APPENDIX

DOCUMENT I

A 10-point plan for overcoming the division of Europe and Germany

Speech by FRG Chancellor Helmut Kohl in the German Bundestag, Bonn, 28 November 1989

Excerpts

We all know that we cannot plan the way German unity simply in theory or with our appointment calendars. Abstract models may be all right for polemical purposes but they help us no further. They, however, we are in a position to prepare in advance the stages which lead to this goal. These I would like to elucidate with the following 10-point plan:

1. Immediate measures are called for as a result of events of recent weeks, particularly the flow of resettlers and the huge increase in the number of travellers. The Federal Government will provide immediate aid where it is needed. We will assist in the humanitarian sector and provide medical aid if it is wanted and considered helpful.

We are also aware that the welcome money given once a year to every visitor from the GDR is no answer to the question of travel funds. The GDR must itself provide travellers with the necessary foreign exchange. We are, however, prepared to contribute to a currency fund for a transitional period, provided that persons entering the GDR is made considerably easier, and that the GDR itself contributes substantially to the fund.

Our aim is to facilitate traffic as much as possible in both directions.

2. The Federal Government will continue its cooperation with the GDR in all areas where it is of direct benefit to the people on both sides, especially in the economic, scientific, technological and cultural fields. It is particularly important to intensify cooperation in the field of environmental protection. Here we will be able to take decisions on new projects shortly, irrespective of other developments.
We also want to extensively increase telephone links with the GDR and help expand the GDR's telephone network. The Federal Minister of Posts and Telecommunications has begun talks on this subject.

Negotiations continue on the extension of the Handover-Berlin railway line. This is not enough, however, and we need to take a thorough look at transport and rail systems in the GDR and the Federal Republic in the light of the new situation. Forty years of separation also mean that traffic routes have in some cases developed quite differently. This applies not only to border crossing-points but to the traditional East-West lines of communication in central Europe. There seems to be no reason why the classical Moscow-Warsaw Berlin-Paris route, which always included Cologne and was of great importance at all times, should not be brought into consideration in the age of high-speed trains and just as Europe's transport network is to be extended accordingly.

3. I have offered comprehensive aid and cooperation should the GDR blindingly undertake to carry out a fundamental change in the political and economic system and put the necessary measures irreversibly into effect. By 'irreversible' we mean that the GDR leadership must reach agreement with opposition groups on constitutional amendments and a new electoral law.

We support the demand for free, equal and secret elections in the GDR, in which, of course, independent, that it to say, non-socialist, parties would also participate. The SED's monopoly on power must be removed. The introduction of a democratic system means, above all, the abolition of laws on political crimes and the immediate release of all political prisoners.

Economic aid can only be effective if the economic system is radically reformed. This is obvious from the situation in all Common states and is not a question of our preaching to them. The centrally-planned economy must be dismantled.

We do not want to stabilize conditions that have become indefensible. Economic improvement can only occur if the GDR opens its doors to Western investment, if conditions of free enterprise are created, and if private initiative becomes possible. I don't understand those who accuse us of tutelage in this respect. There are daily examples of this in Hungary and Poland which can surely be followed by the GDR, likewise a member of comecon.

Our sincere hope is that the necessary legislation will be introduced quickly, because we would not be very happy if private capital were to be invested in Poland and with developments progressing so well- even more so in Hungary, which I would also welcome, but not in the middle of Germany. We wants as many companies as possible to invest as much as possible.
I wish to emphasize once again that these are not preconditions but simply the foundations needed for effective assistance. Nor can there be any doubt that the people in the GDR want this. They want economic freedom which will enable them at long last to reap the fruit of their labour and enjoy more property.

When I consider how this matter of the GDR's future economic system is being discussed by the SED itself- it will all be heard publicly at its special convention in a few days time-I cannot for the life of me see how anyone saying this can be accused of meddling in the GDR's internal affairs. I find that rather absurd.

4. Prime Minister Modrow spoke in his government policy statement of a 'contractual community'. We are prepared to adopt this idea. The proximity of our two states in Germany and the special nature of their relationship demand in increasingly close network of agreements in all sectors and at all levels.

This cooperation will also require more common institutions. The existing commissions could be given new tasks and new ones created, especially for industry, transport, environmental protection, science and technology, health and cultural affairs. It goes without saying that Berlin will be fully incorporated in these cooperation efforts. This has always been our policy.

5. We are also prepared to take a further decisive step, namely, to develop confederative structures between the two states in Germany with a view to creating a federation. But this presupposes the election of a democratic government in the GDR.

We can envisage the following institutions being created after early, free elections:

- an intergovernmental committee for continuous consultation and political coordination,
- joint technical committees, and
- many others in the light of new developments.

Previous policy towards the GDR had to be limited mainly to small steps by which we sought above all to alleviate the consequences of division and to keep alive and strengthen the people's awareness of the unity of the nation. If, in the future, a democratically legitimized, that is, a freely elected government, becomes our partner, that will open up completely new perspectives.

