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Bjarni Benediktsson – Stjórnámál – Dómsmálaráðherra – Utanríkismálaráðherra – Samskipti Íslands og Bandaríkjanna – Heimsstyrjöldin síðari – *Establishment of Direct Official Relations Between the Government of Iceland and the Government of the United States* – Department of State

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## ICELAND

### ESTABLISHMENT OF DIRECT OFFICIAL RELATIONS BETWEEN THE GOVERNMENT OF ICELAND AND THE GOVERNMENT OF THE UNITED STATES

859A.01/42

*The Danish Minister (Kauffmann) to the Secretary of State*

WASHINGTON, April 10, 1940.

SIR: I have the honor to inform you that the Icelandic Parliament last night passed the following two resolutions:

First: Due to the present situation in Denmark it is impossible for His Majesty the King of Iceland and Denmark to exercise the executive power vested in him under the Constitutional Act of Iceland. It has, therefore, been necessary for the Icelandic Parliament to declare that the Icelandic Cabinet for the time being is entrusted with the conduct of the said power.

Second: Due to the present situation Denmark for the time being is not in a position to safeguard the foreign affairs of Iceland with which Denmark is entrusted in accordance with Art. VII of the Danish-Icelandic Union Act.<sup>1</sup> Furthermore Denmark is not in a position to carry out the Fishery Inspection within Icelandic territorial waters in accordance with Art. VIII of the said Union Act. It has, therefore, been necessary for the Icelandic Parliament to declare that the Government of Iceland for the time being has taken over the entire charge of the said affairs.

I avail myself [etc.]

HENRIK KAUFFMANN

701.59A11/1 : Telegram

*The Icelandic Prime Minister (Jonasson) to the Secretary of State*

REYKJAVIK, April 15, 1940.  
[Received April 15—8:30 a. m.]

In view of the status of Iceland created by parliamentary resolutions of April 10th, already notified to you, the Icelandic Government propose to establish a Legation in Washington and at the same time to appoint consular representative in New York. With this object in view they intend to appoint Mr. Vilhjalmar Thor, Icelandic Gov-

<sup>1</sup> For text of Danish law of November 30, 1918, providing for union of Denmark and Iceland, see *British and Foreign State Papers*, vol. cxi, p. 703.

ernment Trade Commissioner in New York and temporary Consul General for Iceland in New York; to entrust him to be in charge of the Legation in Washington. Icelandic Government would be glad to learn by telegram whether this proposed appointment of Mr. Vilhjalmur [Thor] as Consul General for Iceland in New York and in charge of Legation in Washington would be acceptable to the United States Government.

HERMANN JONASSON

701.59A11/1: Telegram

*The Secretary of State to the Icelandic Prime Minister (Jonasson)*

WASHINGTON, April 16, 1940.

I have the honor to acknowledge the receipt of Your Excellency's telegram of April 15 informing me that the Icelandic Government proposes to establish a Legation in Washington and a Consulate General in New York, and that it is intended to appoint Mr. Vilhjalmur Thor as Consul General for Iceland in New York as well as to entrust him with the charge of the Legation in Washington.

The establishment of direct diplomatic and consular relations between the Government of Iceland and the Government of the United States in the existing circumstances will be welcomed by my Government. My Government considers, however, that if an Icelandic Legation is established in Washington it should be placed in charge of a diplomatic officer who would be resident in Washington and would confine himself to the performance of diplomatic duties.

As a first step in reciprocating direct relations between our two Governments my Government is anxious to open a Consular Office in Reykjavik and desires to appoint Mr. Bertel E. Kuniholm, a career Foreign Service officer of the United States, as Consul in charge of such office. I trust that this will be agreeable to Your Excellency.

CORDELL HULL

701.59A11/8

*Memorandum of Telephone Conversations, by Mr. Hugh S. Cumming, Jr., of the Division of European Affairs*

[WASHINGTON,] April 17, 1940.

This morning Mr. Thor telephoned me from New York and inquired as to the nature of the reply which the Secretary of State had made to the Icelandic Prime Minister's telegram proposing direct Icelandic consular and diplomatic representation in the United States. I gave Mr. Thor the substance of Mr. Hull's telegram to the Prime Minister, dated April 16, particularly that portion which indicated that should an Icelandic Legation be opened in Washington this

Government would prefer that it be in charge of a diplomatic officer who would confine himself to the performance of diplomatic duties.

This afternoon Mr. Thor telephoned and said that after his conversation with me this morning he had telegraphed his Government that there appeared two alternatives, first, to open a Legation in Washington in charge of a Chargé d'Affaires, together with a Consulate General in New York in charge of a Consul General, and second, to forego for the moment the establishment of a Legation in Washington, (particularly since the United States at this time was only establishing a Consulate in Reykjavik) and open a Consulate General in New York. He said that he had informed his Government that he was sure that as Consul General he would be permitted to transact necessary business with the State Department, but that it would not of course give the Icelandic Government the direct relationship with the American Government which could be maintained only through a Legation.

Mr. Thor then said that he had just received a telegram from his Government which had evidently crossed his of this morning, asking him to inquire whether in his opinion it would be satisfactory to the American Government if Iceland at this time confined itself to the establishment of a Consulate General. He said that his Government, in view of their limited funds and the comparatively small amount of official business between the two Governments, would prefer their first suggestion, namely, the establishment of a Legation in Washington to be in charge of their Consul General in New York.

I told Mr. Thor that I would consult my superiors and try to give him an answer informally in the morning.<sup>2</sup>

701.59A11/2

*The Danish Minister (Kauffmann) to the Secretary of State*

WASHINGTON, April 18, 1940.

SIR: Continuing my note dated April 10th 1940 pertaining to the temporary measures taken by the Icelandic Government in regard to the conduct of the Foreign Affairs of Iceland I have the honor to inform you that I have been apprised of the radiogram sent to the Department of State by the said Government notifying you of the Government's proposal to appoint Mr. Vilhjalmur Thor, the present Icelandic Government Trade Commissioner to the United States, acting Consul General for Iceland in New York and to entrust Mr. Thor with the charge of the Legation in Washington.

<sup>2</sup> Marginal note by Mr. Cumming states that he telephoned Mr. Thor on April 18th that it would be perfectly satisfactory if an Icelandic Consulate General only were opened.

In conformity with the above I have already handed over to Mr. Thor the diplomatic and consular matters hitherto handled by this Legation and the Danish Consuls General, Consuls and Vice Consuls in the United States.

I avail myself [etc.]

HENRIK KAUFFMANN

701.59A11/4 : Telegram

*The Icelandic Minister for Foreign Affairs (Stefansson) to the Secretary of State*

REYKJAVIK [undated].

[Received April 22, 1940—9:24 p. m.]

I have the honour to refer to the Prime Minister's telegram April 15 and to Your Excellency's reply April 16 and to express profound appreciation of the Government of Iceland of your attitude towards their proposal in the existing circumstances to establish direct relations between the Government of Iceland and the Government of the United States of America and to assure you that Mr. Bertel E. Kuniholm will be heartily welcomed in Iceland as Consul for the United States. Further I may mention that Mr. Kuniholm as a career consul will enjoy in this country all such rights, privileges and immunities as generally afforded diplomatic agents as a first step in reciprocating direct relations between our two Governments. My Government is anxious to open immediately a Consulate General in New York to deal with commercial and financial matters, etc., and desire to appoint Mr. Vilhjalmur Thor as Consul General in charge of such office with all the rights, privileges and immunities thereto appertaining, trusting that this will be agreeable to Your Excellency. I propose that Mr. Thor from the receipt of your reply may be considered as having taken charge as Consul General for Iceland in New York.<sup>3</sup>

STEFAN JOH. STEFANSSON

<sup>3</sup> Mr. Thor was commissioned by his Government on April 23, 1940, to serve as Icelandic Consul General to the United States and was officially recognized as such by this Government by an exequatur dated August 16, 1940.

The following year Iceland requested that it be represented in the United States by a Minister rather than a Chargé d'Affaires. The request was approved, and Mr. Thor Thors, the newly appointed Minister of Iceland, who in September 1940 had replaced Mr. Vilhjalmur Thor as Consul General, presented his letters of credence to President Roosevelt on November 10, 1941. Some weeks earlier, on October 1, Mr. Lincoln MacVeagh had presented his credentials as United States Minister to Iceland.

DISINCLINATION OF THE UNITED STATES TO TAKE ICELAND UNDER  
ITS PROTECTION FOLLOWING GERMAN INVASION OF DENMARK  
AND BRITISH OCCUPATION OF ICELAND

859A.01/45

*The British Ambassador (Lothian) to the Secretary of State*

No. 201

WASHINGTON, May 10, 1940.

SIR: On instructions from His Majesty's Principal Secretary of State for Foreign Affairs I have the honour to inform you that since the German seizure of Denmark it had become necessary for His Majesty's Government in the United Kingdom to reckon with the possibility of a sudden German descent upon Iceland. It was clear that in the face of an attack on Iceland, even on a very small scale, the Icelandic Government would be unable to prevent their country falling completely into German hands.

His Majesty's Government accordingly decided to preclude this possibility, which would deprive Iceland of her independence, by themselves landing a force in Iceland; and that was done this morning.

They have explicitly assured the Icelandic Government that they are acting solely to ensure the security of Iceland against a German invasion, that the force will be withdrawn at the end of the war and that they will not interfere with the administration of the Island. They are also prepared to negotiate an agreement on trade matters which should bring material advantages to the inhabitants of Iceland.

I have the honour [etc.]

LOTHIAN

859A.01/46: Telegram

*The Chargé in Germany (Kirk) to the Secretary of State*

BERLIN, May 11, 1940—5 p. m.

[Received 7:35 p. m.]

1302. My 1176, May 1, 1 p. m.<sup>4</sup> Yesterday's and this morning's press published reports of the British occupation of Iceland which is pictured as an unprovoked aggression against a small and utterly defenseless people and thus as demonstrating the hypocrisy of England's righteous indignation against Germany for its action to protect the neutrality of other small nations from British encroachment. The DAZ<sup>5</sup> this afternoon publishes a brief editorial which argues that Iceland is closer to Greenland in which the United States has manifested interest than to Scotland and therefore is to be regarded as in the Western Hemisphere and as falling within the scope of the Monroe

<sup>4</sup> Not printed.

<sup>5</sup> *Deutsche Allgemeine Zeitung*.

Doctrine. The British action which is described as a side show to divert public attention from British failures on the Continent is said accordingly to be of primary interest to the United States and not to Germany.

KIRK

859A.01/45

*The Secretary of State to the British Ambassador (Lothian)*

WASHINGTON, May 15, 1940.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of May 10, 1940 stating that in order to preclude the possibility of a German seizure of Iceland, the British Government landed a force in Iceland on the morning of May 10.

I am pleased to note that assurances have been given to the Icelandic Government that the British Government is acting solely to insure the security of Iceland against a German invasion and that the British forces will be withdrawn at the end of the war and that they will not interfere with the administration of the island.

Accept [etc.]

For the Secretary of State:  
SUMNER WELLES

859A.01/49: Telegram

*The Consul at Reykjavik (Kuniholm) to the Secretary of State*

REYKJAVIK, May 29, 1940—11 a. m.  
[Received May 31—3:34 p. m.]

British occupation of Iceland proceeding without resistance. Prime Minister<sup>6</sup> estimates troops at 4,000. Other officials put figure as high as 7,000. Heaviest concentration at Reykjavik where German air raid is expected. Radio station, harbor entrance, bridges, piers, and principal public buildings occupied. Warships in hiding Alfjordur [Hvalfjörður] Bay mouth of which has been mined.

