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**§ 5401. Support for East European Democracy (SEED) Program**

**(a) SEED Program**

The United States shall implement, beginning in fiscal year 1990, a concerted Program of Support for East European Democracy (which may also be referred to as the "SEED Program"). The SEED Program shall be comprised of diverse undertakings designed to provide cost-effective assistance to those countries of Eastern Europe that have taken substantive steps toward institutionalizing political democracy and economic pluralism.

**(b) Objectives of SEED assistance**

The President should ensure that the assistance provided to East European countries pursuant to this chapter is designed—

- (1) to contribute to the development of democratic institutions and political pluralism characterized by—
  - (A) the establishment of fully democratic and representative political systems based on free and fair elections,
  - (B) effective recognition of fundamental liberties and individual freedoms, including freedom of speech, religion, and association,
  - (C) termination of all laws and regulations which impede the operation of a free press and the formation of political parties,
  - (D) creation of an independent judiciary, and
  - (E) establishment of non-partisan military, security, and police forces;
- (2) to promote the development of a free market economic system characterized by—
  - (A) privatization of economic entities,
  - (B) establishment of full rights to acquire and hold private property, including land and the benefits of contractual relations,

(C) simplification of regulatory controls regarding the establishment and operation of businesses,

(D) dismantlement of all wage and price controls,

(E) removal of trade restrictions, including on both imports and exports,

(F) liberalization of investment and capital, including the repatriation of profits by foreign investors;

(G) tax policies which provide incentives for economic activity and investment,

(H) establishment of rights to own and operate private banks and other financial service firms, as well as unrestricted access to private sources of credit, and

(I) access to a market for stocks, bonds, and other instruments through which individuals may invest in the private sector; and

(3) not to contribute any substantial benefit—

(A) to Communist or other political parties or organizations which are not committed to respect for the democratic process, or

(B) to the defense or security forces of any member country of the Warsaw Pact.

**(c) SEED Actions**

Assistance and other activities under the SEED Program (which may be referred to as "SEED Actions") shall include activities such as the following:

**(1) Leadership in the World Bank and International Monetary Fund**

United States leadership in supporting—

(A) loans by the International Bank for Reconstruction and Development and its affiliated institutions in the World Bank group that are designed to modernize industry, agriculture, and infrastructure, and

(B) International Monetary Fund programs designed to stimulate sound economic growth.

**(2) Currency stabilization loans**

United States leadership in supporting multilateral agreement to provide government-to-government loans for currency stabilization where such loans can reduce inflation and thereby foster conditions necessary for the effective implementation of economic reforms.

**(3) Debt reduction and rescheduling**

Participation in multilateral activities aimed at reducing and rescheduling a country's international debt, when reduction and deferral of debt payments can assist the process of political and economic transition.

**(4) Agricultural assistance**

Assistance through the grant and concessional sale of food and other agricultural commodities and products when such assistance can ease critical shortages but not inhibit agricultural production and marketing in the recipient country.

**(5) Enterprise Funds**

Grants to support private, nonprofit "Enterprise Funds", designated by the President pursuant to law and governed by a Board of Direc-

tors, which undertake loans, grants, equity investments, feasibility studies, technical assistance, training, and other forms of assistance to private enterprise activities in the Eastern European country for which the Enterprise Fund so is designated.

**(6) Labor market-oriented technical assistance**

Technical assistance programs directed at promoting labor market reforms and facilitating economic adjustment.

**(7) Technical training**

Programs to provide technical skills to assist in the development of a market economy.

**(8) Peace Corps**

Establishment of Peace Corps programs.

**(9) Support for indigenous credit unions**

Support for the establishment of indigenous credit unions.

**(10) Generalized System of Preferences**

Eligibility for trade benefits under the Generalized System of Preferences.

**(11) Normal trade relations**

The granting of temporary or permanent nondiscriminatory treatment to the products of an East European country through the application of the criteria and procedures established by section 2432 of title 19 (commonly referred to as the “Jackson-Vanik amendment”).

**(12) United States International Development Finance Corporation**

Programs of the United States International Development Finance Corporation.

**(13) Export-Import Bank programs**

Programs of the Export-Import Bank of the United States.

**(14) Trade and Development Program activities**

Trade and Development Agency activities under the Foreign Assistance Act of 1961 [22 U.S.C. 2151 et seq.].

