

No. 7421

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**UNITED STATES OF AMERICA  
and  
ICELAND**

**Agricultural Commodities Agreement under Title IV of the  
Agricultural Trade Development and Assistance Act,  
as amended (with exchange of notes). Signed at Reyk-  
javik, on 13 February 1964**

*Official text: English.*

*Registered by the United States of America on 30 September 1964.*

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

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre IV de la loi tendant à développer et à favoriser  
le commerce agricole, telle qu'elle a été modifiée (avec  
échange de notes). Signé à Reykjavik, le 13 février 1964**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 30 septembre 1964.*

No. 7421. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA AND THE GOVERNMENT OF ICELAND  
UNDER TITLE IV OF THE AGRICULTURAL TRADE  
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.  
SIGNED AT REYKJAVIK, ON 13 FEBRUARY 1964

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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 in a manner which would utilize surplus agricultural commodities, including the products thereof, produced in the United States of America to assist economic development in Iceland ;

Recognizing that such expanded trade should be carried on in a manner which would not displace cash marketings of the United States of America in those commodities or unduly disrupt world price of agricultural commodities or normal patterns of commercial trade with friendly countries ;

Recognizing further that by providing such commodities to Iceland under long-term supply and credit arrangements, the resources and manpower of Iceland can be utilized more effectively for economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use ;

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

Have agreed as follows :

*Article I*

COMMODITY SALES PROVISIONS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Iceland of credit 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 during those periods indicated in the table below or such longer period as may be authorized by the Government of

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<sup>1</sup> Came into force on 13 February 1964, upon signature, in accordance with article V.

the United States of America, sales for United States dollars, to purchasers authorized by the Government of Iceland of the following commodities :

<i>Commodity</i>	<i>Supply period</i>	<i>Approximate maximum quantity (metric tons)</i>	<i>Maximum export market value to be financed</i>
Wheat flour (in wheat equivalent) . . . . .	Calendar Year 1964	11,000	\$600,000
Tobacco and tobacco products (in terms of cigarettes). . . . .	Calendar Year 1964	230	500,000
Ocean transportation (estimated) . . . . .	Calendar Year 1964	—	160,000
		TOTAL	\$1,260,000

The total amount of financing provided in the credit purchase authorizations shall not exceed the above-specified export market value to be financed, except that additional financing for ocean transportation will be provided if the estimated amount for financing shipments required to be made on United States flag vessels proves to be insufficient. It is understood that the Government of the United States of America will, as price declines or other marketing factors may require, limit the amount of financing provided in the credit purchase authorizations so that the quantities of commodities financed will not substantially exceed the above specified approximate maximum quantities.

2. Credit purchase authorizations will include provisions relating to the sale and delivery of such commodities and other relevant matters.

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

## Article II

### CREDIT PROVISIONS

1. The Government of Iceland will pay or cause to be paid in United States dollars to the Government of the United States of America for the commodities specified in Article I and related ocean transportation (except excess ocean transportation costs resulting from the requirement that United States flag vessels be used), the amount financed with interest thereon by the Government of the United States of America.

2. Payment of amounts financed in connection with shipments made in each calendar year, including the applicable ocean transportation cost related to such deliveries, shall be made in 18 annual installments. The first annual payment shall become due on March 31 immediately following the calendar year of shipment. This

payment shall be for 25 percent of the amount of commodity value financed by the Government of the United States of America on shipments made during the preceding calendar year. Payment for the balance of amounts financed in connection with shipments made in each calendar year shall be made in 17 approximately equal annual installments due on March 31 of successive calendar years. Any annual payment may be made prior to the due date thereof.

3. Interest on the unpaid balance of the principal amount due the Government of the United States of America for commodities delivered in each calendar year shall be computed at the rate of four (4) percent per annum and shall begin on the date of the last delivery of commodities in such calendar year. Interest on each such unpaid balance shall be paid annually not later than the date on which the annual payment of principal becomes due.

4. All payments shall be made in United States dollars and the Government of Iceland shall deposit or cause to be deposited such payments in the United States Treasury unless another depository is agreed upon by the two Governments.

5. The two Governments will each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year.

6. For the purpose of determining the date of the last delivery of commodities for each calendar year, delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier.

### *Article III*

#### GENERAL PROVISIONS

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 consumption of the agricultural commodities purchased pursuant to this Agreement ; 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 beginning on the date of this Agreement and ending on the final date on which 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 these or like commodities to nations unfriendly to the United States of America.

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

3. In carrying out the provisions of this Agreement, the two Governments will seek to assure, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for 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, including the arrival and condition of commodities, imports of commodities which may be required under this Agreement to be purchased from the United States of America or countries friendly to the United States of America in addition to commodities financed under this Agreement, and any exports of the same or like commodities.

*Article IV*

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 entered into pursuant to this Agreement.

*Article V*

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 in duplicate at Reykjavik this thirteenth day of February, 1964.

For the Government  
of the United States of America :

James K. PENFIELD

For the Government  
of Iceland :

Gudm. I. GUDMUNDSSON

## EXCHANGE OF NOTES

## I

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

Reykjavik, February 13, 1964

No. 41

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Iceland signed today,<sup>1</sup> under which the United States of America undertakes to finance the delivery of \$1,260,000 worth of agricultural commodities.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between representatives of our two Governments with respect to the use by the Government of Iceland of kronas resulting from the sale of commodities financed under the Agreement. It is understood that these kronas will be used for economic and social development programs as may be agreed upon by our two Governments.

It is my Government's further understanding that in agreeing that the delivery of commodities pursuant to the above cited Agreement should not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries, the Government of Iceland agrees that Iceland will, in addition to the commodities to be programmed under that Agreement, import during the calendar year ending December 31, 1964, or any subsequent period during which the commodities purchased under the Agreement are being imported, from free world sources including the United States of America 3,500 metric tons of wheat and/or wheat flour and from the United States of America \$425,000 worth of tobacco and/or tobacco products.

I shall appreciate Your Excellency's confirmation of the above understandings.

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

James K. PENFIELD

His Excellency Gudmundur I. Gudmundsson  
Minister for Foreign Affairs  
Reykjavik

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<sup>1</sup> See p. 4 of this volume.

## II

*The Icelandic Minister for Foreign Affairs to the American Ambassador*UTANRÍKISRÁÐUNEYTIÐ<sup>1</sup>

Reykjavik, February 13, 1964

No. 7

Excellency,

I have the honour to acknowledge receipt of your Note No. 41, dated February 13, 1964, reading as follows :

[See note I]

In reply, I have the honour to confirm that the above understandings are acceptable to the Icelandic Government and shall constitute an agreement between our two Governments on this matter to enter into force today.

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

Gudm. I. GUDMUNDSSON

His Excellency Ambassador James K. Penfield  
Embassy of the United States of America  
Reykjavik

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