Iceland Government feels that capital is now a defended city and a legitimate object for total bombing. Feeling generally is that military occupation is necessary evil not only to prevent Germans from establishing air base but more particularly submarine base which could be used with Norway to break blockade of North Atlantic.

Officials disturbed over meager British defensive measures. They state only two airplanes on island and that heavy machine guns but very little anti-aircraft setup as yet.

All telegrams and mail abroad must pass via England through censor. Our consular correspondence and radiograms may be sent directly to New York without censoring.

<sup>6</sup> H. Jonasson.



British Legation established with Minister to Copenhagen in charge.

KUNIHOLM

710.11/2551

*Memorandum of Conversation, by the Assistant Secretary of State (Berle)*

[WASHINGTON,] July 12, 1940.

The Consul General for Iceland, Mr. Thor, came in to see me today, at his request. Mr. Cumming<sup>7</sup> was present.

Mr. Thor asked two questions. The first was whether the United States would not include Iceland in the Western Hemisphere and put it under the protection of the Monroe Doctrine.

I said that this question could not be answered casually, since it involved very grave considerations. The political Western Hemisphere did not turn altogether on the theoretical meridian of division; historically, the Monroe Doctrine had been fairly close to the American continent; I could not give assurance, though I should be glad to study it.

He then asked whether perhaps Iceland could not be included in a customs union, pointing out that now their trade with the United States constituted the bulk of the means by which they could live.

I said that that also raised some very grave questions. I pointed out that we had had every friendship for Iceland, as was evidenced by the fact that the Export-Import Bank had made them a loan of a million dollars. At present, however, Iceland was occupied by foreign troops and I was not clear what policy our government would adopt towards it.

A. A. BERLE, JR.

859A.20/2: Telegram

*The Consul at Reykjavik (Kuniholm) to the Secretary of State*

REYKJAVIK, July 22, 1940—4 p. m.

[Received July 24—6:50 p. m.]

Department's July 19, 6 p. m., received today.\* Full report was sent to the Department some time ago. Please confirm receipt.

Total complement of troops in Iceland over 20,000. Forces consist of one division plus coast defense troops and small naval units. One brigade covers north from northwestern peninsula to Hofn with major concentration at Akureyri and smaller one at Seydisfjordur. Main

<sup>7</sup> Hugh S. Cumming, Jr., of the Division of European Affairs.

\* Not printed; it instructed the Consul to submit to the Department reports on the developments of the military situation in Iceland (859A.20/1a).

divisional strength is around Reykjavik in west and south. Several fighter planes are at airfield north of Eyrarbakki. Motor transport, tanks and anti-aircraft recently augmented.

No naval vessels here now except armed trawlers. Attack feared daily. German forces in Norway believed to number 10 divisions and ready to move at any time.

German bomber sank fishing boat off east coast of Island on July 12.

KUNIHOLM

859A.014/B

*Memorandum of Conversation, by Mr. Hugh S. Cumming, Jr., of the Division of European Affairs*

[WASHINGTON,] September 5, 1940.

Participants: The Secretary of State, Mr. Cordell Hull,  
Mr. Vilhjalmur Thor, Retiring Consul General of Iceland,  
Mr. Thor Thors, Newly Appointed Icelandic Consul General,  
Mr. Hugh S. Cumming, Jr., Division of European Affairs.

The Consul General called on the Secretary of State by appointment to take his leave before returning to Iceland to become Managing Director of the National Bank of Iceland, and to present his successor, Mr. Thor Thors.

After an exchange of amenities, during which Mr. Hull wished Mr. Thor success in his new position, the newly appointed Consul General, Mr. Thors, presented his Commission to the Secretary of State.

Mr. Thor explained at some length the desire of his Government for a more intimate relationship, both economic and political, between Iceland and the United States. From time to time Mr. Thors acquiesced in Mr. Thor's remarks and supplemented them with observations of his own.

The substance of Mr. Thor's remarks was that all Icelanders were concerned over the position of Iceland in a war-torn world, and over the difficulties which would face his country in the event of a German victory. He said that he had already discussed with officers of the Department the question of facilitating the sale of Icelandic goods to the United States. He understood the difficulties in the way of obtaining any tariff concessions through trade agreement or otherwise, but he still hoped that a solution would be found.

Mr. Thor then said that speaking informally and unofficially, but with the knowledge and consent of his Government, he wished to repeat the inquiry which he had previously made of Assistant Secretary

Berle that the United [States] take Iceland under its protection through some sort of a declaration which would recognize that Iceland was in the Western Hemisphere, and which would extend the Monroe Doctrine so as to include that island. . . .

Mr. Hull told Mr. Thor that the United States continued to have a very deep and friendly interest in the welfare of Iceland, and of course sympathized with the desire of the Icelandic people to do everything possible to insure the maintenance of their independent status during the present disturbed world conditions. Mr. Hull said that he was sure that the interested officers of the Department would continue to study possibilities of supplementing the help already given Iceland through the million dollar credit extended by the Export-Import Bank.

With respect to the extension of the Monroe Doctrine to include Iceland, Mr. Hull said that we would of course bear Mr. Thor's suggestion in mind, but that he was sure that Mr. Thor would understand that dealing as this Government constantly was with the many complicated phases of problems arising out of the European situation and the situation in the Far East, we could make no definite answer at this time.

During subsequent conversations with Mr. Atherton, Chief of the Division of European Affairs, and Assistant Secretary of State Berle, Mr. Thor and Mr. Thors covered the same ground as in their conversation with the Secretary of State, and were given substantially the same replies as those given by Mr. Hull.

711.59A/9: Telegram

*The Secretary of State to the Consul at Reykjavik (Kuniholm)*

WASHINGTON, January 18, 1941—3 p. m.

1. Your despatch no. 56, December 24.<sup>9</sup> Please orally inform the Foreign Minister that you have reported the substance of your conversation to your Government and have been instructed to say that we readily appreciate and sympathize with the apprehension which his Government feels with respect to the future of the Icelandic people in the rapidly changing world situation, and he may be assured that we will continue to give the most serious attention to the effect upon the relationship between the United States and Iceland of the now unpredictable course of events. We feel sure, however, that upon

<sup>9</sup> Not printed. In this despatch the Consul at Reykjavik reported a conversation with the Icelandic Minister for Foreign Affairs (Stefansson) in which the latter discussed informally the possible protection of Iceland by the United States along the lines already presented at Washington as recorded in the memorandum of conversation by the Secretary of State, September 5, printed *supra*.

reflection he will understand that, owing to the existing international situation, it seems necessary that we retain a freedom of action that will enable us the more effectively to meet any situation affecting our interests that may arise.

For your guidance: It will be clear to you from the foregoing that while we can not close our eyes to the fact that the war may touch Iceland in such a way as to require a definite decision with respect to what action this Government might feel it advisable to take relative to Iceland, we wish to be in a position to face that decision, if it should be forced on us, free from prior commitments. Accordingly, you are requested neither to encourage nor discourage an approach by the Icelandic Government with respect to this question but to continue to report fully any expressions of public or private opinion that may come to your attention.

HULL

## ICELAND

### NEGOTIATIONS BETWEEN THE UNITED STATES, THE UNITED KINGDOM, AND ICELAND REGARDING ICELANDIC TRADE; LEND-LEASE AGREEMENT BETWEEN THE UNITED STATES AND ICELAND

611.59A31/8

*The Icelandic Consul General at New York City (Thors) to the Secretary of State*

NEW YORK CITY, July 14, 1941.

[Received July 15.]

SIR: I have the honor to inform you that I have received a message from my Government that they consider it necessary that a delegation be sent from the United States Government to Iceland to discuss trade and commercial relations between Iceland and the United States with the Icelandic Government.

I should appreciate learning at the earliest possible opportunity what would be the opinion of the United States Government concerning this matter.

Accept [etc.]

THOR THORS

611.59A31/22

*The British Embassy to the Department of State*

Since Iceland was occupied by British forces in May, 1940, the British Government have regarded themselves as responsible for Iceland's welfare and have done their best (a) to buy Iceland's products and (b) to supply her needs, including the purchase in the United States and Canada of goods which could not be supplied by the United Kingdom.

At the time of the landing of their forces in Iceland, the United States Government undertook to further the interests of Iceland and by every means in their power to supply the country with sufficient necessities to provide shipping and to make favourable commercial agreements.

His Majesty's Government in the United Kingdom now proposes to the United States Government that the two Governments shall cooperate closely in fulfilling under present conditions the parallel ob-

ligations which both Governments have undertaken at different times. With this object in view, His Majesty's Government in the United Kingdom suggests immediate discussion so that a plan satisfactory to all parties can be drawn up.

The present position appears to be that the British Government must continue to carry fish and fish oils to the United Kingdom from Iceland and there will, therefore, be a certain amount of tonnage available for carriage to Iceland of those goods which we can still supply, but, owing to the limitation of available supplies in the United Kingdom, most of Iceland's requirements must to an increasing extent be drawn from the United States and Canada.

The British Government, therefore, hope that the United States will assume the responsibility for providing the tonnage necessary to supply from North America Iceland's civil requirements and would also welcome United States' assistance in shipping those military requirements which could be drawn from America. The British Government has in the past had to supply Iceland with some American dollars in order to meet the cost of her purchases in the United States. It is likely that as a result of the United States occupation, Iceland will have increased dollar resources and the British authorities hope that the United States Government will be prepared to assist Iceland to obtain such additional United States and/or Canadian dollars as may be needed to meet her purchases. The British Government wish still to pay in sterling for vital supplies of mutton, fish and fish oil which are imperative for the British food programme.

The following figures give some general indication of the tonnage required both for Iceland's civil cargoes and for British military supplies:

The volume of goods at present moving annually from the United Kingdom to Iceland is 170,000 tons of coal, and 65,000 tons of coke, salt, fertilizer, cement and general cargo. In addition, moving from the United States and Canada there are about 40,000 tons of timber and general cargoes. A good deal of this programme has to be lifted in the summer months when weather conditions are favourable.

Finally, London hopes that the Maritime Commission will be able to find tonnage for British military requirements to be purchased and shipped under Lease-Lend arrangements.<sup>1</sup> These requirements are approximately 70,000 tons of coal and coke per annum, and stores averaging about 6,000 tons a month.

[WASHINGTON,] 29 July, 1941.

<sup>1</sup> For correspondence pertaining to lend-lease arrangements between the United States and the United Kingdom, see vol. III, pp. 1 ff.

611.59A81/13

*The Icelandic Consul General at New York City (Thors) to the  
Secretary of State*

Ref. 40.E.1

NEW YORK CITY, August 7, 1941.

[Received August 11.]

SIR: With reference to previous correspondence regarding trade between the United States and Iceland, terminating with my letter of July 26th,<sup>2</sup> I have the honor to inform you that the Icelandic Government has appointed a trade delegation which is expected to leave Iceland in the near future to come to the United States to discuss, in cooperation with me, various matters of mutual interest with the Government of the United States.

My Government informs me that they are desirous, among other matters, principally to negotiate the following matters:

1. Sale of Icelandic products in the United States, including reduction of duty where same should be required.
2. Purchase of commodities in the United States.
3. United States assistance in chartering freighters to Iceland.
4. Currency matters.
5. Permits for Icelandic fishing vessels to land their own catches free of duty in American ports and to purchase there coal, fishing gear and other requirements.
6. Direct mail and telegraphic service between Iceland and the United States.
7. War risk insurance for vessels, property and goods.

