

Justification for a Determination  
Removing the German Democratic Republic  
From the Application of Section 620(f)  
of the Foreign Assistance Act of 1961

In the past several months, the German Democratic Republic has undergone a peaceful revolution in which it has ceased to have the attributes of a Communist country. On March 18, the GDR held its first free and fair parliamentary elections, which resulted in the government of Premier Lothar de Maiziere, a Christian Democrat. On May 6, the GDR held local elections for thousands of local officials.

East Germans now have the right to free travel and emigration, exemplified by the 350,000 East Germans who immigrated to the Federal Republic of Germany in 1989 and the over 150,000 who have moved to the FRG so far this year. In addition, the GDR is now pursuing a policy of rapid unification with the FRG, and the two Germanys have entered into an economic and monetary union.

The GDR has taken steps to move away from a centrally-controlled economy toward free market mechanisms. It has instituted a new joint venture law allowing foreign investment and ownership of East German enterprises. The GDR has passed a new labor law and taken initial steps to reduce government subsidies. This process will become even more pronounced now that the economic and monetary union has been instituted, and the GDR has effectively adopted the FRG's economic system.

Encouraging continued political and economic reform in the GDR is important to the national interest of the United States. Although German unification is proceeding rapidly, and the GDR will cease to be a separate political entity at some point in the future, it is important to the U.S. to take steps which acknowledge the reforms which have been accomplished, and also expand our political, cultural and business contacts with the East German population. We underscore our intention that any programs will be non-military in nature.

Removal of the GDR, for an indefinite period, from the application of Section 620(f) of the Foreign Assistance Act is intended to acknowledge and further encourage such reforms.