

REPORT OF THE
PRESIDENT'S EXPORT COUNCIL:

*An Agenda for Strengthening Bilateral
Economic Relations with Poland
and with Turkey*



The President's Export Council (PEC) is a national advisory committee established by Executive Order of the President to advise the President on matters related to U.S. international trade. The Council membership includes both public- and private-sector representatives. The private-sector representatives receive no compensation for their efforts on the Council. This report was prepared by the private-sector members. The views expressed in this report do not necessarily reflect those of the Administration or individual members of the Council.

This report and PEC letters of recommendation are available on the Internet.

To access the PEC's work, please go to www.trade.gov/pec or call the PEC Executive Secretariat at 202.482.1124.

A Message from the Secretary of Commerce to the President

It was a privilege to join members of the President's Export Council for a fact-finding trip to Poland and Turkey. Through a series of high-level meetings in both countries with leaders in government, business, and civil society, we learned a great deal about these two fast-growing priority markets and discussed opportunities to deepen commercial engagement between the United States and Poland and Turkey. The recommendations contained in this report can help bring down trade barriers, deepen commercial engagement, spur entrepreneurship and innovation, promote sustainable economic growth, and create more business opportunities for American, Polish, and Turkish businesses.

Our trip to Poland and Turkey represented commercial diplomacy in action and served as an example of how the Department of Commerce is leveraging the talents and expertise of America's top business leaders to deepen and strengthen our commercial ties around the world and advance our strategic policy objectives. Members of the President's Export Council, and the American business community broadly, can be a force for positive change globally. These companies employ millions of people, respect the rule of law, and make long-term investments in communities both at home and around the world. Foreign leaders are looking for more American business engagement in their markets and communities because American companies set the standard with their high quality labor practices, products, and services. We will continue to leverage the global demand for American enterprise with our ambitious commercial diplomacy strategy that puts American business leaders on the playing field in ministries and capitals around the world.

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

December 11, 2014

The Honorable Barack Obama
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

As part of the President's Export Council (PEC) mandate to provide advice and recommendations to the President that will expand exports, the PEC actively evaluates U.S. economic relations with countries around the world. In early 2014, the private sector members of the PEC determined that U.S. commercial relationships with Poland and with Turkey merit particular attention, because they each offer significant opportunities for growth and yet face certain similar challenges to achieving their full potential. In fact, U.S. trade with both countries significantly underperforms in relation to Poland and Turkey's rate of economic growth.

As Vice-Chair of the PEC, I led a delegation of 8 private sector PEC members from some of America's best known companies on a fact finding trip to Poland and Turkey in early Fall. The propitious timing for our meetings with leaders in each country was not fully evident at the time we selected Poland and Turkey as the destinations for this mission. By the time of our trip in late September, Poland's Prime Minister Tusk had been elected president of the European Council on August 30th, while Turkey's Prime Minister Erdogan won that country's first popular election for president on August 10th. Separately, intervening geopolitical and security tensions in Ukraine and in the Middle East heightened the strategic importance of U.S. relationships with Poland and Turkey, respectively.

As a result, the PEC trip became a significant economic and political event for the United States, Poland and Turkey, in ways the private sector delegation had not originally envisioned. We were able to use the trip to highlight the importance of strong U.S. economic ties with both Poland and Turkey at a critical time for U.S. bilateral relations with each nation.

Our meetings afforded PEC members the opportunity to explore firsthand the challenges and opportunities in our commercial relationships, and to examine ways to strengthen those ties. Moreover, this trip presented a unique opportunity to showcase the model of public/private

partnership that is embodied in the PEC, and in particular, the PEC's utility as a powerful tool for commercial diplomacy.

We are grateful to our hosts for the warm reception our delegation received in each country. Members of the delegation came away with a deeper understanding of the complex challenges we face even as we seek to tap the very real potential for growth in our commercial relationships.

This report describes our findings and sets forth our recommendations for strengthening economic ties with Poland and with Turkey, which are critical to both the commercial and security interests of the United States. We look forward to continuing our work with the U.S. Government to promote these bilateral relationships in order to support future economic growth in the United States.

Sincerely,

A handwritten signature in black ink that reads "Ursula M. Burns". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Ursula M. Burns
Chairman and Chief Executive Officer
Xerox Corporation

Vice Chair
President's Export Council

Table of Contents

- Trip Overview
- Commercial Diplomacy
- U.S. – Poland Commercial Engagement
- U.S. – Turkey Commercial Engagement
- Delegation
- Trip Schedule

Trip Overview

The President's Export Council (PEC) serves as the principal national advisory committee on international trade. The Council advises the President of government policies and programs that affect U.S. trade performance; promotes export expansion; and provides a forum for discussing and resolving trade-related problems among the business, industrial, agricultural, labor, and government sectors.