The delegation from Iceland consists of the following three members:

Asgeir Asgeirsson, Managing Director of Utvegsbanki Islands  
(Fisheries Bank of Iceland) and Member of Parliament.

Bjorn Olafsson, Importer and Exporter

Vilhjalmur Thor, Managing Director of Landsbanki Islands (National Bank of Iceland)

Accept [etc.]

THOR THORS

611.59A81/13

*The Secretary of State to the Icelandic Consul General at New York  
City (Thors)*

WASHINGTON, August 20, 1941.

MY DEAR MR. THORS: The receipt is acknowledged of your letter dated August 7, 1941 (reference 40.E.1) informing me of the names of the members of a trade delegation which has been appointed by the

\* Not printed.

Government of Iceland to come to the United States to discuss in cooperation with you matters of interest to the Icelandic and United States Governments.

The officials of the Department of State will be pleased to receive the gentlemen in question upon their arrival in Washington and to discuss with them the matters covered by their instructions.

Sincerely yours,

For the Secretary of State:  
BRECKINRIDGE LONG  
*Assistant Secretary*

611.59A31/24

*Memorandum by Mr. Randolph Higgs of the Division of European Affairs*<sup>3</sup>

[WASHINGTON,] August 23, 1941.

Mr. Thor Thors, Consul General of Iceland at New York, called on Mr. Atherton, Acting Chief, Division of European Affairs, this morning at 10:50 to present the members of the Icelandic Trade Delegation:

Vilhjalmur Thor, Chairman of the Delegation and General Manager of the National Bank of Iceland.

Asgeir Asgeirsson, General Manager of the Fisheries Bank.

Björn Olafsson.

Mr. Thor Thors, Consul General of Iceland in New York.

Mr. Jonsson, Icelandic Vice Consul at New York and Secretary of the Delegation.

Mr. Atherton welcomed the Delegation and, in company with Mr. Higgs, Division of European Affairs, took the Delegation to Mr. Welles' office.

[Here follows account of courtesy call upon the Under Secretary of State.]

At 11:15 the Delegation, accompanied by Mr. Atherton and Mr. Higgs, called upon Mr. Acheson. Also present were Mr. Charles Curtis, Mr. Meltzer and Mr. Cumming.<sup>4</sup> After being welcomed by Mr. Acheson, Mr. Thor read a memorandum<sup>5</sup> setting forth the desiderata of the Icelandic Delegation. After finishing reading the memorandum, Mr. Thor handed a copy thereof to Mr. Acheson. Mr. Acheson stated that the desiderata set forth by Mr. Thor appeared to coincide almost entirely with the ideas of the United States Govern-

<sup>3</sup> Addressed to Dean Acheson, Assistant Secretary of State; Charles Curtis, of the Division of Commercial Policy and Agreements; Bernard D. Meltzer, Assistant to Assistant Secretary of State Acheson; and Herbert Feis, Adviser on International Economic Affairs.

<sup>4</sup> Sumner Welles, Under Secretary of State.

<sup>5</sup> Hugh S. Cumming, Jr., of the Division of European Affairs.

<sup>6</sup> *Infra.*



ment with respect to the development of trade relations between Iceland and the United States. He remarked that the principal difference seemed to lie in the greater emphasis which the United States Government placed upon the continuation of Icelandic exports to Great Britain. Mr. Acheson then told the Icelandic Delegation that Mr. Berle, Assistant Secretary of State, Mr. MacVeagh, newly appointed American Minister to Iceland, Mr. Atherton, Acting Chief of the Division of European Affairs, and he himself would be principally concerned with the negotiations with the Delegation in so far as the United States is concerned. He stated that as a practical matter, however, it had been decided that Mr. Cumming of the Division of European Affairs, Mr. Curtis and Mr. Meltzer would begin conversations with the Delegation with a view to assembling relevant factual data which would later form the basis of negotiations looking toward a formal agreement between Iceland and the United States.

The several members of the Icelandic Delegation expressed their satisfaction with Mr. Acheson's suggestions as to the procedure to be followed in conducting the negotiations and the meeting closed with the usual amenities.

611.59A31/24

*The Icelandic Trade Delegation to the Department of State*<sup>7</sup>

As a consequence of the fact that the United States has assumed the protection of Iceland<sup>8</sup> in accordance with messages exchanged between the President of the United States and the Prime Minister of Iceland,<sup>9</sup> the economic and commercial relations of the two countries are bound to undergo a fundamental change.

The war in Europe which now has lasted two years, has entirely dislocated the foreign trade of Iceland and cut her off from markets, on which her economic structure had depended to a great extent, and to which needs the Icelandic export industries had adapted themselves. Iceland has during the war depended upon Great Britain and the United States for the sale of her products and the supply of her needs. For obvious reasons Iceland must now more and more, as the war goes on, depend upon the United States for supply of necessities for the subsistence of the population and maintenance of her production, as well as the marketing of her products.

Great Britain has from the beginning of the war showed a friendly and understanding attitude towards Iceland and exhibited her

<sup>7</sup> This memorandum was handed by Mr. Thor to Assistant Secretary of State Acheson on August 23, 1941.

<sup>8</sup> See pp. 776 ff.

<sup>9</sup> Hermann Jonasson.

willingness to lessen the difficulties which the war imposed upon trade and production of the Icelandic people by purchasing most of their products at remunerative prices and by supplying Iceland with most of her necessary imports. But as a natural consequence of the war, it is becoming increasingly difficult for Great Britain to provide Iceland with the most vital necessities.

With this in mind and especially with a view to the fundamentally altered circumstances due to the United States assuming the protection of Iceland and the promise of the United States Government to further the interests of Iceland in every way, including that of supplying her with sufficient necessities and concluding with her a favorable economic and commercial agreement, the Government of Iceland has now sent a special Delegation to Washington to negotiate with the Government of the United States regarding questions of finance, trade and shipping, which are of vital importance to Iceland.

The exports of Iceland consist mostly of Foodstuffs, the bulk of which at present goes to Great Britain, where these valuable food products are now meeting an urgent need. But as already mentioned, it is for obvious reasons becoming more and more difficult for Great Britain to supply Iceland's needs of goods in exchange for her export products. But unless Iceland is supplied with the equivalent of these export products in the form of necessary commodities and services, her production will definitely decrease and eventually come to a standstill.

With a view to the messages exchanged between the President of the United States and the Prime Minister of Iceland, as well as the contact now established, the Icelandic Government is fully confident that the Government of the United States will do everything in its power to further the interests of Iceland in every way under the unusual and difficult conditions now prevailing. The Icelandic Government further ventures to express the hope that the United States Government will treat these negotiations in the light of the exceptional circumstances which have made these discussions necessary. The Icelandic Government has authorized the Delegation to submit for discussion the following subjects:

1. Currency and financing of Imports to Iceland from the United States.
2. Import of Icelandic products to the United States and reduction of Import duties to facilitate the marketing of various products.
3. Supply of goods required by Iceland and facilities of producing permits and export licenses.
4. Shipping facilities.
5. Direct mail and telegraph connections.
6. Facilities for Icelandic fishing vessels to land and sell their catches in the United States free of duty.
7. Various other matters.

Further particulars concerning these items will be submitted by the Delegation during the first meetings or whenever desired.

In view of the traditional friendship and historical ties between the United States and Iceland, the Icelandic Government trusts that the present negotiations may form a lasting basis for economic and commercial cooperation between the two countries.

611.59A31/22

*The Department of State to the British Embassy*

MEMORANDUM

The British Embassy's memorandum dated July 29, 1941 sets forth the view that owing to the limitations of available supplies in the United Kingdom, most of Iceland's requirements must to an increasing extent be drawn from the United States and Canada. Accordingly, it is proposed by His Majesty's Government in the United Kingdom:

- (1) that the British Government and the United States Government discuss the means by which they may cooperate in fulfilling their respective obligations to provide for the economic welfare of Iceland;
- (2) that the United States assume the responsibility for providing the tonnage necessary to transport such of Iceland's civil and military requirements which must be drawn from North America;
- (3) that the United States arrange to assist Iceland to obtain such additional United States and/or Canadian dollars as may be needed to meet increased Icelandic purchases in North America;
- (4) that the British Government continue to pay in sterling for purchases in Iceland of mutton, fish and fish oil necessary to fulfill the British food program; and
- (5) that the United States provide tonnage for the transportation to Iceland of British military requirements to be purchased and shipped under lend-lease arrangements.

Before entering into detailed discussions of the British proposals, the Department of State would appreciate being informed as soon as practicable whether the British Government would be disposed to agree in principle to a procedure under which the United States Government would purchase in Iceland, in United States dollars from lend-lease appropriations charged to British account as defense aid, supplies of mutton, fish, fish oil, et cetera, which would then be moved from Iceland to the United Kingdom under shipping arrangements to be made by the British Government. Such purchases could provide Iceland with dollar exchange to cover payment of increased Icelandic purchases in the United States. The determination of the amount and value of such purchases will require discussions concerning the value

and quantity of supplies to be purchased by Iceland from the United Kingdom and the United States, respectively, and the supplies to be purchased by the United Kingdom from Iceland.

Upon being informed that this procedure is agreeable to the British Government, the Department of State will discuss the matter with the Government of Iceland.

While awaiting the reply of the British Government immediate consideration will be given to other phases of the British proposals.

WASHINGTON, August 29, 1941.

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611.59A31/22a : Telegram

*The Secretary of State to the Consul at Reykjavik (Kuniholm)*

WASHINGTON, September 6, 1941—8 p. m.

51. At a meeting on September 5 the Icelandic Government Trade Delegation was informed that careful study had been given to the problem raised by the desire of the British to continue their heavy purchases of Icelandic fish and other products while at the same time decreasing their exports to Iceland and transferring to the United States the principal burden of supplying Iceland's needs and the tonnage necessary to carry such supplies from the United States to Iceland. After consideration of several possibilities the conclusion had been reached that the procedure which would best meet the needs of the British for Icelandic produce and the needs of Iceland for dollar exchange would be one under which the United States Government would purchase in Iceland in United States dollars, from Lend-Lease appropriations charged to British account as defense aid, supplies of mutton, fish, fish oil, et cetera, which would then be moved from Iceland to the United Kingdom under shipping arrangements to be made by the British Government. The Delegation was informed that the details of the quantities and value of such purchases would have to be worked out in consultation between Great Britain, Iceland and ourselves but that we felt that this procedure would provide Iceland with the necessary dollar exchange to cover increased purchases in this country. The Delegation was also informed that the British Government had already indicated its approval in principle.

The Chairman of the Delegation indicated that the procedure would be satisfactory to the Icelandic Government.

In your discretion you may orally inform the appropriate Icelandic authorities of the foregoing.

HWA

611.59A31/37

*The Chairman of the Icelandic Trade Delegation (Thor) to the Secretary of State*

WASHINGTON, September 18, 1941.

SIR: I have the honor to refer to a meeting with Assistant Secretary of State Mr. Adolf A. Berle Jr. on September 5, 1941, at which the Icelandic Government Trade Delegation was informed that the United States Government in order to solve Iceland's dollar problem would undertake to pay in dollars Iceland's export to Great Britain but that it would take a few days to find suitable forms for the procedure.

With a view to the comprehensive contract which Iceland has recently made with Great Britain for the sale of fish products from July 1, 1941-June 30, 1942 it was discussed whether the United States Government could take over this contract from July 1, 1941. Later the Delegation was given to understand that it would be unpracticable to pay in dollars any goods shipped prior to the contract being formally overtaken by the United States Government. Accordingly Iceland can not expect to obtain dollars for any goods shipped to Great Britain until these formalities are concluded.

