

**No. 5761**

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**UNITED STATES OF AMERICA  
and  
ICELAND**

**Exchange of notes constituting an agreement relating to  
economic assistance. Washington, 30 December 1960**

*Official text: English.*

*Registered by the United States of America on 17 July 1961.*

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

**Échange de notes constituant un accord d'assistance éco-  
nomique. Washington, 30 décembre 1960**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 17 juillet 1961.*

No. 5761. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND ICELAND RELATING TO ECONOMIC ASSISTANCE. WASHINGTON, 30 DECEMBER 1960

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I

*The Secretary of State to the Icelandic Ambassador*

DEPARTMENT OF STATE  
WASHINGTON

December 30, 1960

Excellency:

I have the honor to refer to your note of July 30, 1960,<sup>2</sup> my note of August 11, 1960,<sup>3</sup> and our recent conversations regarding the Government of Iceland's application for a six million dollar assistance grant to provide support for its economic stabilization program. I am now authorized to inform you that, in accordance with the economic Cooperation Agreement between our two Governments signed at Reykjavik, July 3, 1948, as subsequently modified and extended,<sup>3</sup> the Government of the United States of America will provide the sum of six million dollars on a grant basis to your Government. It is understood that:

1. This grant will be used to finance imports essential to the stability of Iceland's economy pursuant to procurement authorizations issued by the International Cooperation Administration.

2. The Government of Iceland will deposit kronur in amounts commensurate with the assistance provided under this Agreement in the special account referred to in Article IV, paragraph 2, of the above-mentioned Economic Cooperation Agreement. However, the kronur deposited hereunder and available under paragraph 6 of Article IV will be held in the account until such time as our two Governments may agree that the Iceland economy can absorb without strain the release of such kronur for mutually agreed economic development projects. Similarly, kronur deposited hereunder and available for official expenditures of the Government of the United States of America as provided under paragraph 4 of Article IV, as amended by the

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<sup>1</sup> Came into force on 30 December 1960 by the exchange of the said notes.

<sup>2</sup> Not printed by the Department of State of the United States of America.

<sup>3</sup> United Nations, *Treaty Series*, Vol. 20, p. 141 ; Vol. 79, p. 280 ; Vol. 148, p. 398, and Vol. 223, p. 316.

notes exchanged by our Governments on October 9, 1952 and October 1, 1953,<sup>1</sup> will not be expended by the Government of the United States of America until agreement has been reached to release the kronur available under paragraph 6 of Article IV as provided in the preceding sentence.

I should also state that the Government of the United States of America regards the present grant as completing the assistance by grant or non-project loan it can provide for the support of the stabilization program which it is understood the Government of Iceland will seek to implement by the effective and timely use of all means under its control. It is also the understanding of my Government that future Icelandic applications for United States public foreign exchange assistance to development projects will be made to such lending institutions as the Export-Import Bank.

I propose that, if the numbered understandings are acceptable to Your Excellency's Government, this note and Your Excellency's note in reply concurring therein shall constitute an Agreement between our two Governments, which shall enter into force on the date of Your Excellency's note.

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

For the Secretary of State:  
Ivan B. WHITE

His Excellency Thor Thors  
Ambassador of Iceland

## II

### *The Icelandic Ambassador to the Secretary of State*

EMBASSY OF ICELAND  
WASHINGTON 8, D. C.

December 30, 1960

Sir:

I have the honor to refer to your note of December 30, 1960, regarding a six million dollar assistance grant to provide support for the Government of Iceland's economic stabilization program. The Icelandic Government is deeply appreciative

<sup>1</sup> United Nations, *Treaty Series*, Vol. 223, p. 316.

of the decision of the U.S. Government to make available a grant in the amount of six million dollars. The Icelandic Government confirms its understanding that:

[See note I]

The above-mentioned note of Your Excellency's Government and the present note shall constitute an Agreement between our two Governments which shall enter into force on this date.

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

Thor THORS

The Honorable Mr. Christian A. Herter  
Secretary of State  
Department of State  
Washington, D. C.