

No. 7709

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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  
Reykjavik, on 30 December 1964**

*Official text: English.*

*Registered by the United States of America on 26 April 1965.*

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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 30 décembre  
1964**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 26 avril 1965.*

No. 7709. 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 30 DECEMBER  
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 prices of agricultural commodities or normal patterns of commercial trade;

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 the periods specified in the following table or such longer periods as may be

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<sup>1</sup> Came into force on 30 December 1964, upon signature, in accordance with article V.

authorized by the Government of 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 Quantity (Metric tons)</i>	<i>Estimated export market value to be financed (1,000)</i>
Rice . . . . .	Calendar Year 1965	246	\$ 40
Tobacco . . . . .	Calendar Year 1965	227	500
Wheat flour . . . . .	Calendar Year 1965	7,500	600
Ocean transportation (estimated)			156
		TOTAL	<u>\$1,296</u>

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 on shipments required to be made on U.S. flag vessels will be provided to defray increases in transportation rates on U.S. flag vessels. For commodities which are exported after December 31, 1965, however, the Government of the United States of America may reduce the financing of ocean transportation on shipments required to be made on U.S. flag vessels by which transportation costs on U.S. flag vessels exceed what it would have cost to make the shipments on foreign flag vessels. In such a case, the Government of Iceland shall pay the balance of the cost of transportation in United States flag vessels in United States dollars. 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 com-

modities 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 by the Government of the United States of America together with interest thereon.

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 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 for credit to the Commodity Credit Corporation 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 other countries.

2. The two Governments will take reasonable precautions to assure that sales or purchases of commodities pursuant to the 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. The Government of Iceland agrees to furnish, upon request of the Government 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.

4. 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.

#### *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 at Reykjavik in duplicate this thirtieth day of December, 1964.

For the Government  
of the United States of America :

J. K. PENFIELD

For the Government  
of Iceland :

Gudm. I. GUDMUNDSSON

## EXCHANGE OF NOTES

## I

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

No. 40

Reykjavik, December 30, 1964

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, under which the United States of America undertakes to finance the delivery to Iceland of \$1,296,000 worth of agricultural commodities, and to confirm my Government's understanding of the following :

With regard to paragraph 3 of Article III of the Agreement, the Government of Iceland agrees to furnish quarterly the following information in connection with each shipment of commodities received under the Agreement : the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; the condition in which received; the date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally, or if shipped where shipped. In addition, the Government of Iceland agrees to furnish quarterly : (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished, (b) assurances that the program will not result in increased availability of the same or like commodities to other nations, and (c) a statement by the Government of Iceland showing progress made toward fulfilling commitments on usual marketings, accompanied by statistical data on imports and exports by country of origin or destination of commodities which are the same or like those imported under the Agreement.

Any kronur resulting from the sale within Iceland of the commodities purchased pursuant to the agreement which are loaned by the Government of Iceland to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in Iceland.

As agreed in conversations which have taken place between representatives of our two Governments with respect to the use by the Government of Iceland of kronur resulting from the sale of commodities financed under the Agreement, these kronur will be used for economic and social development programs as may be mutually agreed upon by our two governments.

Upon request, the Government of Iceland agrees to furnish the Government of the United States of America reports showing the total kronur available to the Government of Iceland from the sale of the commodities and reports listing the projects being undertaken including information on the name, location and amount invested in each project.

In agreeing that the delivery of commodities pursuant to the 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 the Agreement, import from free world sources, including the United States of America, during Calendar Year 1965 or any subsequent period during which the commodities purchased under the Agreement are being imported, 5,000 metric tons of wheat and/or wheat flour on a grain equivalent basis and \$550,000 worth of tobacco and/or tobacco products from the United States of America.

I shall appreciate receiving your confirmation that the foregoing also represents the understanding of the Government of Iceland.

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

James K. PENFIELD

His Excellency Gudmundur I. Gudmundsson  
Minister of Foreign Affairs  
Reykjavik

## II

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

UTANRÍKISRÁÐUNEYTIÐ<sup>1</sup>  
REYKJAVIK

December 30, 1964

Excellency :

I have the honour to acknowledge receipt of your note dated today which reads as follows :

[See note I]

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

In reply I have the honour to inform Your Excellency that the foregoing also represents the understanding of the Government of Iceland.

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

Gudm. I. GUDMUNDSSON

H.E. Mons. James K. Penfield  
Ambassador of the United States of America  
Reykjavik