The bulk of the export of the most valuable Icelandic fish products is presently taking place and it is therefore of vital importance for Iceland that the new arrangement can enter into effect without delay.

Therefore the Icelandic Government sincerely request that a final arrangement be made now concerning this matter.

Accept [etc.]

VILHJALMUR THOR

611.59A31/48

*The Department of State to the British Embassy*<sup>10</sup>

## MEMORANDUM

Reference is made to the memorandum of the British Embassy dated July 29, 1941, proposing to the United States cooperation in fulfilling parallel obligations to Iceland. It was pointed out that the British Government must continue to carry fish and fish oils from Iceland to the United Kingdom, but that "most of Iceland's requirements must to an increasing extent be drawn from the United States and Canada."

Reference is likewise made to the conversations had between Mr. Hugh Cumming of the Department and Mr. E. Wyndham White

<sup>10</sup> Substance of this memorandum was sent to the Minister in Iceland as telegram No. 90, October 9, 11 p. m.

of the British Embassy, from which proceeded the memorandum of the British Embassy dated September 5, 1941.<sup>11</sup> That memorandum stated that the British Government would welcome "an arrangement whereby the United States Government would purchase, in United States dollars from Lease-Lend appropriations charged to the British account as defense aid, all future imports from Iceland to the United Kingdom apart from those covered by the recent Fish Agreement between the British and Icelandic Governments." As respects the latter, should the Icelandic Government press for inclusion of that contract under the Lease-Lend arrangements, the British Government would be prepared to consider such a suggestion favorably.

The Department has been in communication with the Icelandic Government, and discovers that the Icelandic Government now presses for inclusion of the Fish Agreement under the proposed Lease-Lend arrangements, as well as the other future imports from Iceland to the United Kingdom.

The Government of the United States, in view of the very broad obligations assumed by it under the exchange of messages between the Prime Minister of Iceland and the President of the United States, considers that the only practicable arrangement is the purchase by it until further notice of all imports from Iceland to the United Kingdom, these to be supplied to the British Government and charged to the British account as defense aid. The difficulty of taking only a part of these importations is obvious, particularly in view of the importance which the Icelandic Government attaches to this feature and to their unwillingness to increase further the balances of blocked sterling which have been accumulated in London.

The Icelandic Government has also drawn to the attention of the United States the existence of an agreement made between Iceland and Great Britain on the occasion of the sale by Britain to Iceland of approximately \$2,000,000 of Canadian and United States exchange last summer. That agreement calls upon Iceland, out of the first incoming dollars she might receive, to repurchase blocked sterling and thereby replace the amount of Canadian and American dollars sold to her.

The Icelandic Government has indicated that it feels this requirement is oppressive since it had already shipped goods to Britain represented by the blocked sterling; and is now obliged to ship further goods against American purchase under the Lease-Lend operation and required to use the dollars to repurchase the blocked sterling. Further, since in effect this would result in an allocation of Lease-Lend funds part of whose purpose would be to purchase blocked

<sup>11</sup> Missing from Department files.

sterling, the officials of the United States Treasury Department have indicated an objection. The United States Government, accordingly, believes that this agreement exacted from Iceland should be waived.

Finally, the Icelandic Government has raised the question as to whether some use might not be made of the very large balance of blocked sterling accumulated in London and from which, at present, the Icelandic Government can derive no benefit. Specifically, it is suggested that Iceland be given an opportunity to pay off or acquire the Icelandic debts held in Britain and there payable in pound sterling. Note is taken of the fact that £510,400 from this blocked fund is to be used in paying off the balance of the Icelandic 5½ percent loan of 1930. There remain, however, upwards of £800,000 of loans which are held in Britain and which could, perhaps, be reacquired by Iceland against proper debit to her blocked sterling account.

In view of the need for prompt flow of supplies to Iceland, the United States Government is proceeding on the basis of the arrangement accepted in the memorandum of the British Embassy of September 5, referred to above; and will send a representative of the Lease-Lend organization to Iceland in the near future.

It is planned to take over all of the unexpired contracts by which Iceland is obligated to supply goods to Britain, and by agreement with Iceland the goods naturally are to be made available to Britain. Those goods which are not under contract but which are currently supplied, such as fisherman's cargoes, can be arranged for on the ground between the representative of the Lease-Lend organization and the British representatives there.

As the unexpired contracts run out, the Government of the United States will be glad to confer with the British Government.

WASHINGTON, October 7, 1941.

611.59A81/51

*Memorandum of Conversation, by Mr. Hugh S. Cumming, Jr., of the Division of European Affairs*

[WASHINGTON,] October 13, 1941.

On instructions from Assistant Secretary Berle, I got in touch with Mr. Wyndham White, First Secretary of the British Embassy, late this afternoon and told him that in connection with our efforts to extend economic and financial assistance to Iceland, particularly to meet their immediate needs for some two million dollars with which to pay for urgently needed purchases in the United States, we had reached the conclusion that dollars could best be supplied in the form of a stabilization fund loan. The draft of a stabilization agreement had been prepared but after the Icelandic Delegation had examined

the draft they had informed us that the terms of an agreement concluded last spring between the British Government and the Icelandic Government would make it impossible for Iceland to sign the proposed stabilization agreement with the United States.

I told Mr. Wyndham White that Assistant Secretary Berle's observations to Sir Ronald Campbell<sup>12</sup> last week during which Mr. Berle expressed the hope that the British Government would release Iceland from its obligation to refund to Britain the first dollars which might come into Iceland's possession, included, of course, the expectation of the United States that any and all other agreements between Britain and Iceland which might impede or bar the conclusion of economic and financial agreements between Iceland and the United States would be waived by the British Government.

Mr. White said that he would dispatch a telegram to London immediately, since he felt sure that, since the Anglo-Icelandic agreements of last spring were negotiated and concluded without the possibility in mind that the United States might enter into the picture, his Government would release Iceland from the obligations which I had mentioned.

I told Mr. White that the matter was rather urgent and thanked him for undertaking to dispatch a telegram at once.

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611.59A81/81

*The British Embassy to the Department of State*<sup>13</sup>

With reference to the Department's memorandum of October 7th regarding the cooperation between the United States and British Governments in fulfilling their obligations to Iceland, we are authorized to state that the British Government agree in principle to the following proposals made by the Department in the aforementioned memorandum.

(a) That the fish agreement shall be included in the proposed Lease Lend arrangements.

(b) That in order that it may fulfill its broad obligations under the exchange of letters between the President and the Prime Minister of Iceland, the United States Government should purchase, until further notice, all imports from Iceland into the United Kingdom, these to be supplied to the British Government and charged to the British account as defense aid.

(c) That the United States Government should take over all of the unexpired contracts by which Iceland is obligated to supply goods to Britain. It is understood that goods which are not under contract

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<sup>12</sup> British Minister.

<sup>13</sup> Left at the Department on October 20 by Mr. Wyndham White. The substance of this memorandum was sent to the Minister in Iceland in telegram No. 98, October 21, 11 p. m.



will be the subject of arrangements to be made between the Lease Lend representative and the British representatives in Reykjavik, and further, that as unexpired contracts run out the United States Government will confer with the British Government.

The British authorities are communicating to the British Food Mission in Washington details of the working of the fish contract in order that discussions may take place with the United States authorities in order to ascertain how the proposals referred to above may be put into effect. Details of other outstanding contracts will also be transmitted to Washington.

As regards the question whether the British Government would require the Icelandic Government in accordance with the financial agreement between the two Governments to repay out of the dollars accruing under the present arrangements some two million dollars of Canadian and United States exchange advanced to Iceland by Great Britain last summer, we are instructed to say that the British Government would wish the Icelandic Government to admit their obligation to resell foreign exchange, but we are authorized to assure the United States Government that the British Government would not press the Icelanders to resell until they have substantial dollar balances.

Finally, in reply to the Department's suggestion that the Icelanders should be allowed to utilize sterling funds for re-purchase of Icelandic debts held in Britain, we are authorized to state that the British Government would raise no objection to a suggestion of this kind provided that the transaction were effected through paying agents.

[WASHINGTON,] October 20, 1941.

611.59A31/61

*The British Embassy to the Department of State*<sup>14</sup>

Reference is made to the Embassy's memorandum of even date about arrangements for cooperation between the British and United States Governments in fulfilling parallel obligations to Iceland. The new situation brought about by the Department's memorandum of October 7th compels the British Government to reconsider its general financial relations with Iceland which hitherto have been based on the agreement of March 14th, 1941. We are asked, therefore, to obtain the Department's views on the following proposals which the British Government are considering making to the Icelandic Government:—

(a) His Majesty's Government to renounce their right to control over Iceland's expenditure of foreign exchange and to agree to abolish committee of 2.

<sup>14</sup> Left at the Department on October 20 by Mr. Wyndham White. The substance of this memorandum was sent to the Minister in Iceland in telegram No. 98, October 21, 11 p. m.

(b) His Majesty's Government to renounce their right to control Iceland's import programme.

(c) His Majesty's Government to agree that Iceland's sterling accrued and to accrue shall remain available for any payments to residents of sterling area.

(d) Icelandic Government to renounce the right to call on His Majesty's Government to meet any deficit of foreign exchange (not only United States dollars but all other currencies than sterling and in particular Canadian dollars) including any deficit arising from service of export import bank credit.

(e) Icelandic Government to adhere to their obligation to resell to His Majesty's Government out of eventual surplus sums made available in foreign exchange by his Majesty's Government since beginning of British occupation.

(f) His Majesty's Government to agree to relinquish control of Krone-sterling rate provided that Icelandic Government agrees to make available without limit and at present rate the Krone required by His Majesty's Government for British forces in Iceland.

The above proposals are not being communicated to the Icelandic Government until the views of the United States Government are known.

[WASHINGTON,] October 20, 1941.

611.59A31/62

*Memorandum of Conversation, by Mr. Hugh S. Cumming, Jr., of the Division of European Affairs*

[WASHINGTON,] October 21, 1941.

Mr. Thor and Mr. Asgeirsson called at Mr. Berle's office at the latter's request at 4 o'clock this afternoon. Mr. Cumming was present during the conversation which ensued.

Mr. Berle referred to his conversation with the members of the Icelandic Government Trade Delegation some days ago during which he had informed them of the substance of the representations which he had made to the British Embassy on behalf of the United States regarding United States views as to the alterations which should take place in British-Icelandic trade and fiscal relations in order to clear the way for fulfillment by the United States of the broad obligations which it has assumed towards Iceland. Mr. Berle then read to Mr. Thor Mr. Wyndham White's memorandum numbered I<sup>13</sup> which he delivered to the Department on October 20. Mr. Thor listened attentively and expressed himself as being satisfied with the British memorandum with the exception of the statement that the British Government desired the Icelandic Government to admit their obliga-

<sup>13</sup> *Ante*, p. 766.

tion to resell foreign exchange to cover some two million Canadian and United States dollars advanced to Iceland by Great Britain last summer. Mr. Berle pointed out that while the British Government had not fully acceded to his suggestion that the British entirely relieve Iceland of the obligation to repay this exchange, they had, according to the memorandum, in writing given an undertaking to the United States Government that they would not press the Icelanders to resell this exchange until Iceland should have accumulated substantial dollar balances; this therefore was an undertaking by the British Government to the United States and left the way open for the matter to be taken up again by the United States with the British when necessity therefor should arise. Some discussion took place at this point during which Mr. Berle emphasized that in his opinion the British had gone such a long way towards meeting the views of the United States and Iceland that the Icelandic Government might consider it wise to accept the British view in this respect for the time being.