Gradually, new forms of institutional cooperation can be created and further developed. Such coalescence is inherent in the continuity of German History. State
organization in Germany has nearly always taken the form of a confederation or federation. We can fall back on this past experience. Nobody knows at the present time what a reunited Germany will look like. I am, however, sure that unity will come, if it is wanted by the German people.

6. The development of intra-German relations remains embedded in the pan-European process, that is to say in the framework of East-West relations. The future architecture of Germany must fit into the future architecture of Europe as a whole. Here the West has shown itself to be the pacemaker with its concept of a lasting and equitable peaceful order in Europe.

In our joint declaration of June this year, which I have already quoted, General Secretary Gorbachov and I spoke of the structural elements of ‘common European home’. They are, for example:

- Unqualified respect for the integrity and security of each state. Each state has the right freely to choose its own political and social system.
- Unqualified respect for the principles and rules of international law, especially respect for the people’s right of self-determination.
- The realization of human rights.
- Respect for and maintenance of the traditional cultures of the nations of Europe.

With all of these points, as Mr. Gorbachov and I laid down, we aim to follow Europe’s long traditions and help overcome the division of Europe.

7. The attraction and aura of the European Community are and remain a constant feature of pan-European development. We want to and must strengthen them further still.

The European Community must now approach the reformist countries of central, Eastern and south-eastern Europe with openness and flexibility. This was also endorsed by the heads of state and government of the EC member states at their recent meeting in a Paris.

This of course includes the GDR. The Federal Government therefore approves the early conclusion of a trade and cooperation agreement with the GDR. This would give it wider access to the Common Market, also in the perspective of 1992.

We can envisage specific forms of association which would lead the reformist countries of central and south-eastern Europe to the European Community, thus helping to level the economic and social gradients of our continent. This is one of the crucial issues if tomorrow’s Europe is to be a united Europe.
We have always regarded the process leading to the recovery of German unity to be a European concern as well. It must, therefore, also be seen in the context of European integration. To put it simply, the EC must not end at the Elbe but must remain open to the East.

Only in this way can the EC be the foundation for a truly comprehensive European Union—after all, we have always regarded the Twelve as only a part, not as the whole, of the Continent. Only in this way can it maintain, assert and develop the common European identity. That identity is not only based on the cultural diversity of Europe but also, and especially, on the fundamental values of freedom, democracy, human rights and self-determination.

If the countries of central and south-eastern Europe meet the requirements we would also welcome their membership of the Council of Europe, and especially of the Convention for the Protection of Human Rights and Fundamental Freedoms.

8. The CSCE process is a central element of the pan-European architecture and must be vigorously promoted in the following forums:

- the Human Rights Conferences in Copenhagen, in 1990, and in Moscow, in 1991,
- the Conference on Economic Cooperation in Bonn, in 1990,
- the symposium on the cultural heritage in Cracow, in 1991, and
- last but not least the next follow-up meeting in Helsinki.

There we should also think about new institutional forms of pan-European cooperation. We can well imagine a common institution for the coordination of East-West economic cooperation, as well as the creation of a pan-European environmental council.

9. Overcoming the division of Europe and Germany presupposes far-reaching and rapid steps in the field of disarmament and arms control. Disarmament and arms control must keep pace with political developments and thus be accelerated where necessary.

This is particularly true of the Vienna Negotiations on the Reduction of Conventional Forces in Europe, and for the Agreement on Confidence-Building Measures and the global Ban on Chemical Weapons, which we hope will materialize in 1990. It also requires that the nuclear potential of the superpowers be reduced to the strategically necessary minimum. The forthcoming meeting between President Bush and General Secretary Gorbachev offers a good opportunity to add new impetus to the current negotiations.
We are doing our best--also in bilateral discussions with the Warsaw Pact countries, including the GDR--to support this process.

10. With this comprehensive policy we are working for a state of peace in Europe in which the German nation can recover its unity in free self-determination. Reunification--that is regaining national unity--remains the political goal of the Federal government. We are grateful that once again we have received support in this matter from our allies in the Declaration issued after the NATO Summit Meeting in Brussels in May.

We are conscious of the fact that many difficult problems will confront us on the road to German unity, problems for which no one has a definitive solution today. Above all, this includes the difficult and crucial question of overlapping security structures in Europe.

The linking of the German question to pan-European developments and East-West relations, as explained in these ten points, will allow a natural development which takes account of the interests of all concerned and paves the way for peaceful developments in freedom, which is our objective.

Only together and in an atmosphere of mutual trust will we be able to peacefully overcome the division of Europe, which is also the division of Germany. This calls for prudence, understanding and sound judgement on all sides so that the current promising developments may continue steadily and peacefully. This process cannot be hampered by reforms, rather by their rejection. It is not freedom that creates instability but its suppression. Every successful step towards reform means more stability and more freedom and security for the whole of Europe.

In a few weeks' time we enter the final decade of this century which has seen so much misery, bloodshed and suffering. There are today many promising signs that the 90s will bring more peace and freedom in Europe and in Germany. Much depends, and everyone senses this, on the German contribution. We should all face this challenge of history.
The State Treaty

Treaty of 18 May 1990 between the Federal Republic of Germany and the German Democratic Republic establishing a Monetary, Economic and Social Union.