**(15) Investment treaties**

Negotiation of bilateral investment treaties.

**(16) Special tax treatment of below-market loans**

Exempting bonds from Internal Revenue Code [title 26] rules relating to below-market loans.

**(17) Exchange activities**

Expanded exchange activities under the Fulbright, International Visitors, and other programs conducted by the United States Information Agency.

**(18) Cultural centers**

Contributions toward the establishment of reciprocal cultural centers that can facilitate educational and cultural exchange and expanded understanding of Western social democracy.

**(19) Sister institutions**

Establishment of sister institution programs between American and East European schools

and universities, towns and cities, and other organizations in such fields as medicine and health care, business management, environmental protection, and agriculture.

**(20) Scholarships**

Scholarships to enable students to study in the United States.

**(21) Science and technology exchanges**

Grants for the implementation of bilateral agreements providing for cooperation in science and technology exchange.

**(22) Assistance for democratic institutions**

Assistance designed to support the development of legal, legislative, electoral, journalistic, and other institutions of free, pluralist societies.

**(23) Environmental assistance**

Environmental assistance directed at overcoming crucial deficiencies in air and water quality and other determinants of a healthful society.

**(24) Medical assistance**

Medical assistance specifically targeted to overcome severe deficiencies in pharmaceuticals and other basic health supplies.

**(25) Encouragement for private investment and voluntary assistance**

Encouraging private investment and voluntary private assistance, using a variety of means including a SEED Information Center System and the provision by the Department of Defense of transportation for private non-financial contributions.

(Pub. L. 101-179, §2, Nov. 28, 1989, 103 Stat. 1299; Pub. L. 102-549, title II, §202(e), Oct. 28, 1992, 106 Stat. 3658; Pub. L. 105-206, title V, §5003(b)(6), July 22, 1998, 112 Stat. 790; Pub. L. 115-254, div. F, title VI, §1470(m)(1), Oct. 5, 2018, 132 Stat. 3518.)

**Editorial Notes**

REFERENCES IN TEXT

This chapter, referred to in subsec. (b), was in the original “this Act”, meaning Pub. L. 101-179, Nov. 28, 1989, 103 Stat. 1298, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out below and Tables. The Foreign Assistance Act of 1961, referred to in subsec. (c)(14), is Pub. L. 87-195, Sept. 4, 1961, 75 Stat. 424, as amended, which is classified principally to chapter 32 (§2151 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 2151 of this title and Tables.

AMENDMENTS

2018—Subsec. (c)(12). Pub. L. 115-254 added par. (12) and struck out former par. (12). Prior to amendment, text read as follows: “Programs of the Overseas Private Investment Corporation.”

1998—Subsec. (c)(11). Pub. L. 105-206 in heading substituted “Normal trade relations” for “Most favored nation trade status” and in text struck out “(commonly referred to as ‘most favored nation status’)” after “nondiscriminatory treatment”.

1992—Subsec. (c)(14). Pub. L. 102-549 substituted “Agency” for “Program”.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-254 effective at the end of the transition period, as defined in section 9681 of this

title, see section 1470(w) of Pub. L. 115–254, set out as a note under section 905 of Title 2, The Congress.

#### SHORT TITLE

Pub. L. 101–179, §1(a), Nov. 28, 1989, 103 Stat. 1298, provided that: “This Act [enacting this chapter and section 2185 of this title, amending sections 2184 and 2199 of this title, section 1757 of Title 12, Banks and Banking, and section 2462 of Title 19, Customs Duties, enacting provisions set out as notes under sections 2185, 2199, and 2421 of this title, section 635 of Title 12, and section 7872 of Title 26, Internal Revenue Code, and amending provisions set out as a note under section 7872 of Title 26] may be cited as the ‘Support for East European Democracy (SEED) Act of 1989.’”

#### TRANSFER OF FUNCTIONS

United States Information Agency (other than Broadcasting Board of Governors and International Broadcasting Bureau) abolished and functions transferred to Secretary of State, see sections 6531 and 6532 of this title.