In fulfilling its ongoing mission, the PEC identified two nations of particular economic and strategic significance to the United States, whose dynamic economies offer both important challenges and significant opportunities for U.S. exporters – Poland and Turkey. The PEC therefore organized an economic fact-finding mission to Poland and Turkey in the fall of 2014, to enable a detailed examination of respective bilateral economic relationships and to engage senior government officials and private sector leaders in each country.

PEC Vice-Chairman and Xerox CEO Ursula Burns led this high-level delegation, which included the CEOs of seven other PEC Members (32 Advisors; Archer Daniels Midland Company; Carpenter & Company; Lockheed Martin Corporation; Marriott International; UPS; and Vermeer Corporation). The delegation also included senior leaders from fifteen businesses and labor organizations (32 Advisors; AES Corporation; Archer Daniels Midland Company; Boeing; eBay, Inc.; Dow Chemical; IBM; LA County Business Federation; Lockheed Martin Corporation; Marriott International; Pfizer, Inc.; United Association; UPS; Vermeer Corporation; and Xerox Corporation).

Secretary of Commerce Penny Pritzker and Commerce Under Secretary for International Trade Stefan Selig also participated in the delegation, as did First Vice President and Vice Chair of the Export-Import Bank of the United States Wanda Felton and Special Representative of the U.S. Department of State Scott Nathan; their participation reflected the high priority that the United States Government places on its bilateral relationships with Poland and with Turkey.

In Warsaw, the PEC delegation met with government officials, business leaders, and local entrepreneurs; an individual meeting with Deputy Prime Minister and Minister of Economy Piechocinski; and, a co-chaired roundtable on innovation with Minister of Higher Education and Science Kolarska-Bobinska were particularly valuable. The delegation also met with a broad cross-section of the Polish business community, including representatives of the American Chamber of Commerce, Lewiatan, and the U.S.-Poland Business Council. A key focus of these meetings was to examine important synergies between the U.S. and Polish economies, including in the energy sector as well as with respect to the role of innovation in driving future economic growth more broadly. These meetings benefited from the shared perspective and expertise of local thought leaders in energy and innovation, as well as local entrepreneurs.

Members of the delegation then traveled to Turkey, making stops in both Istanbul and Ankara. In addition to meeting with business leaders in each city, the delegation participated in a series of high-level government meetings in Ankara – including with President Erdogan, Prime Minister Davutoglu, Deputy Prime Minister Babacan, and Minister of the Economy Zeybekci.

The delegation’s visits coincided with significant political developments in each country. In August 2014, the people of Turkey voted for their first popularly elected President – elevating the Prime Minister to the Presidency – while in September, the Prime Minister of Poland was selected to head the European Council.

Separately, global events have heightened the role that both Poland and Turkey play in their respective geopolitical arenas. Conversations during the mission repeatedly returned to the importance of the strong *strategic* partnerships between the United States and Poland, and the United States and Turkey, including as NATO allies. As one member of the delegation noted, “Peace begets trade, and trade is the best insurance for lasting peace.”

Yet, even as strategic relationships have been prioritized, it is clear that much more can and should be done to strengthen economic relationships and improve cooperative efforts in commercial sectors. Economic engagement merits similar prioritization as a pillar of each bilateral relationship, both to increase each nation’s welfare and to advance strategic political and security objectives.

The delegation’s meetings offered important opportunities, not only to explore challenges and opportunities in U.S. bilateral economic relations with Poland and Turkey, but also to spotlight American values and the value of public-private partnerships in driving economic growth and improving living standards for workers. Four key themes for future engagement with each country include:

- *Innovation & Entrepreneurship* – undertake efforts to promote the development of cultures of innovation and entrepreneurship in Poland and Turkey;
- *Information Sharing* – increase both B2B and G2B exchanges of information to facilitate the participation of both large companies and SMEs in commercial opportunities in the counterparts’ markets, and increase G2G engagement for sharing best practices regarding commercial regulation and enforcement efforts;
- *Governance* – strengthen the rule of law where applicable, increase regulatory transparency, and reduce bottlenecks to trade in goods and services; and
- *Energy Sector Development* – support efforts to diversify energy sources in Poland and Turkey, which will help to promote broader strategic and economic development objectives.

