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No. 7878

**UNITED STATES OF AMERICA
and
ICELAND**

**Agricultural Commodities Agreement under Title I 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 10 August 1965.

**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 échange de notes). Signé à Reykjavik,
le 30 décembre 1964**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 10 août 1965.

No. 7878. AGRICULTURAL COMMODITIES AGREEMENT¹
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 30 DE-
CEMBER 1964

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 the specified commodities under the Act

¹ Came into force on 30 December 1964, upon signature, in accordance with article VI.

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 :

<i>Commodity</i>	<i>Export Market Value</i>
Cracked corn/cornmeal/barley	\$ 700,000
Edible vegetable oil	100,000
Ocean transportation (estimated)	100,000
TOTAL	\$ 900,000

2. Applications for purchase authorizations will be made within 90 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 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 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 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 proportions shown :

A. For United States expenditures under subsections (a), (b), (c), (d), (f), and (h) through (i) 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 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, 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 under

Section 104 (g) of the Act within three years from the date of this Agreement, the Government of the United States of America may use the kronur for any purpose 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 Government of the United States of America 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 of America (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 disbursement by the United States, provided that a unitary 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 exist, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of Iceland.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of kronur which become due under this Agreement or which are due or become due under any prior agricultural commodities agreement. A reserve will be maintained under this agreement for two years from the effective date of this Agreement which may be used for the payment of such refunds. Any payment out of this reserve shall be treated as a reduction in the total kronur accruing to the Government of the United States of America under this Agreement.

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 beginning on the date of this Agreement and ending with

the final date on which such commodities are 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 like commodities to nations unfriendly to the United States of America.

2. The two Governments will take reasonable precautions to assure that all sales and 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 quarterly information on the progress of the program, particularly with respect to the arrival and condition of commodities, provisions for the maintenance of usual marketings, and information relating to imports and 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

This 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. 41

Reykjavik, December 30, 1964

Excellency,

I have the honor to refer to the Agricultural Commodities Agreement signed today by representatives of our two Governments, under which the United States of America undertakes to finance the delivery to Iceland of \$900,000 worth of agricultural commodities, and to inform you of my Government's understanding of the following :

(1) In expressing its agreement with the Government of the United States of America that deliveries under the agreement should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, the Government of Iceland agrees that it will procure and import with its own resources the following agricultural commodities in addition to those to be purchased under the terms of the cited Agreement.

- (a) From the United States of America and countries friendly to it at least 1,400 metric tons of edible vegetable oils, of which at least 250 metric tons shall be from the United States of America, during the calendar year ending December 31, 1965.
- (b) From the United States of America at least 15,000 metric tons of feedgrains during the calendar year ending December 31, 1965.

If deliveries of commodities under the Agreement extend into calendar year 1966, the level of usual marketing requirements for that year will be determined at the time the request for extension of deliveries is made.

(2) If butter is exported from Iceland during calendar year 1965 the Government of Iceland agrees to offset butter exports by purchasing and importing an equivalent amount of edible vegetable oil, with its own resources, from the United States of America and countries friendly to it during calendar year 1965 in addition to the foregoing usual marketing requirements.

(3) The Government of Iceland will provide, upon request of the Government of the United States of America, facilities for the conversion into other non-dollar currencies of the following amounts of kronur :

- (a) \$18,000 worth of kronur or two (2) percent of the kronur accruing under the Agreement, whichever is greater, for purposes of Section 104 (a) of the Act. These currencies will be utilized to finance agricultural market development activities in other countries.

(b) \$20,000 worth of kronur for purposes of Section 104 (h) of the Act and for purposes of the Mutual Educational and Cultural Exchange Act of 1961. These currencies will be utilized to finance educational and cultural exchange programs and activities in other countries.

(4) The Government of the United States of America may utilize kronur in Iceland to pay for travel which 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 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 Iceland's transportation facilities.

(5) The Government of Iceland undertakes not to resell to third countries or permit to be resold to third countries any grains, including barley and corn, acquired from foreign countries during calendar year 1965.

(6) The Government of Iceland gives assurances that any taxes collected in connection with import of commodities under the Agreement will not be used for export promotion.

(7) With regard to Paragraph 4 of Article IV 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; date unloading was completed; 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 or usual marketings. The Government of Iceland further agrees that the statement will be accompanied by statistical data on imports and exports by country of origin or destination of commodities which are the same as or like those imported under the agreement.

I shall appreciate receiving your Excellency's confirmation of the above understanding.

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 ¹

Reykjavik, December 30, 1964

Excellency,

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

[See note I]

In reply I have the honour to confirm that my Government is in an agreement with the above understanding.

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

¹ Minister for Foreign Affairs.