CHAPTER 1

Basic Principles

Article 1

Subject of the Treaty

(1) The Contracting Parties (German Democratic Republic and Federal Republic of Germany) shall establish a Monetary, Economic and Social Union.

(2) Starting on 1 July 1990 the Contracting Parties shall constitute a Monetary Union comprising a unified currency area and with the Deutshe Mark as the common currency. The Deutsche Bundesbank shall be the central bank in this currency area. The liabilities and claims expressed in Mark in the German Democratic Republic shall be converted into Deutsche Mark in accordance with this Treaty.

(3) The basis of the Economic Union shall be the social market economy as the common economic system of the two Contracting Parties. It shall be determined particularly by private ownership, competition, free pricing and, as a basic principle, complete freedom of movement of labour, capital, goods and services; this shall not preclude the legal admission of special forms of ownership providing for the participation of public authorities or other legal entities in trade and commerce as long as private legal entities are not subject to discrimination. It shall take into account the requirements of environmental protection.

(4) The Social Union together with the Monetary and Economic Union shall form one entity. It shall be characterized in particular by a system of labour law that corresponds to the social market economy and a comprehensive system of social security based on merit and social justice.
Article 2

Principles

(1) The Contracting Parties are committed to a free, democratic, federal and social basis order governed by the rule of law. To ensure the rights laid down in or following from this Treaty, they shall especially guaranteed freedom of contract, freedom exercise a trade, freedom of establishment and occupation, and freedom of movement of Germans in the entire currency area, freedom to form associations, to safeguard and enhance working and economic conditions and in accordance with Annex IX, ownership of land and means of production.

(2) Contrary provisions of the Constitution of German Democratic Republic relating to its former socialist social and political system shall no longer be applied...

CHAPTER II

Provisions concerning Monetary Union

Article 10

Prerequisites and Principles...

(5) To achieve the aims described in paragraphs 1 to 4 above, the Contracting Parties shall, in accordance with the provision laid down in Annex 1, agree on the following principles for Monetary Union;

- With effect from 1 July 1990 the Deutsche Mark shall be introduced as currency in the German Democratic Republic. The banknotes issued by the Deutsche Bundesbank and denominated in Deutsche Mark, and the federal coins issued by the Federal Republic of Germany and denominated in Deutschi Mark or Pfennig, shall be sole legal tender from 1 July 1990.

- Wages, salaries, grants, pensions, rents and leases as well as other recurring payments shall be converted at a rate of one to one.

- All other claims and liabilities dominated in Mark of the German Democratic Republic shall be converted Deutsche Mark at a rate of two to one...
(6) Following an inventory of publicly owned assets and their earning power and following their primary use for the structural adaptation of the economy and for the recapitalization of the budget, the German Democratic Republic shall ensure where possible that a vested right to share in publicly owned assets can be granted to savers at a later date for the amount reduced following conversion at a rate of two to one.

(7) The Deutsche Bundesbank shall exercise the powers accorded it by the Treaty and by the Deutsche Bundesbank Act in the entire currency area. It shall establish for this purpose a provisional office in Berlin with up to fifteen branches in the German Democratic Republic, which shall be located in the premises of the State Bank of the German Democratic Republic.

Chapter III

Provisions concerning Economic Union

Article 11

Economic Policy Foundations

(1) The German Democratic Republic shall ensure that its economic and financial policy measures are in harmony with the social market system. Such measures shall be introduced in such a way that within the framework of the market economy system, they are at the same time conducive to price stability, a high level of employment and foreign trade equilibrium, and thus study and adequate economic growth.

(2) The German Democratic Republic shall create the basic conditions for the development of market forces and private initiative in order to promote structural change, the creation of modern jobs, a broad basis of small and medium-sized companies and liberal professions, as well as environmental protection. The corporate legal structure shall be based on the principles of the social market economy described in Article 1 of this Treaty, enterprises being free to decide on products, quantities, production process, investment, employment, prices and utilization and profits...
Article 13

Foreign Trade and Payments

(1) In its foreign trade, the German Democratic Republic shall take into account the principles of free world trade, as expressed in particular in the General Agreement of Tariffs and Trade. The Federal Republic of Germany shall make its experience fully available for the further integration of the economy of the German Democratic Republic into the world economy.

(2) The existing foreign trade relations of the German Democratic Republic, in particular its contractual obligations towards the countries of the Council for Mutual Economic Assistance, shall be respected...

Article 14

Structural Adjustment of Enterprises

In order to promote the necessary structural adjustment of enterprises in the German Democratic Republic, the Government of the German Democratic Republic shall for a transitional period and subject to its budgetary means, take measures to facilitate a swift structural adjustment of enterprises to the new market conditions. The Governments of the Contraction Parties shall agree on the specific nature of these measures. The objective shall be to strengthen the competitiveness of enterprises on the basis of the social market economy and to build up, through the development of private initiative, a diversified, modern economic structure in the German Democratic Republic, with as many small and medium-sized enterprises as possible, and thereby to create the basis for increased growth and secure jobs.