#### Executive Documents

##### EX. ORD. NO. 12703. SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED) PROGRAM

Ex. Ord. No. 12703, Feb. 20, 1990, 55 F.R. 6351, as amended by Ex. Ord. No. 13118, §10(2), Mar. 31, 1999, 64 F.R. 16598, provided:

By the authority vested in me as President by the Constitution and laws of the United States of America, including the Support for East European Democracy (SEED) Act (P.L. 101–179, hereinafter referred to as the “Act”) [22 U.S.C. 5401 et seq.] and section 301 of Title 3 of the United States Code, it is hereby ordered as follows:

**SECTION 1. SEED Program Coordinator.** The functions conferred by Title VII of the Act [22 U.S.C. 5471 et seq.] relating to reports to the Congress are hereby delegated to the Coordinator of the SEED Program. The Coordinator is authorized to assign responsibility for particular aspects of the reports to appropriate agencies.

**Sec. 2. Department of State.** The functions conferred upon the President by section 201 of the Act [22 U.S.C. 5421] relating to Enterprise Funds for Poland and Hungary are hereby delegated to the Secretary of State.

**SEC. 3. Department of Commerce.** The functions conferred upon the President by section 602 of the Act [22 U.S.C. 5462] regarding the establishment of a SEED Information Center System in cooperation with the Governments of Poland and Hungary are hereby delegated to the Secretary of Commerce. This authority is to be exercised in consultation with the SEED Program Coordinator and in consultation with other agencies as appropriate.

**SEC. 4. Department of the Treasury.** The functions conferred upon the President by section 104 of the Act [22 U.S.C. 5414] regarding debt reduction of certain East European countries are hereby delegated to the Secretary of the Treasury. The Secretary shall consult, as appropriate, with other relevant agencies in exercising the functions herein delegated.

GEORGE BUSH.

#### § 5402. Scope of authority

##### (a) General authorization

The President is authorized to conduct activities for any East European country that are similar to any activity authorized by this chapter to be conducted in Poland or Hungary (excluding those authorized by section 5412 of this title or the amendments made by sections 301 and 304) if such similar activities would effectively promote a transition to market-oriented democracy.

##### (b) Administration of justice programs

In order to strengthen the administration of justice in East European countries, the President may exercise the same authorities with respect to those countries as are available under section 2346c of this title, subject to the limitations and requirements of that section, other than subsection (c) and the last two sentences of subsection (e).

##### (c) “East European country” defined

For purposes of this chapter, the term “East European country” includes Albania, Bulgaria, the Czech and Slovak Federal Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and states that were part of the former Socialist Federal Republic of Yugoslavia.

(Pub. L. 101–179, §3, as added Pub. L. 102–511, title IX, §903(a), Oct. 24, 1992, 106 Stat. 3355.)

#### Editorial Notes

##### REFERENCES IN TEXT

This chapter, referred to in subsecs. (a) and (c), was in the original “this Act”, meaning Pub. L. 101–179, Nov. 28, 1989, 103 Stat. 1298, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 5401 of this title and Tables.

Sections 301 and 304, referred to in subsec. (a), are sections 301 and 304 of Pub. L. 101–179, title III, Nov. 28, 1989, 103 Stat. 1311, 1312. Section 301 amended section 2462 of Title 19, Customs Duties. Section 304 enacted section 2185 of this title, amended section 2184 of this title, and enacted provisions set out as a note under section 2185 of this title.

#### SUBCHAPTER I—STRUCTURAL ADJUSTMENT

#### § 5411. Multilateral support for structural adjustment in Poland and Hungary

##### (a) Multilateral assistance for Poland and Hungary

###### (1) In general

To the extent that Poland and Hungary continue to evolve toward pluralism and democracy and to develop and implement comprehensive economic reform programs, the United States Government shall take the leadership in mobilizing international financial institutions, in particular the International Monetary Fund and the International Bank for Reconstruction and Development and its affiliated institutions in the World Bank group, to provide timely and appropriate resources to help Poland and Hungary.

###### (2) World Bank structural adjustment loan for Poland

In furtherance of paragraph (1), the Secretary of the Treasury shall direct the United States Executive Director of the International Bank for Reconstruction and Development to urge expeditious approval and disbursement by the Bank of a structural adjustment loan to Poland in an appropriate amount in time to facilitate the implementation of major economic reforms scheduled for early 1990, including the termination of energy, export, and agricultural subsidies and wage indexation.