In this last connection Mr. Berle, while reiterating his statement that it might be well to let further discussion of the point remain in abeyance until Iceland should have accumulated large dollar balances and the British should have made a claim against these balances for the two million dollars of exchange advanced Iceland by them, made the further personal suggestion that at some point the Icelandic Government might wish to consider offering to the British Government to utilize two million dollars' worth of United States exchange for the purchase of the Icelandic debts outstanding in Britain.

Mr. Berle then read to Mr. Thor, Mr. Wyndham White's memorandum numbered II,<sup>10</sup> cautioning Mr. Thor that this memorandum should be considered confidential since it contained proposals which the British Government had not yet made to Iceland but was only considering making. He added that the Department had informed the British Embassy that in its opinion the proposals made in the two memoranda left by Mr. White were fair and reasonable and that the Department would recommend that the Icelandic Government accept them as the basis for further negotiations between Iceland and the United Kingdom with respect to their fiscal relations.

With respect to sub-paragraph (f) in Mr. White's memorandum numbered II, Mr. Cumming said that he had been informed by Mr. White and by Mr. Kenneth Bewley, of the British Supply Council, that in their *personal* opinion the British Government might have had in mind not an undertaking by the Icelandic Government to sell the British unlimited kronur "at present rate" but an undertaking to sell

<sup>10</sup> *Supra.*

to the British against sterling at whatever rate might be current at time of purchase of the kronur needed for the use of the British troops in Iceland.

Mr. Thor was somewhat doubtful as to the validity of the opinion expressed by Mr. White and Mr. Bewley and said that his knowledge of the course of Icelandic-British negotiations led him to believe that the British meant exactly what they said in the memorandum.

After further general discussion and expressions of appreciation by both Mr. Thor and Mr. Asgeirsson on behalf of their Government of the aid which had been given them by the United States, the meeting broke up.

611.59A31/60: Telegram

*The Minister in Iceland (MacVeagh) to the Secretary of State*

REYKJAVIK, October 27, 1941—9 p. m.

[Received October 28—6:17 a. m.]

72. My No. 65, October 24, 9 p. m.<sup>17</sup> The British Minister told me this afternoon that he has today, under instructions, presented to the Icelandic Government the five proposals listed in paragraph 2 of your No. 98 of October 21.<sup>18</sup> He gave me a copy of his note, and said that the British Embassy in Washington has been instructed to inform the Department and request its support. The note concludes with the following:

"If the above proposals are acceptable to the Icelandic Government, His Majesty's Government would [apparent omission] to telegraph the draft of the new agreement which would presumably take the form of an exchange of notes in the same manner as the agreement of March 14 last past."

MACVEAGH

611.59A31/60: Telegram

*The Secretary of State to the Minister in Iceland (MacVeagh)*

WASHINGTON, October 28, 1941—5 p. m.

101. Your 72, October 27, 9 p. m. Please inform the Icelandic Government that in our opinion the British proposals are fair and reasonable and we recommend, as we have already done to the Icelandic Trade Delegation, that the Icelandic Government accept them as the basis for negotiations.

HULL

<sup>17</sup> Not printed.

<sup>18</sup> See footnotes 13 and 14, pp. 766 and 767 respectively.

611.59A31/81

*Memorandum of Conversation, by Mr. C. S. Campbell, Jr., of the  
Division of Commercial Policy and Agreements*

[WASHINGTON,] November 13, 1941.

Participants: Mr. Vilhjalmur Thor, Chairman of the Icelandic  
Government Trade Delegation  
Mr. Turkel, TA<sup>19</sup>  
Mr. Campbell, TA

Mr. Thor called today at his request in order to have a preliminary discussion about the general provisions which might be included in a trade agreement. The standard general provisions were explained to him. Mr. Thor seemed to think that they would, in general, be acceptable to his Government, although he said that the articles relating to quantitative restrictions, exchange control, and monopolies and government purchases were extremely rigorous.

The subject of herring oil was also discussed. Mr. Thor was told that herring oil was not included in the list of products approved by the Trade Agreements Committee but that it was desirable to take advantage of his presence in this country to get some information in case a concession to Iceland should ever be considered. He answered various questions regarding the production of herring oil and the possibility of selling it profitably on the American market. Mr. Thor said that the maximum reduction in the duty and the import tax might be of benefit to Iceland under certain special circumstances which might arise during the war but that in more normal times such a reduction would not be sufficient to enable Icelandic producers to compete on the American market.

611.59A31/83

*Memorandum of Conversation, by Mr. Harry R. Turkel of the  
Division of Commercial Policy and Agreements*

[WASHINGTON,] November 14, 1941.

Participants: Mr. Thor  
Mr. Asgeirsson, Icelandic Delegation  
Mr. Fowler,<sup>20</sup> TA  
Mr. Turkel, TA

Mr. Thor and Mr. Asgeirsson called on Mr. Fowler at 4 p. m. today to present a request for speedy action in respect to the announcement

<sup>19</sup> Division of Commercial Policy and Agreements.

<sup>20</sup> William A. Fowler, Assistant Chief of the Division of Commercial Policy and Agreements.

by this Government of an intention to negotiate a trade agreement with Iceland.

Mr. Thor stated that his delegation had arrived in Washington two and one-half months ago in order to obtain fulfilment by this Government of the promises<sup>21</sup> made by the President of the United States to the Prime Minister on the occasion of the entry of American troops into Iceland on July 7, 1941. One of the promises made was in respect of a favorable trade agreement with Iceland. On arrival the delegation was told that action could be expected in the very near future, and thus far there had been nothing but exploratory conversations. The delegation was leaving for Iceland on Tuesday or Wednesday and desired to know what report it could make to the Icelandic Government and people.

Mr. Fowler replied that the procedure for announcement of intention to negotiate often became complicated and took more time than had been originally anticipated; that a considerable amount of progress had been made on the proposed agreement and that it was reasonable to expect early action. Mr. Fowler further stated that he would discuss the matter with Mr. Hawkins<sup>22</sup> in an effort to expedite it, that if formal announcement were made before Wednesday the delegation would be informed at once, and if later than Wednesday, the American Legation at Reykjavik would be informed and they would communicate with the delegation members.

Mr. Thor stated that some members of the Icelandic Althing and public had stated that at the time it was decided to permit the establishment of American bases that it would be much easier for Iceland to obtain specific concessions before the troops were admitted and accordingly he was much disappointed that he might have to return to Iceland without the specific concessions which had been promised last July.

611.59A31/74a: Telegram

*The Secretary of State to the Minister in Iceland (MacVeagh)*

WASHINGTON, November 17, 1941—5 p. m.

124. Public announcement of intention to negotiate a trade agreement with Iceland was issued today.<sup>23</sup> Listed below are the paragraph numbers of the United States Tariff Act of 1930<sup>24</sup> which include

<sup>21</sup> See point 6 in draft message to be sent by the Prime Minister of Iceland to President Roosevelt, p. 785, and draft reply, p. 787.

<sup>22</sup> Harry C. Hawkins, Chief of the Division of Commercial Policy and Agreements.

<sup>23</sup> For list of products on which the United States agreed to consider granting concessions, see Department of State *Bulletin*, November 22, 1941, pp. 411-412.

<sup>24</sup> 46 Stat. 590.

the items on which the United States has announced its intention to consider granting concessions to Iceland. Following the numbers are listed the products of particular interest to Iceland which are to be considered under the respective tariff paragraphs. 717(c), mainly dried, unsalted fish, including "stockfish"; 718(a), mainly such Scandinavian specialties as herring fillets in oil, or in oil and sauce; 718(b), mainly such Scandinavian canned fish specialties as smoked herring fillets and boiled codfish balls; 719(2), mainly dried and green-salted cod; 719(4), salted herring of different kinds of cut and cure; 720(a) (6), mainly smoked lake fish; 721(d), fish roe other than sturgeon; 1685 and 1780, fish scrap and meal for fertilizer and for other than human consumption; 1730(b), cod oil and cod-liver oil; 1519(a), dressed lamb and sheep skins.

The closing date for submission of briefs is December 8, and a public hearing will be held on December 15.

Further instructions will follow.

HULL

611.59A81/94a

*The Secretary of State to the Chairman of the Icelandic Trade Delegation (Thor)*

WASHINGTON, November 21, 1941.

MY DEAR MR. THOR: I have the honor to refer to your memorandum dated August 26, 1941<sup>22</sup> and to the conferences which have been held between the Icelandic Government Trade Delegation and officers of the Department of State regarding trade relations between the United States and Iceland, and to confirm to you my understanding that the situation with respect to each of the major points which have been under discussion is as follows:

1. Pursuant to the obligations assumed by the Government of the United States under the exchange of messages between the President of the United States and the Prime Minister of Iceland, as well as to further its policy of aiding the British war effort, this Government has proposed, and the Governments of Iceland and the United Kingdom have agreed, that until further notice this Government will purchase all exports from Iceland to the United Kingdom, the price of the supplies so purchased to be paid from Lend-Lease funds. In this connection it is understood that the Government of the United States will take over all of the unexpired contracts by which Iceland is obligated to supply goods to the United Kingdom, including the so-

<sup>22</sup> Not printed.

called "Fish Agreement" which expires June 30, 1942. It is further understood that goods which are not under contract but which are currently supplied by Iceland to the United Kingdom, such as fishermen's cargoes, will be the subject of arrangements to be made in Iceland by the representatives there of the three Governments concerned.

2. In response to the request of the Icelandic Government that arrangements be made to facilitate the sale of Icelandic products in the United States, this Government has announced its intention to negotiate a trade agreement with Iceland covering products of importance to the Icelandic export trade, such as herring of different cuts and cures, dried and salted cod, cod liver oil, herring oil and other fishery products as well as dressed lamb and sheep skin.

3. The procurement by Iceland from the United States of necessary imports will, it is anticipated, be facilitated by the Lend-Lease Agreement between the United States and Iceland<sup>29</sup> which has been concluded after discussion with the Icelandic Trade Delegation.

4. In order to contribute to the fulfillment of the Icelandic Government's wish to open direct mail and tele-communication services between the United States and Iceland, as well as to increase the security of the United States military and naval forces in Iceland, this Government has agreed to the request of the Icelandic Government that during the present emergency United States Government personnel undertake to maintain in Iceland censorship of telegrams and mail to and from Iceland. Arrangements are now being made, and it is hoped will be concluded shortly, to establish the necessary censorship organization in Iceland.

5. It is understood that the Iceland Trade Delegation has been in direct communication with the United States Maritime Commission with respect to the supply of shipping facilities essential to the Icelandic-United States trade and that arrangements satisfactory to Iceland have been agreed upon.

6. Other questions which have been raised by the Icelandic Trade Delegation, such as those relating to the discharge in the United States of the cargoes of Icelandic fishing vessels, are still under consideration by the responsible agencies of this Government.

Let me take this opportunity to express my appreciation of the cooperation extended by you and by your colleagues, Mr. Ásgeir Ásgeirsson and Mr. Björn Ólafsson, in the course of the negotiations under reference.

Sincerely yours,

CORDELL HULL

<sup>29</sup> See telegram No. 133, November 26, 11 p. m., to the Minister in Iceland, *infra*.



611.59A81/109e: Telegram

*The Secretary of State to the Minister in Iceland (MacVeagh)*

WASHINGTON, November 26, 1941—11 p. m.

133. On Friday, November 21, the Lend-Lease Agreement between the United States and Iceland<sup>27</sup> providing, in substance, as follows, was executed:

(1) The United States will procure defense articles for Iceland insofar as both Governments deem such procurement in their mutual best interests.