Article 15

Agriculture and Food Industry

(1) Because of the crucial importance of the European Community rules for the agriculture and food industry, the German Democratic Republic shall introduce a price support and external protection scheme in line with the Democratic Republic become adjusted to those of the Federal Republic of Germany. The German Democratic Republic shall not introduce levies or refunds vis-a-vis the European Community, subject to reciprocity.
(2) For categories of goods in respect of which it is not possible to introduce a full price support system immediately upon entry into force of this Treaty, transitional arrangements may be applied. Pending the legal integration of the agriculture and food industry of the German Democratic Republic into the EC agricultural market, specific quantitative restrictions shall be allowed for sensitive agricultural products in trade between the Contracting Parties.

(3) Without prejudice to the measures to be taken under Article 14 of this Treaty, the German Democratic Republic shall, within the limits of its budgetary means and for a transitional period, take suitable measures to promote the structural adaptation in the agricultural and food industry which is necessary to improve the competitiveness of enterprises to achieve environmentally acceptable and quality-based production, and to avoid surpluses...

Article 16

Protection of the Environment

(1) The protection of human beings, animals and plants, soil, water, air, the climate and landscapes as well as cultural and other material property against harmful environmental influences is a major objective of both Contracting Parties. They shall pursue this objective on the basis of prevention, the polluter pays principle, and cooperation. Their aim is the rapid establishment of a German environmental union.

(2) The German Democratic Republic shall introduce regulations to ensure that, on entry into force of this Treaty, the Safety and environmental requirements applicable in the Federal Republic of Germany are the precondition for the granting of authorizations on its territory. For existing plant and installations the German Democratic Republic shall introduce regulation to bring them up to standard as quickly as possible...
Chapter V

Provisions concerning the Budget and Finance

Section 1

The Budget

Article 26

Principles underlying the Fiscal Policy of the German Democratic Republic

(1) Public budgets in the German Democratic Republic shall be drawn up by the relevant national, regional or local authorities on their own responsibility, due account being taken of the requirements of general economic equilibrium. The aim shall be to establish a system of budgeting adapted to the market economy. Budgets shall be balanced as regards revenue and expenditure. All revenue and expenditure shall be included in the appropriate budget.

(2) Budgets shall be adapted to the budget structure of the Federal Republic of Germany. The following in particular shall be removed from the budget, starting with the partial budget of 1990 as of the establishment of monetary union:

- the social sector, in so far as it is mainly financed from charges or contributions in the Federal Republic of Germany,

- state undertakings by conversion into legally and economy independent enterprises,

- transport undertaking by making them legally independent,

- the Deutsche Reichsbahn and the Deutsche Post, which will be operated as special funds,

- Government borrowing for housing shall be allocated to individual projects on the basis of their existing physical assets,

(3) National regional and local authorities in the German Democratic Republic shall make every effort to limit deficits in drawing up and executing budgets. As regards expenditure this shall include:
abolition of budget subsidies, particularly in the short term for industrial goods, agricultural products and food, autonomous price supports being permissible for the latter in line with the regulations of the European Commission, and progressively in the sectors of transport, energy for private households and housing, making allowance for the general development of income,

- sustained reduction of personnel expenditure in the public service,

- review of expenditure, including the legal provisions on which they are based, to determine whether they are necessary and can be financed,

- structural improvements in the education system and preparatory division according to a federal structure (including the research sector)...

(d) An inventory shall be made of publicly owned assets. Publicly owned assets shall be used primarily for the structural adaption of the economy and for the recapitalization of the budget in the German Democratic Republic.

Article 27

Borrowing and Debts

(1) Borrowing authorizations in the budgets of the local, regional and national authorities of the German Democratic Republic shall be limited to 10 billion Deutsche Mark for 1990 and 14 billion Deutsche Mark for 1991 and allocated to the different levels of government in agreement worth the Minister of Finance of the Federal of Germany. A borrowing limit of 7 billion Mark for 1990 and 10 billion Mark for 1991 shall be established for the advance financing of proceeds expected to accrue from the realization of assets held in trust. In the event of a fundamental change in conditions, the Minister of Finance of the Federal Republic of Germany may permit these credit ceilings to be exceeded.

(2) The raising of loans and the granting of equalization claims shall be conducted in agreement between the Minister of Finance of the Federal Republic of Germany. The same shall apply to the assumption of sureties, warranties or other guarantees and for the total authorizations for future commitments to be appropriated in the budget.

(3) After accession, debt accrued in the budget of the German Democratic Republic shall be transferred to the assets held in trust in so far as it can be
redeemed by proceeds expected to accrue from the realization of the assets held in trust. The remaining debt shall be assumed in equal parts by the Federal Government and the Laender newly constituted on the territory of the German Democratic Republic. Loans raised by Laender and local authorities shall remain their responsibility.

