegetable oils	100
Tobacco/tobacco products	500
Ocean transportation	100
	TOTAL \$1,890

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. 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, 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, 25 percent of the kronur accruing pursuant to this Agreement.

B. For a loan to the Government of Iceland under subsection 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, as may be mutually agreed, 75 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 of the agricultural commodities purchased pursuant to this Agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America) ; to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities purchased pursuant to this Agreement during the period that said commodities are being received and utilized (except where such export is specifically approved by the Government of the United States of America) ; and to ensure that the purchase of commodities pursuant to this Agreement does not result in increased availability of the same or similar types of 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 among 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 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 sixth day of February, 1963.

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,¹ 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 as usual marketings during calendar year 1963 at least 3,500 metric tons of wheat/wheat flour in grain equivalent, and 1,500 metric tons of vegetable oil from free world sources, of which at least 150 metric tons of vegetable oil shall be from the United States. In addition, at least the following amounts of commodities will be imported from the United States during calendar year 1963 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

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

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 1963.

3. The Government of Iceland agrees that, upon request of the Government of the United States of America, it will provide facilities for the conversion of two percent of the kronur proceeding from sales under this Agreement into other non-dollar currencies for purposes of subsection 104 (a) of the Act and of up to \$30,000 worth of kronur for purposes of subsection 104 (h) and the Mutual Educational and Cultural Exchange Act of 1961. These currencies will be used to finance agricultural market development activities in other countries, in the case of subsection 104 (a), and educational exchange activities in other countries, in the case of subsection 104 (h).

4. The Government of the United States of America may utilize kronur in Iceland to pay for international travel originating in Iceland or originating outside Iceland when the travel (including connecting travel) is to or through Iceland, and for travel within the United States of America or other areas outside Iceland when the travel is part of a trip in which the traveler travels from, to or through Iceland. It is understood that these funds are intended to cover only travel by persons who

¹ See p. 94 of this volume.

are traveling on official business for the Government of the United States of America or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which kronur may be utilized shall not be limited to services provided by Icelandic transportation facilities.

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 1962 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, 1959¹ and, specifically, those referred to in paragraph 7 of the Memorandum of Understanding attached to that Agreement.

J. K. P.

G. I. G.

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