(2) Iceland will pay for such articles before delivery, except when the United States deems prior payment necessary to protect its interests.

When the agreement was signed, the Secretary handed a note<sup>28</sup> to the Icelandic Minister, stating that the United States would consent to distribution of the material procured under the agreement by usual distributing agencies within Iceland, subject to certain specified conditions.

The Delegation was also handed a memorandum<sup>29</sup> which set forth the basis upon which products within Iceland would be purchased by the United States for ultimate transfer as Lend-Lease aid to the British. A telegram dealing with this memorandum and related questions follows.

A copy of the Lend-Lease Agreement and the related note is being sent to you.

HULL

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[In January 1942, at the request of the Icelandic Government, negotiations for a trade agreement were transferred to Iceland. With instruction No. 41, March 19, 1942, proposed schedules and general provisions were sent to the Chargé in Iceland. The subject, however, received only intermittent attention and the reciprocal trade agreement was not signed until August 27, 1943. For text of agreement, see Department of State Executive Agreement Series No. 342, or 57 Stat. (pt. 2) 1075.]

<sup>27</sup> For text of agreement, see Department of State Executive Agreement Series No. 429, or 58 Stat. (pt. 2) 1455.

<sup>28</sup> Not printed.

<sup>29</sup> Not found in Department files, but see letter to the Chairman of the Icelandic Trade Delegation, *supra*.

## AGREEMENT WITH THE ICELANDIC GOVERNMENT FOR SENDING OF AMERICAN TROOPS TO ASSUME PROTECTION OF ICELAND\*

SSVA.20/17

*The British Embassy to the Department of State*

The British authorities have been informed by Admiral Ghormley<sup>21</sup> that the United States Government have decided to send a force to Iceland in the very near future.

The British authorities are not clear whether the United States Government have as yet made any communication on this subject to the Icelandic Government but on the assumption that the latter have so far been left in ignorance of the United States Government's intentions, the British authorities feel that it would be preferable, for military and tactical reasons, that no advance information of the proposed despatch of United States forces should be given. The British authorities would suggest that the best course would be for the Icelandic Government to be presented with a *fait accompli* as was the case when the British troops occupied Iceland.

If the United States Government equally feel that it would be undesirable to disclose their intentions beforehand to the Icelandic Government, it would nevertheless seem necessary for the Icelandic authorities to be informed and for some public announcement to be made, either when the United States troops actually land or very shortly before the landing takes place. Furthermore, it seems very important that in any action which may be taken in this direction, the United States and British Governments should speak with the same voice. The United States Government have no doubt already taken this aspect of the matter into consideration and His Majesty's Government would be very grateful to learn how the United States authorities feel that the question should be dealt with.

The British Government venture to suggest for the consideration of the United States authorities that one method of dealing with the matter—based on the analogy of what was done when the British forces occupied Iceland—would be for the United States Consul<sup>21a</sup> and the British Minister<sup>21b</sup> in Reykjavik to make oral communications to the Icelandic Prime Minister<sup>22</sup> and for simultaneous statements on the subject to be issued to the press in the United States and in Great Britain. These statements, it is suggested, might perhaps be somewhat on the lines of the following paragraphs, the first of which is

\* For previous correspondence on the attitude of the United States toward taking Iceland under its protection, see *Foreign Relations*, 1940, vol. II, pp. 679 ff.

<sup>21</sup> Vice Adm. R. L. Ghormley, Chief of Special Mission to the United Kingdom.

<sup>21a</sup> Bertel Eric Kuntholm.

<sup>21b</sup> C. Howard Smith.

<sup>22</sup> Hermann Jonasson.

based on various passages in the President's radio address of May 27th.<sup>33</sup>

"It is the declared policy of the United States to keep Hitlerism away from any points in the world which could be used and would be used as bases of attack against the Americas. Iceland constitutes one of these points and its occupation by the Nazis would involve an immediate threat to the United States. It would also gravely menace the delivery of supplies to Britain which the United States in conformity with the ancient American doctrine of freedom of the seas and the declared intention to render all possible aid to the democracies in the fight against Hitlerism, are determined shall be delivered.

"For these reasons and in order to relieve Britain of the task of protecting a friendly and neutral country from being added to the list of victims of Nazi aggression, the United States Government have decided, in concert with His Majesty's Government, to assume direct responsibility for the defence of Iceland and gradually to relieve the present British garrison by stationing United States troops in the island."

The British authorities also suggest for the consideration of the United States Government that it might be desirable to add to the above-mentioned statement something to the effect that the United States Government declared it to be their intention not to interfere in the internal administration and economic life of Iceland beyond what might be necessary to ensure the security of the garrison, which would be withdrawn when the democracies had won the war against Hitlerism. A similar assurance was given by His Majesty's Government at the time of the British occupation and it might be desirable for it to be repeated again in order to relieve any possible apprehensions on the part of the Icelandic population.

[WASHINGTON,] June 16, 1941.

859A.20/17

*Memorandum of Conversation, by the Under Secretary of State  
(Welles)*

[WASHINGTON,] June 18, 1941.

Mr. Butler<sup>33a</sup> of the British Embassy called to see me this morning at his request.

I stated to Mr. Butler that the President had requested me to inform the British Government that the plan of procedure concerning Iceland which was set forth in the secret memorandum<sup>33b</sup> handed me by Lord Halifax<sup>34</sup> two days ago and which I had submitted to the President yesterday was entirely unacceptable to the President.

<sup>33</sup> For text of address, see Department of State *Bulletin*, May 31, 1941, p. 647.

<sup>33a</sup> Neville M. Butler, British Minister.

<sup>33b</sup> *Supra*.

<sup>34</sup> British Ambassador.

The President desired to inform the British Government that the plan of procedure he envisaged was as follows:

The necessary American forces, ships and troops, would be concentrated at either Newfoundland or Bermuda, or both. The President estimated that approximately four days would be required for these forces to reach Iceland from the point of concentration. As soon as the concentration had been completed, the President believed that the British authorities should state to the Prime Minister of Iceland that because of their own defense requirements and military requirements in other parts of the world, it had become inconvenient for the British Government to maintain any longer their forces of occupation in Iceland and that, consequently, they were prepared to withdraw. The British authorities would likewise state to the Prime Minister of Iceland that the British Government was informed that the Government of the United States, because of its determination to defend the Western Hemisphere against any danger of attack by Germany, would be prepared to send forces to Iceland in replacement of the British forces in order to assist in the defense of the integrity and independence of Iceland and that, consequently, the Prime Minister of Iceland should send a message to the President of the United States requesting the United States to undertake the task of defending Iceland. Immediately upon the receipt of such a message from the Prime Minister of Iceland, the President would reply stating that American forces would immediately be sent for that purpose and would likewise state that the United States had no intention of impairing in any manner whatever the independence or sovereignty of Iceland and that as soon as the present emergency was passed, all American forces of occupation would be withdrawn. As soon as these messages had been exchanged, the American forces would be dispatched to Iceland to take over from the British forces.

I further stated that the President did not approve the suggested statement to be made by him as contained in the British memorandum and did not agree that any statement to be made by him should give the unfounded impression that the steps taken by the United States were taken "in concert with His Majesty's Government."

I stated that Ambassador Winant<sup>35</sup> had been fully instructed by the President along the lines I had just indicated to Mr. Butler, but that in view of my belief that time is extremely important in this matter now, I felt the President wished his views to be conveyed without delay to the British Government.

S[UMNER] W[ELLES]

<sup>35</sup> John G. Winant, Ambassador in the United Kingdom.

859A.20/20A

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] June 22, 1941.

Lord Halifax called to see me this morning at his request.

The Ambassador brought up the question of Iceland. He informed me that the British Foreign Office and the British Minister to Iceland saw serious dangers involved in the procedure determined upon by the President. The British Minister in Iceland believed that it was doubtful whether Iceland would ask the United States Government to assist in its defense, and both he and the Foreign Office feared that there would be danger of leakage since there was no censorship of the press in Iceland and likewise no control over wireless installations on Icelandic fishing vessels. The British Government stated, however, that it would be prepared to acquiesce in any plan of procedure upon which the President was fully determined.

I replied to the Ambassador that the President had requested me to say to him that the plan of procedure which the President had outlined was the only plan of procedure which he desired to follow. I emphasized the fact that the President believed that in as much as the whole basis of our relations with the other American Republics was based upon our policy of non-aggression and non-intervention, the occupation by the United States of Iceland without having received from the Icelandic Government a request to do so, would destroy in great measure the confidence which the other American Republics possessed in this Government and would be utilized by axis propagandists throughout the Western Hemisphere. The President felt, I said, that exactly the same strong argument presented itself in so far as any action which we might later take with regard to the Azores was concerned. It must be clear to the British Government that if the United States occupied through force the territory of Iceland without receiving any request from the Icelandic authorities to take such action, the fears of Portugal with regard to our possible action in the Azores would be materially stimulated and would be exploited to our disadvantage and that of the British by German propaganda in Portugal.

The Ambassador then propounded the following questions:

1. Is it correct that United States forces would move upon Iceland in two movements, from Newfoundland and Bermuda, the first movement starting June 22?

I said to Lord Halifax that as I had previously explained to Mr. Butler, the President had asked me to make it clear that all that he envisaged was the concentration of the American forces required for the occupation in either Newfoundland or Bermuda, or both, and that no movement towards occupation would be undertaken until these

concentrations had been completed. (The President subsequently asked me to confirm this statement in his name to Lord Halifax and to add that Ambassador Winant would make this completely clear through a personal message which the President had instructed me to deliver to Mr. Churchill.<sup>25a</sup>)

2. Does the United States agree that during the interim period while American and British troops are both in Iceland that the total of such troops should not be less than the present total of the British garrison? (The President subsequently asked me to state to Lord Halifax that he confirmed this understanding with the proviso that, of course, in certain eventualities the total number might be very considerably greater than the present total of the British garrison.)

3. The British Government desired to know, since they themselves preferred to make no statement upon their departure from Iceland whether the United States Government was agreeable to their refraining from making any statement. (The President asked me to let Lord Halifax know that this would be entirely agreeable to him.)

With regard to the statement which the United States would make after the procedure insisted upon by the President had been completed, the British Government was quite willing that the United States should omit any reference in such statement to any action taken by the United States "in concert with Great Britain". It was further suggested by the British Government that there be omitted from any American statement the first two sentences in the original draft presented to us for our consideration because of the British feeling that the two sentences which they had previously suggested would injure Portuguese susceptibilities.

Finally, the British Government asked whether they might be given the opportunity to see the draft of the proposed American statement before it was issued in order that they might be afforded the opportunity of making any suggestions they thought would be useful.

I told Lord Halifax that I would be very glad to see that that was done.

S[UMNER] W[ELLES]

859A.20/207

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] June 25, 1941.

The British Ambassador called to see me this evening at his request. The Ambassador gave me to read a telegram received under date of June 24 by the British Foreign Office from the British Minister to Iceland. This telegram set forth the following facts:

1. The British Minister had spoken to the Icelandic Prime Minister of the need for the Icelandic Government to request the United States Government to defend Iceland and replace British troops of

<sup>25a</sup> Winston S. Churchill, British Prime Minister.

occupation with American troops. The Prime Minister had replied that many individuals in the Icelandic Government favored the step proposed but that he, the Prime Minister, himself was opposed to it.

2. The Prime Minister had stated that there had been a movement on foot in Iceland last autumn to make such a request of the United States Government but that at that time the American Consul, acting on instructions from Washington, had discouraged the move.