Article 28

Financial Allocations granted by the Federal Republic of Germany

(1) The Federal Republic of Germany shall grant the German Democratic Republic financial allocations amounting of 22 billion Deutsche Mark for the second half of 1990 and 35 billion Deutsche Mark for 1991 for the specific purposes of balancing its budget. Furthermore, initial financing shall be made available from the federal budget, in accordance with Article 25, amounting to 750 million Deutsche Mark for the second half of 1990 for pension insurance as well as 2 billion Deutsche Mark for the second half of 1990 and 3 billion Deutsche Mark for 1991 for unemployment insurance. Payments shall be made as required...
DOCUMENT III

The Four Powers' declaration on the suspension of their rights and responsibilities relating to Berlin and to Germany as a whole New York, 1 October 1990

The Governments of the French Republic, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America,

Represented by their Ministers for Foreign Affairs meeting at New York on 1 October 1990,

Having regard to the Treaty on the Final Settlement with respect to Germany signed at Moscow on 12 September 1990, which provides for the termination of their rights and responsibilities relating to Berlin and to Germany as a whole,

Declare that the operation of their rights and responsibilities relating to Berlin and to Germany as a whole shall be suspended upon the unification of Germany, pending the entry into force of the Treaty on the Final Settlement with respect to Germany. As a result, the operation of the corresponding, related quadripartite agreements, decisions and practices and all related Four Power institutions shall likewise be suspended upon the unification of Germany.

The Government of the Federal Republic of Germany, represented by its Minister for Foreign Affairs, and the Government of the German Democratic Republic, represented by its Minister for Education and Science, take note of this declaration.
DOCUMENT IV

The Unification Treaty

Treaty of 31 August 1990 between the Federal Republic of Germany and the German Democratic Republic of Germany on the establishment of German unity (Unification Treaty)

Article 7

Financial System...

(2) Article 106 of the Basic Law shall apply to the apportionment of tax revenue among Federation as well as the Länder and communes (associations of communes) in the territory specified in Article 3 of this Treaty with the proviso that

1. paragraph 3, fourth sentence, and paragraph 4 shall not apply up to 31 December 1994;

2. up to 31 December 1996, the share of income tax revenue received by the communes in accordance with Article 106(5) of the Basic Law shall be passed on from the Länder to the communes not on the basis of the amount of income tax paid by their inhabitants, but according to the number of inhabitants in the communes;

3. up to December 1994, in derogation of Article 106(7) of the Basic Law, an annual share of at least 20 percent of the Land share of total revenue from the German unification Fund (xii) according to paragraph 5, item 1, shall accrue to the communes (associations of communes).

(3) Article 107(iii) of the Basic Law shall be valid in the territory (former GDR) specified in Article 3 of this Treaty with the proviso that up to 31 December 1994 the provisions of paragraph 1, fourth sentence, shall not be applied between the Länder which have until now constituted the Federal Republic of Germany and the Länder in the territory specified in Article 3 of this Treaty and that there shall be no all-German financial equalization between the Länder (Article 107(2) of the Basic Law.

The Land share of turnover tax throughout Germany shall be divided into an eastern component and a western component in such a way that the average share of turnover tax per inhabitant in the Länder of Brandenburg,
Mecklenburg-Western Pomeranian, Saxony, Saxony-Anhalt and Thuringia amounts
in 1991 to 55 percent
in 1992 to 60 percent
in 1993 to 65 percent
in 1994 to 70 percent
of the average share of turnover tax per inhabitant in the Laender of baden-Wurttemberg, Bavarian, Bremen, Hesse, Hamburg, Lower Saxony, North-Rhine/Westphalia, Rhineland-Palatinate, Saarland and Schleswig Holstein. The share of the Land Berlin shall be calculated in advance on the basis of the number of inhabitants. The provisions contained in this paragraph shall be reviewed for 1993 in the light of the conditions obtaining at the time.

(4) The territory specified in Article 3 of this Treaty shall be incorporated in the provision of Article 91a, 91b and 104a (3) and (4) of the Basic Treaty, (xiiiia) including the pertinent implementing provisions, in accordance with this Treaty with effect from 1 January 1991.

(5) Following the establishment of German unity the annual allocations from the German Unity Fund shall be distributed as follows:

1. 85 percent as special assistance to the Laender of Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt and Thuringia as well as to Land Berlin to cover their general financial requirements and divided up among these Laender in proportion to their number of inhabitants, excluding the inhabitants of Berlin (West), and

2. 15 percent to meet public requirements at a central level in the territory of the aforementioned Laender.

(6) In the event of a fundamental change of conditions, the Federation and the Laender shall jointly examine the possibilities of granting further assistance in order to ensure adequate financial equalization for the Laender in the territory specified in Article 3 of this Treaty...

Article 23

Debt Arrangements

(1) Upon the accession taking effect, the total debts of the central budget of the German Democratic Republic which have accumulated up to this date shall be taken over by a federal Special Fund without legal capacity, which shall

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meet the obligations arising from debt servicing. The Special Fund shall be empowered to raise loans:

1. to pay off debts of the Special Fund,
2. to cover due interest and loan procurement costs,
3. to purchase debt titles of the Special Fund for the purposes of market cultivation.

(2) The Federal Minister of Finance shall administer the Special Fund. The Special Fund may, in his name, conduct legal transactions, sue and be sued. The general legal domicile of the Special Fund shall be at the seat of the Federal Government. The Federation shall act as guarantor for the liabilities of the Special Fund.

(3) For the day the accession takes effect until 31 December 1993 the Federation and the Trust Agency shall each repay one half of the interest payments made by the Special Fund.

Repayment shall be made by the first of the month following the month in which the Special Fund has made the payments referred to in the first sentence.

(4) With effect from 1 January 1994 the Federation and Laender named in Article 1 of this Treaty (the Laender of Brandenburg, Mecklenburg-Western-Pomerania, Saxony, Saxony-Anhalt and Thuringia) as well as the Trust Agency shall take over the total debts which have accumulated in the Special Fund up to 31 December 1993 in accordance with Article 27(3) of the Treaty of 18 May 1990 between the Federal Republic of Germany and the German Democratic Republic Establishing a Monetary, Economic and Social Union. The distribution of the debts shall be settled in detail by a separate law in accordance with Article 34 of the Act of 25 July 1990 concerning the Treaty of 18 May 1990... The portions of the total amount for the Laender named in Article 1 of this Treaty to be taken over by each of the Laender named in Article 1 shall be calculated in relation to their number of inhabitants on the date the accession takes effect, excluding the inhabitants on the date the accession takes effect, excluding the inhabitants of Berlin (West).

(5) The Special Fund shall be abolished at the end of 1993.

(6) Upon the accession taking effect, the Federal Republic of Germany shall take over the sureties, guarantees and warranties assumed by the German
Democratic Republic and debited to its state budget prior to unification. The Länder named in Article 1(1) of this Treaty and Land Berlin for that part in which the Basic Law has not been in force to date shall assume jointly and severally a counter-surety to the amount of 50 percent of the total debt transferred in the form of sureties, guarantees and warranties to the Federal Republic of Germany. The losses shall be divided among the Länder in proportion to their number of inhabitants on the date the accession takes effect, excluding the inhabitants of Berlin (West).

(7) The German Democratic Republic's share of the Staatsbank Berlin may transferred to the Länder named in Article 1 of this Treaty. The rights arising from the German Democratic Republic's share of the Staatsbank Berlin shall accrue to the Federation pending the transfer according to the third sentence. The Contracting Parties shall, notwithstanding an examination from the viewpoint of antitrust legislation, provide for the possibility of transferring law Staatsbank Berlin wholly of partially to a credit institution under public law in the Federal Republic of Germany or to other legal entities. In the remaining part of the Staatsbank Berlin shall be wound up. The Federation shall assume the liabilities resulting from the German Democratic Republic acting as guarantor for the Staatsbank Berlin. This shall not apply to liabilities arising after the transfer of the share according to the first sentence or a transfer according to the third sentence. The fifth sentence shall apply mutatis mutandis to new liabilities created by the Staatsbank Berlin during its capacity as guarantor, the burden shall be incorporated upon the accession taking effect into the total debt of the central budget of the German Democratic Republic and be taken over by the Special Fund under paragraph 1 above, which has no legal capacity...

Article 25

Assets held in Trust

The Privatization and Reorganization of Publicly Owned Assets Act (Trusteeship Act) of 17 June 1990...shall continue after the accession takes effect with the following proviso:

(1) The Trust Agency shall continue to be charged, in accordance with the provision of Trusteeship Act, with restructuring and privatizing the former publicly owned enterprises to bring them into line with the requirements of a competitive economy. It shall become a direct institution of Federation invested with legal capacity and subjected to public law, Technical and legal
supervision shall be the responsibility of the Federal Minister of Finance, who shall exercise technical supervision in agreement with the Federal Minister of Economics and the respective federal minister. Stakes held by the Trust Agency shall be indirect stakes of the Federation. Amendments to the Charter shall require the agreement of the Federal Government.

(2) The number of members of the Administrative board of the Trust Agency shall be raised from 16 to 20, and for the first Administrative Board to 23. Instead of the two representatives elected from the members of the Volksammer, the Laender named in Article 1 of this Treaty shall each receive one seat on the Administrative Board of the Trust Agency. Notwithstanding Section 4(2) of the Trusteeship Act, the chairman and the remaining members of the Administrative Board shall be appointed by the federal Government.

(3) The Contracting Parties reaffirm that publicly owned assets shall be used exclusively for the purpose of activities in the territory specified in Article 3 of this Treaty, regardless of budgetary responsibilities. Revenue of the Trust Agency shall accordingly be used in line with Article 26(4) and Article 27(3) of the Treaty of 18 May 1990. As part of the structural adjustment of the agricultural sector, revenue of the Trust Agency may also be used in individual cases for debt relief to agricultural enterprises. First of all, their own assets shall be used. Debts attributed to branches of enterprises which are to be hived off shall been disregarded. Assistance with debt relief may also be granted with the proviso that enterprises pay back the funds granted in whole or in part depending on their economic capabilities.

(4) The power to raise loans granted to the Trust Agency by Article 27(1) of the Treaty of 18 May 1990 shall be increased from a maximum total of 17 billion Deutsche mark to a maximum total of 25 billion Deutsche Mark. The aforementioned loans should, as a rule, be repaid by 31 December 1995. The Federal Minister of Finance may permit an extension of the loan periods and, in the event of a fundamental change in conditions, give permission for the loan ceilings to be exceeded.