3. The British Minister expressed the opinion that it was possible that the Prime Minister or his Government could be persuaded to announce officially that the Government of Iceland "acquiesced" in American occupation in the place of British occupation, but that he doubted that the Icelandic Government would "request" such occupation.

Lord Halifax wished to know whether the President would regard the compromise suggested as satisfactory and, if not, whether the President would offer some counter proposal.

I replied that I would submit the question to the President and let the Ambassador have the President's views tomorrow morning.

S[UMNER] W[ELLES]

552A.20/205

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON.] June 26, 1941.

Lord Halifax called to see me this morning at my request.

I informed the Ambassador that, after consultation with the President concerning the Ambassador's message of yesterday evening regarding Iceland, I had despatched the cable of today's date<sup>28</sup> to the American Consul at Reykjavik. I gave the cable to the Ambassador to read.

The Ambassador showed me a cable which he himself had despatched yesterday evening to the British Minister in Iceland which was couched in very stiff terms and which amounted literally to an instruction to the British Minister to "see to it" that the Icelandic Prime Minister sent a request to the President of the United States for assistance in defending the independence of Iceland.

I emphasized to the Ambassador the President's insistence that British forces in Iceland should not be diminished in number at this time nor after the arrival of American forces of occupation until such time as the United States and the British Governments were fully satisfied that the number of the forces of occupation was amply sufficient to take care of the situation in the event of German attack. I conveyed the President's opinion that the forces in Iceland should be far greater in number than those actually there.

S[UMNER] W[ELLES]

<sup>28</sup> Apparently the telegram of June 29, p. 788.

859A.20/20A

*The British Embassy to the Department of State*<sup>47</sup>

TELEGRAM FROM BRITISH MINISTER AT REYKJAVIK TO THE FOREIGN OFFICE, DATED JUNE 27, 1941

Despite my every argument and insistence Iceland Government refuse to use word "invite". Their position is that during last session of Parliament there was large majority in all parties against asking United States for protection. They cannot therefore assume responsibility for "inviting" without consulting Parliament, but they are anxious that whole plan should not come to nought. Therefore they ask me to send following reply in hope that it will be sufficient for President's purpose. It will be seen that impression conveyed is that this question has been discussed between United States and Iceland and that Iceland agrees that it is in her interest that United States troops come and therefore non-aggression platform of President is completely defended. It is also not expressly stated which side took the initiative.

2. I deeply regret that I failed, but in fairness to Iceland Government I must point out that I was instructed that three points were essential, speed, secrecy and definite invitation. Reply comes one day after completion of United States concentration. Iceland Government realise the importance of secrecy, and have not summoned Parliament, although this put very great responsibility on them; they point to the recent action of Swedish Government in having secret session of Parliament. After our insistence on strategic importance of Iceland they decline to believe that British troops would actually leave, if United States did not come. Government maintain that they are taking great risk in going so far as they have. President can surely regard the form of words used as tantamount to invitation. Iceland conditions, although meticulous, are not unreasonable, and I trust United States Government will not cavil at raising status of representatives. It will make a great difference when United States troops come and very greatly please Icelanders.

[The remaining part of this telegram contains a message from the Prime Minister of Iceland to President Roosevelt, part of which is quoted verbatim and part in substance. For text of the message agreed to by President Roosevelt, see page 785.]

859A.20/20A

*Memorandum of Conversations, by the Acting Secretary of State*

[WASHINGTON,] June 28, 1941.

The British Ambassador called me up late yesterday afternoon at my house to tell me that he had now received a report in regard to

<sup>47</sup> Handed by the British Ambassador to the Acting Secretary of State on June 28.



the situation in Iceland and asked that he be given the opportunity of talking with me at the first possible moment.

I consequently received the Ambassador this morning at 9:00 o'clock. The Ambassador handed me two secret telegrams received through his Foreign Office from the British Minister in Iceland. The text of these two messages is attached herewith.<sup>28</sup>

After studying the suggested message to be sent by the Prime Minister of Iceland to the President, I said that it appeared to me to cover the situation sufficiently well so far as to be acceptable. I said, however, that in regard to the list of conditions attached I felt that condition no. 2 would have to be modified radically in as much as the United States was not a belligerent, and consequently could not undertake commitment as to what would emanate from the Peace Conference at the end of the present war. I said, however, that I thought this problem could readily be solved by modifying the text of condition no. 2 so far as to make it clear that the United States would exercise its best efforts with the powers participating in the negotiations for such a peace treaty in order that there would be no encroachment upon the liberty or sovereignty of Iceland.

I said to the Ambassador that I had not yet received a reply to the message with which he was familiar which I had sent to the American Consul in Iceland yesterday and that I preferred to await the final decision until such a reply had been received. I stated that of course all the above is contingent upon the conversation with the President which I was planning to have at 10:00 o'clock, and I would then communicate the news of the President to the Ambassador.

I then spoke to the President on the telephone and read to him the text of the proposed message and informed the President of the nature of the conditions attached. After some consideration and discussion, the President agreed that the text of the enclosed message from the Icelandic Prime Minister could be regarded as satisfactory and suggested a slight change of phraseology in the text thereof which would make it clear that British troops now occupying Iceland would not necessarily be withdrawn and certainly not immediately.

The President agreed that it was better to wait and see if we got a message from the American Consul in Iceland during the course of the day, and I consequently arranged with the President that I would call him back at 6:00 o'clock this evening. The President agreed that as soon as the texts of the two messages have been finally agreed upon between the Icelandic and United States Governments,

<sup>28</sup> For partial text of first message, see *supra*. The second message transmitted the conditions on which Iceland would be willing to entrust its protection to the United States; see draft of message to be sent by the Prime Minister of Iceland to President Roosevelt, p. 785.

the plans which were under contemplation would be immediately carried out and that the texts of the two messages might be made public four days after they had been agreed upon.

Lord Halifax returned to see me at 12:30 o'clock. I communicated to him the President's views, and it was further agreed that I should let him know this evening what the final decision of the President might be. I told him that as soon as the President had approved the revised text of the message to be sent by the Prime Minister of Iceland and the text of the decision that the President would make thereof, I should transmit copies of both documents to the Ambassador in order that he might in turn transmit them to the Government of Iceland, and that I myself would send a brief telegram to the American Consul at Reykjavik advising him of what had been done.

S[UMNER] W[ELLES]

859A.20/20½

*The British Ambassador (Halifax) to the Acting Secretary of State*

WASHINGTON, June 28, 1941.

MY DEAR WELLES: You will remember that during our conversation on June 26th about Iceland you told me that the President felt strongly that it would not be wise for any British forces to be withdrawn immediately on the arrival of the first American contingent. You also told me that the President had expressed some doubts whether there were nearly enough British troops in the Island at the moment.

I at once passed on what you said to me to London and have now received the enclosed telegram in reply.

Ys. truly,

HALIFAX

[Enclosure]

*Telegram Received by the British Ambassador (Halifax) From the British Foreign Office*

You may give the President formal and definite assurance that our forces will not be reduced until both parties are satisfied that the position is secure since I understand from Chiefs of Staff that arrangements have been made in concert with United States staff for considerable overlapping between the arrival of the United States contingent and departure of the first detachment of our troops.

2. As regards the last sentence of your telegram if we had had unlimited resources we should doubtless have put a larger garrison and particularly more air force into Iceland. Chiefs of Staff consider that it would not be an over-insurance if the United States were to increase the forces they at present contemplate sending to Iceland by an additional brigade group and some more air forces.

859A.20/19A

*Memorandum of Telephone Conversations, by the Acting Secretary of State*

[WASHINGTON,] June 28, 1941.

I read to the President by telephone this evening at six-thirty the suggested text of the message to be sent to him by the Prime Minister of Iceland and the text of a message to be sent by the President in reply. The President approved the two texts.<sup>85A</sup>

I asked the President if I was correct in my understanding that as soon as we now had word that the Icelandic Government approved the texts of these two messages that the troops now concentrated be immediately sent on their way to Iceland and that the texts of the two messages would be made public simultaneously with the arrival in Iceland of the first detachment of our forces. The President said that this was his desire and understanding.

I then called up the British Ambassador on the telephone and told him that I was sending to him immediately by special messenger copies of the texts of the two messages as now approved by the President. I said that I had not as yet received any reply to the message I sent to the American Consul General at Reykjavik and that I should consequently appreciate it, in order to avoid any delay, if the British Ambassador would clear these two messages as promptly as possible with the Prime Minister of Iceland and let me have the final and definite reply of the Icelandic Government as soon as possible. Lord Halifax replied that he would be glad to do so. I then informed Lord Halifax of the President's decision that as soon as final word from the Icelandic Government that the texts of the two messages were satisfactory was received by this Government, the forces of concentration would start immediately for Iceland and would be due to arrive there approximately four days from the date of departure. I further stated that the President had confirmed by understanding that the texts of the two messages would be made public here as nearly as possible simultaneously with the arrival in Iceland of the first detachments of our forces.

S[UMNER] W[ELLES]

859A.20/1

*Draft of Message To Be Sent by the Prime Minister of Iceland (Jonasson) to President Roosevelt*<sup>86</sup>

In a conversation of June 24th, the British Minister explained that British forces in Iceland are required elsewhere. At the same time

<sup>85A</sup> *Intra.*<sup>86</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y. Marginal note on original: "Approved by the President by telephone 6:30 P. M. June 28—S[umner] W[elles]".

he stressed the immense importance of adequate defense of Iceland. He also called my attention to the declaration of the President of the United States to the effect that he must take all necessary measures to ensure the safety of the Western Hemisphere—one of the President's measures is to assist in the defense of Iceland—and that the President is therefore prepared to send here immediately United States troops to supplement and eventually to replace the British force here. But that he does not consider that he can take this course except at the invitation of the Iceland Government.

After careful consideration of all the circumstances the Iceland Government, in view of the present state of affairs, admit that this measure is in accordance with the interest of Iceland, and therefore are ready to entrust the protection of Iceland to United States on the following conditions.

1. United States promise to withdraw all their military forces land, air and sea from Iceland immediately on conclusion of present war.
2. United States further promise to recognize the absolute independence and sovereignty of Iceland and to exercise their best efforts with those powers which will negotiate the peace treaty at the conclusion of the present war in order that such treaty shall likewise recognize the absolute independence and sovereignty of Iceland.
3. United States promise not to interfere with Government of Iceland neither while their armed forces remain in this country nor afterwards.
4. United States promise to organize the defense of the country in such a way as to ensure the greatest possible safety for the inhabitants themselves and assure that they suffer minimum disturbance from military activities; these activities being carried out in consultation with Iceland authorities as far as possible. Also because of small population of Iceland and consequent danger to nation from presence of a numerous army, great care must be taken that only picked troops are sent here. Military authorities should be also instructed to keep in mind that Icelanders have been unarmed for centuries and are entirely unaccustomed to military discipline and conduct of troops towards the inhabitants of the country should be ordered accordingly.
5. United States undertake defense of the country without expense to Iceland and promise compensation for all damage occasioned to the inhabitants by their military activities.
6. United States promise to further interests of Iceland in every way in their power, including that of supplying the country with sufficient necessities, of securing necessary shipping to and from the country and of making in other respects favorable commercial and trade agreements with it.
7. Iceland Government expect that declaration made by President in this connection will be in agreement with these premises on the part of Iceland, and Government would much appreciate its being given the opportunity of being cognizant with wording of this declaration before it is published.
8. On the part of Iceland it is considered obvious that if United States undertake defense of the country it must be strong enough to

meet every eventuality and particularly in the beginning it is expected that as far as possible efforts will be made to prevent any special danger in connection with change-over. Iceland Government lays special stress on there being sufficient airplanes for defensive purposes wherever they are required and they can be used as soon as decision is made for United States to undertake the defense of the country.