(5) The Trust Agency shall be empowered, in agreement with the Federal Minister of Finance, to assume sureties, guarantees and other warranties.

(6) In accordance with Article 10(6) of the Treaty of 18 May 1990 possibilities shall be provided for savers at a later date to be granted a vested right to a shade in publicly owned assets for the amount reduced during conversion at a rate of two to one.
(7) The interest and capital payments on loans raised before 30 June 1990 shall be suspended until the adoption of the opening balance in Deutsche Mark. The interest payments due to shall be repaid to the Deutsche Kreditbank AG and the other banks by the Trust Agency...

Article 28

Economic Assistance

(1) Upon the accession taking effect, the territory specified in Article of this Treaty shall be incorporated into the arrangements of the Federation existing in the territory of the Federal Republic for economic assistance, taking into consideration the competence of the European Communities. The specific requirements of structural adjustment shall be taken into account during a transitional period. This will make a major contribution to the spriest possible development of a balanced economic structure with particular regard for small and medium-sized businesses.

(2) The relevant ministers shall prepare concrete programmes to sapped up economic growth and structural adjustment in the territory specified in Article 3 of this Treaty. The programmes shall cover the following fields:

- measures to regional economic assistance accompanied by a special programme for the benefit of the territory specified in Article 3 of the Treaty; preferential arrangements shall be ensured for this territory;

- measures to foster the rapid development of small and medium-sized businesses;

- measures to promote the modernization and restructuring of the economy, relying on restructuring schemes drawn up by industry of its own accord (e.g. rehabilitation programmes, including ones for exports to COMECON countries);

- debt relief for enterprises following the examination of each case individually...
CHAPTER VII

Labour, Social Welfare, Family, Women, Public Health and Environmental Protection

Article 30

Labour and Social Welfare

(1) It shall be the task of the all-German legislator

1. to recodify in a uniform manner and as soon as possible the law on employment contracts and the provisions on working hours under public law, including the admissibility of work on Sundays and public holidays, and the specific industrial safety regulations for women;

2. to bring public law on industrial safety into line with present day requirements in accordance with the law of the European Communities and the concurrent part of the industrial safety law of the German Democratic Republic.

(2) Employed persons in the territory specified in Article 3 of this Treaty shall be entitled, upon reaching the age 57, to receive early retirement payments for a period of three years, but not beyond the earliest possible date on which they become entitled to receive a retirement pension under the statutory pension scheme. The early retirement payment shall amount to 65 percent of the last average net earnings; for employed persons whose entitlement arises on or before 1 April 1991 early retirement payments shall be raised by an increment of five percentage points for the first 312 days. The early retirement payments shall be made by the Federal Institute for Employment along similar lines to unemployment pay, notably the provisions of Section 105c of the Employment Protection Act. The Federal Institute for Employment may reject an application if it is established that there is a clear lack of manpower in the region to carry out the occupational duties so far discharged by the applicant. The early retirement payments shall be refunded by the Federation in so far as they reach beyond the period of entitlement to unemployment pay. The provisions on early retirement payments shall be applied to new claims up to 31 December 1991. The period of validity may be prolonged by one year.

In the period from this Treaty taking effect up to 31 December 1990, women shall be entitled, on reaching the age of 55, receive early retirement payments for a period not exceeding five years.
(3) The social welfare supplement to pension, accident and unemployment payments introduced in the territory specified in Article 3 of this Treaty in conjunction with the Treaty of 18 May 1990 shall be limited to new cases up to 31 December 1991. The payments shall be made for a period not extending beyond 30 June 1995.

(4) The transfer of tasks incumbent upon the social insurance scheme to separate agencies shall take place in such a way as to ensure that payments are made and financed and sufficient staff is available to perform the said tasks. The distribution of assets and liabilities among the separate agencies shall be definitively settled by law.

(5) The details regarding the introduction part VI of the Social Code (pension insurance) and the provisions of Part III of the Reich Insurance Code (accident insurance) and the provisions of Part III of the Reich Insurance Code (accident insurance) shall be settled in a federal Act.

For persons whose pension under the statutory pension scheme begins in the period from 1 January 1992 to 30 June 1995

1. a pension shall be payable which is in principle at least as high as the amount they would have received on 30 June 1990 in the territory specified in Article 3 of this Treaty according to the pension law valid until that time, without regard for payments from supplementary or special pension schemes.

2. a pension shall also be paid where, on 30 June 1990, a pension entitlement would have existed in the territory specified in Article 3 of this Treaty under the pension law valid at that time.

In all other respects, the introduction should have the goal of ensuring that as wages and salaries in the territory specified in Article 3 of this Treaty are brought into line with those in the other Länder, so are pensions...
Dear Prime Minister,

Today, the German nation has become reunited in peace and freedom. Forty-five years after the end of the second world war, which originated from German soil and caused untold suffering in Europe and throughout the world, the painful separation of the Germans has come to an end.

In exercising our right to free self-determination, in harmony with our neighbours and on the basis of the Treaty on the Final Settlement with Respect to Germany, we Germans have today united to form a single state--the Federal Republic of Germany--with complete sovereignty over its internal and external affairs.