This decision is made on the part of Iceland as an absolutely free and sovereign state and it is considered as a matter of course that United States will from the beginning recognize this legal status of the country, both states immediately exchanging diplomatic representatives.

859A.20/1

*Draft of Message To Be Sent by President Roosevelt in Response to a Message From the Prime Minister of Iceland (Jonasson)*<sup>40</sup>

I have received your message in which you have informed me that after careful consideration of all the circumstances, the Iceland Government, in view of the present state of affairs, admits that the sending to Iceland of United States troops to supplement and perhaps<sup>41</sup> eventually to replace the present British forces there would be in accordance with the interests of Iceland and that, therefore, the Iceland Government is ready to entrust the protection of Iceland to the United States on the following considerations:

[Here follows repetition of the eight points set forth in draft message to be sent by the Prime Minister of Iceland to President Roosevelt, printed *supra*.]

You further state that this decision is made on the part of Iceland as an absolutely free and sovereign state and that it is considered as a matter of course that the United States will from the beginning recognize the legal status of Iceland, both states immediately exchanging diplomatic representatives.

I take pleasure in confirming to you hereby the conditions set forth in your communication now under acknowledgement are fully acceptable to the Government of the United States and that these conditions will be observed in the relations between the United States and Iceland. I may further say that it will give me pleasure to request of the Congress its agreement in order that diplomatic representatives may be exchanged between our two countries.

<sup>40</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y. Marginal note on original: "Approved by the President by telephone 6:30 P. M. June 28—S(ummer) W[elles]".

<sup>41</sup> In the final text the word "perhaps" was omitted at the request of the Prime Minister of Iceland.

It is the announced policy of the Government of the United States to undertake to join with the other nations of the Western Hemisphere in the defense of the New World against any attempt at aggression. In the opinion of this Government, it is imperative that the integrity and independence of Iceland should be preserved because of the fact that any occupation of Iceland by a power whose only too clearly apparent plans for world conquest include the domination of the peoples of the New World would at once directly menace the security of the entire Western Hemisphere.

It is for that reason that in response to your message, the Government of the United States will send immediately troops to supplement and perhaps<sup>42</sup> eventually to replace the British forces now there.

The steps so taken by the Government of the United States are taken in full recognition of the sovereignty and independence of Iceland and with the clear understanding that American military or naval forces sent to Iceland will in no wise interfere in the slightest degree with the internal and domestic affairs of the Icelandic people; and with the further understanding that immediately upon the termination of the present international emergency, all such military and naval forces will be at once withdrawn leaving the people of Iceland and their Government in full sovereign control of their own territory.

The people of Iceland hold a proud position among the democracies of the world, with a historic tradition of freedom and of individual liberty which is more than a thousand years old. It is, therefore, all the more appropriate that in response to your message, the Government of the United States, while undertaking this defensive measure for the preservation of the independence and security of the democracies of the New World should at the same time be afforded the privilege of cooperating in this manner with your Government in the defense of the historic democracy of Iceland.

I am communicating this message, for their information, to the Governments of all the other nations of the Western Hemisphere.

Reykjavik Consulate Files, Lot 56F44: Telegram

*The Acting Secretary of State to the Consul at Reykjavik  
(Kuniholm)*<sup>43</sup>

[WASHINGTON,] June 29, 1941.

It is my understanding that you have been informed by the British Minister concerning his discussions with the Prime Minister of Ice-

<sup>42</sup> In the final text the word "perhaps" was omitted at the request of the Prime Minister of Iceland.

<sup>43</sup> Original of this document not found in Department files; this is a paraphrase printed from the Reykjavik Consulate files.

land in which he set forth the suggestion of his Government that the Icelandic Government, through the Prime Minister, should ask the United States to take measures to aid in defending the security of Iceland by replacing gradually with American forces the present British occupying forces.

Please seek a personal interview with the Prime Minister and in a completely confidential conversation with him make clear the following points:

1. The Government of the United States has announced as its policy that it will defend the Western Hemisphere against any attempted aggression by Germany. Since the United States believes that there is imminent danger of such attempted aggression, it is necessary that the independence and integrity of Iceland be maintained so that the historic liberty and independence of the people of Iceland may be safely preserved, and by reason of the fact that, if Iceland were to be occupied by Germany, this occupation would immediately place in jeopardy the safety of the entire Western Hemisphere.

2. The peril of German aggressive action against the Western Hemisphere is at present far more immediate than it was in the fall of 1940, when this Government understood that the Icelandic Government had considered requesting the United States to aid in preserving the independence of Iceland.

3. If the Prime Minister of Iceland, on behalf of his Government, should now ask the United States to aid in preserving Icelandic liberty, the President of the United States would at once reply in the affirmative. His reply, which he would send as soon as such a request might be received from the Prime Minister of Iceland, would contain a public statement that aid was being rendered Iceland by this country to guard against German aggression against Iceland and to guarantee likewise the safety of the Western Hemisphere; that this move was undertaken by the United States with full awareness of the sovereignty and independence of Iceland and with the definite understanding that American naval and military forces sent to that country would in no way interfere however slightly with the internal and domestic affairs of the Icelandic people; and lastly, that at once upon the termination of the present international emergency, all these American naval and military forces would immediately be withdrawn, leaving the Government and people of Iceland in full and sovereign control of their own territory.

4. You will state that you have been directed to furnish these assurances to the Prime Minister as additional to the communications already handed to him by the British Minister. You will say that, in the President's judgment, the position is exceedingly serious and that action of the character proposed is essential for the purpose of maintaining the independence and liberty of Iceland.

You are directed to advise the British Minister of the instructions you have received and to inform the Department by telegraph, in Navy Department code, immediately concerning any reply which may be made to you by the Prime Minister of Iceland.

WELLES

859A.20/103: Telegram

*The Consul at Reykjavik (Kuniholm) to the Secretary of State*<sup>44</sup>

I have conveyed to the Prime Minister today the substance of your strictly confidential message<sup>45</sup> delivered to me last night by the USS *Goldborough*. The Prime Minister, on behalf of the Icelandic Government, made the following observations: Since the President is prepared to accept in principle the conditions and reservations transmitted to the British Government by Prime Minister, there remains only the announcement to be made by the President.

The moral effect on Icelanders of a change in military occupation from troops of a belligerent to those of a neutral country will be considerable. This effect might be lost if the wording of the President's public statement were to read "supplement and perhaps eventually to replace" instead of "relieve at once" in connection with the transfer of military control. The Icelandic Government would prefer that the interchange take place as quickly as possible.

The Icelandic Government is particularly anxious to avoid any semblance of a condominium in military control as between Great Britain and the United States. It is felt that joint occupation would be worse than the existing *status quo*.

KUNIHOLM

859A.20/207

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] July 1, 1941.

The British Ambassador called me on the telephone this morning to say that he had information for me with regard to the Iceland question. I consequently arranged to see the Ambassador at eleven o'clock.

The Ambassador came in with two messages for me which are attached herewith. He read to me likewise additional telegrams he had received from his Government which made it entirely clear that the Icelandic Government and the British Government approved entirely of the texts of the messages proposed by the President to be exchanged between the Prime Minister of Iceland and himself and likewise with regard to all of the other steps, including the timing of publicity to be given to these messages as specified in the last conversation I had with the Ambassador on this subject. The sole reser-

<sup>44</sup> This telegram was sent in naval code to the Secretary of State. It is undated but probably was sent on June 30, 1941.

<sup>45</sup> *Supra*.



vation made was that the Icelandic Government, for the reasons expressed in the memorandum handed to me by the Ambassador, hoped that the President would agree to use the phrase "to replace" instead of the phrase suggested by the President "to supplement and perhaps eventually to replace" in the penultimate sentence of the first paragraph of the message to be sent by the Prime Minister of Iceland to the President. I said that this suggestion had been made by the President himself and that I doubted very much that the President would feel able to modify his decision in that regard, but that I would submit the matter to the President and let the Ambassador have the President's decision in the matter.

It was further clearly stated by the Ambassador that the Prime Minister of Iceland agreed that the agreement now reached between him and the President as to the texts of the two messages to be exchanged should be regarded as sufficient and that no texts need actually be telegraphed.

I subsequently spoke with the President on the telephone and he authorized me to state to the Ambassador that he was willing to omit the word "perhaps" from the suggested message but that he would have to insist upon the retention of the phrase "to supplement and eventually to replace" in lieu of the mere phrase "to replace".

I then called Lord Halifax on the telephone and communicated to him the President's decision. Lord Halifax said that I was to understand that this was entirely satisfactory to the Prime Minister of Iceland and that the two texts of the messages were now to be regarded as finally approved.

S[UMNER] W[ELLES]

[Annex 1]

The penultimate sentence of the first paragraph of the text of the message which the Iceland Prime Minister originally suggested that he should send to the President ran as follows:

"He also called my attention to the declaration of the President of the United States to the effect that he must take all necessary measures to ensure the safety of the Western Hemisphere—one of President's measures is to assist in the defence of Iceland—and that the President is therefore prepared to send here immediately United States troops to replace the British force here."

This paragraph was redrafted by the President to run as follows:—

"He also called my attention to the declaration of the President of the United States to the effect that he must take all necessary measures to ensure the safety of the Western Hemisphere—one of the President's measures is to assist in the defense of Iceland—and that the President is therefore prepared to send here immediately United States troops to supplement and perhaps eventually to replace the British force here."

The Iceland Prime Minister has now replied through the British Minister in Reykjavik that the Iceland Government would greatly prefer the original wording which they themselves suggested.

This is important from the point of view of their own internal political position. They had counted on being able to defend their action in the Icelandic Parliament by saying that Iceland would now be accepting the protection of a non-belligerent power instead of that of a belligerent. The wording desired by the President suggests, however, that in theory, at all events, Iceland may be under a joint occupation for an indefinite period. The Iceland Government do not understand the necessity for the President's amendment since they feel that it is already provided that it should be left to the judgment of the United States and British Governments to decide when the British forces should leave.

One of the "reservations" or "conditions" asked by the Iceland Government from His Majesty's Government, and accepted by the latter, ran as follows:—

"Great Britain promises to withdraw all her armed forces as soon as the transport of the United States forces is so far advanced that their military strength is sufficient for the defence of the country. The defences of the country while the change is to be effected never to be less than they are now."

The Iceland Government hope that if the President feels unable to withdraw his proposed amendment and return to the text originally suggested by the Iceland Prime Minister, he will be prepared to have the word "perhaps" in his draft omitted.

The Iceland Government agree to the President's proposal that once the texts of the two messages have been finally agreed upon<sup>46</sup> this agreement shall be regarded as being equivalent to the two notes having been exchanged and it will not be necessary for them actually to be telegraphed. The Iceland Government also agree that as soon as the draft messages have been finally settled the United States forces should start.<sup>47</sup>

JULY 1, 1941.

[Annex 2]

The Foreign Office are anxious to be informed as long as possible in advance of the date and hour of publication in Washington of the exchange of messages between the President and the Iceland Prime Minister. They are also anxious to know whether the President proposes to publish any other material at the same time. In that event they would like if possible to be informed of the text of this additional material in advance.

JULY 1, 1941.

<sup>46</sup> The final texts of the two messages, dated July 1, are printed as Department of State Executive Agreement Series No. 232.

<sup>47</sup> United States Forces arrived in Iceland on July 7, 1941.