On behalf of the German people I would like to thank all those who stood up for our right of self-determination and smoothed out path towards unity. Conscious of the continuity of German history, we particularly appreciate this contribution.

Through its regained national unity, our country wants to serve the cause of global peace and advance the unification of Europe. That is the mandate of our time-honoured constitution, the basic law, which will also apply to the united Germany.

At the same time, we stand by our moral and legal obligations resulting from German history.

We know that upon unification, we will also assume greater responsibility within the community of nations as a whole. Our foreign policy will therefore remain geared towards global partnership, close cooperation and a peaceful reconciliation of interests.

In future, German soil will be a source of peace only. We are aware that the inviolability of the borders and respect for the territorial integrity and sovereignty of all states in Europe is a basic precondition for peace. That is why we have confirmed the final character of the united Germany's borders, including the border with the Republic of Poland. At no time in the future will we make territorial claims on any
other country. Now that German unity has been established, we shall discuss with the contracting parties concerned the international treaties of the German Democratic Republic with a view to regulating or confirming their continued application, adjustment or expiry, taking into account protection of confidence, the interests of the states concerned and the contractual obligations of the Federal Republic of Germany, as well as the principles of a free, democratic basic order governed by the rule of law, and respecting the competence of the European Community.

II

The unification of Germany is inextricably linked with that of Europe. We will resolutely continue to strive for European unification with the same determination with which we worked towards German unity.

Important steps are directly before us. Together with our partners in the European Community, we want to complete the single European market by 1992. We are steadily advancing towards economic and monetary union. The united Germany will play an active part in the development of the political union.

The European Community will be open to close cooperation with the other countries in Europe. In particular, we intend to contribute to the development of closer ties between the European community and the countries of Central, Eastern and South-Eastern Europe which have won their freedom and set out on the path towards political, economic and social reform.

We are convinced that the countries of Europe can best safeguard and strengthen their independence and their citizens' human rights and fundamental freedoms if they work together.

For this reason, an important forum for our cooperation is and remains the Council of Europe.

We are committed to the process of security and cooperation in Europe as source of hope for the European nations and as a signpost towards their future unity. We are therefore strongly in favour of this process being intensified and institutionalized.
III

The community of free Western democracies based on shared values and the North Atlantic Treaty Organization have preserved peace and freedom on our continent during difficult decades. That is why the united Germany will continue to be a member of this alliance.

Together with our allies, we also want to develop further this successful alliance in line with the progress made in East-West relations and the changing demands of our time, as well as preserve its role as the basic pillar of new overarching security structures in Europe.

We advocate a joint declaration by the members of the two alliances in Europe, reaffirming their intention to refrain from the threat or use of force and establishing a new partnership in the development of a just and lasting peaceful order in Europe.

Disarmament and arms control remain key elements of our security policy.

In the context of German unification we have reaffirmed our renunciation of the manufacture and possession of as well as control over nuclear, biological and chemical weapons. The united Germany remains committed to the Non-Proliferation Treaty.

Our willingness to reduce the united Germany’s armed forces to 370,000 is at the same time a contribution to the success of the negotiations on the reduction of conventional forces in Europe. We assume that in the follow-on negotiations the other participating countries, too, will play their part in consolidating security and stability in Europe, not least through measures to restrict force strengths.

On the global level, too, we shall seek disarmament agreements that will enhance stability and security. The principle of gearing the level of forces solely towards self-defence requirements must apply throughout the world.

An agreement on reductions in strategic nuclear weapons between the United States and the Soviet Union, negotiations on reducing American and Soviet short-range nuclear weapons and, not least, a global ban on chemical weapons are still urgently required.
IV

The countries of Africa, Asia and America can continue to count on the solidarity of the united Germany. We will not invest in German unity at their expense.

On the contrary: the end of the conflict in Europe will release intellectual powers and material resources for tackling the central tasks for peace now facing us. For the struggle against poverty and underdevelopment and for the preservation of our natural environment.

Terrorism and drug abuse are challenges to all states throughout the world, which call for joint action. We will shoulder our share of the responsibility.

V

The elimination of the East-West conflict has also opened up new avenues for fully implementing the lofty goals of the United Nations charter. At the same crime, the events of the last few weeks have demonstrated to what extent world peace is still endangered by disregard for the principles of the UN charter.

The Federal Republic of Germany wishes to play a part in ensuring that the United Nations fulfils its indispensable role in the process of building a peaceful world and meeting the global challenges we face.

Now that German unity with complete sovereignty has been achieved, the Federal Republic of Germany is prepared to participate in UN measures aiming at preserving and restoring peace through the deployment of its forces, too. We will create the necessary internal conditions for this.

VI

At the beginning of the last decade of this century, we see new opportunities for a world which solves its problems through reconciliation and understanding, and remains committed to the principles of international law. Our country stands shoulder-to-shoulder with all those who are committed to peace, respect for human rights and fundamental freedoms as well as individual well-being.

Now that the burden of division has been lifted from us, we are prepared to redouble our efforts towards shaping a common peaceful future in trustful cooperation with all countries and peoples who share these worthy objectives.