The remainder of this report examines the public-private model for trade policy engagement and offers specific recommendations from PEC delegation Members for deepening bilateral commercial ties and cooperation between the United States and Poland and Turkey, respectively.

Commercial Diplomacy

The PEC embodies a public-private model for driving policies to facilitate and promote long-term economic growth, welfare, and development. The value of this model for both policy development and commercial diplomacy was on full display during the entirety of this mission. There is no substitute for C-Suite level engagement; business and labor leaders are best suited to advise U.S. policymakers on the impact that government actions can have on businesses and workers. Correspondingly, the Secretary of Commerce is the President's chief advocate for U.S. businesses and is key to shaping U.S. economic policies. The participation of these leaders magnified the message and import of American business values conveyed in each of the delegation's meetings during this mission.

Dialogue and cooperation between industry and government are key to achieving the mutually reinforcing objectives of stronger partnerships, enhanced trade relationships, and increased U.S. exports. To further support the successful engagement of U.S. companies operating in globalized markets around the world, we recommend the following actions overall:

- **Ensure that trade policy missions serve to advance the priorities of private sector export opportunities, such as by adding a private-sector component to trade policy missions.**
- **Promote a comprehensive U.S. brand that communicates U.S. business values.**
- **Continue to engage in bold, high-level advocacy on behalf of U.S. companies.**
- **Support U.S. small and medium-sized businesses that require in-market counsel and advice, such as via introductions to market influencers in both government and the private sector (e.g., business associations, distribution networks, and potential customers) who are not readily accessible absent such support.**
- **Increase awareness of, and access to, export financing products.**
- **Streamline export review policies and procedures.**
- **Prioritize support for an open global internet.**
- **Improve logistics and customs processes for small business exporters.**

U.S. – Poland Commercial Engagement

Poland and the United States share a history of cooperation and mutual support. U.S. companies were among the first to invest in Poland following the fall of Communism in 1989, and the level of trade has quadrupled in the past decade – reaching \$8.8 billion in 2013. However, there is substantial room for further growth. Poland is one of the 25 largest economies in the world, and yet it only ranks 54th among U.S. trading partners. While many PEC companies have decades of experience in Poland, the American Chamber of Commerce in Poland includes only 80 of the Fortune 500 companies among its membership.

Though Poland aspires to develop a strong culture of entrepreneurship, failure in business still carries a stigma. Nevertheless, the Polish workforce is well educated and has the potential to develop an innovation-based economy with support from the government and opinion leaders to drive entrepreneurship, risk-taking, and acceptance of failure, particularly in the information technology sector. Separately, Poland’s economy is one of the strongest in Europe, and Warsaw and Brussels are spending billions on modernization efforts; there are hundreds of tenders coming that offer substantial potential benefits to U.S. companies. In order to build upon such opportunities for future economic growth, we recommend the following actions:

- **Maintain ongoing Cabinet-level advocacy for U.S. goods and services.**
- **Establish a forum for business leaders in the United States and Poland to provide regular input to the U.S.-Poland Economic and Commercial Dialogue.**
- **Encourage Poland to establish a private-sector advisory council to provide input on policies that impact doing business in Poland and foster a closer dialogue between the Polish government and business community.**
- **Encourage the establishment of public-private partnerships for infrastructure investments in Poland.**
- **Establish a mechanism for sharing translated information with U.S. companies and SMEs regarding major innovation and infrastructure investments in Poland.**
- **Establish a mechanism for sharing translated information between SMEs in Poland and the United States to facilitate commercial partnering.**
- **Create a clearinghouse for U.S. companies operating in Poland to: share best practices for fostering entrepreneurship and innovation; mentor local entrepreneurs, startups, and small businesses; and facilitate the participation of such enterprises in global supply chains.**
- **Expand opportunities for student exchanges and internships for Polish students at U.S. companies.**
- **Prioritize efforts toward designating Poland a visa waiver program country.**

- **Encourage Poland (and the EU) to continue to pursue policies that advance energy security objectives through diversification of supply; promote U.S. investment in Poland's energy sector, particularly in commercially viable areas that promote cleaner, more efficient and less carbon-intensive energy development.**
- **Support Poland's efforts to promote pragmatic policies for energy in the EU under the auspices of the country's new leadership role in the European Union.**
- **Develop export policies for U.S. liquefied natural gas (LNG) that support Poland's aim to diversify energy sources, and conclude a longer term strategic gas supply arrangement with Poland to provide the certainty needed for completing the necessary infrastructure to export/import U.S. LNG.**
- **Encourage Poland to establish incentives for the purchase and use of alternative fuel vehicles, such as through the use of biofuels, in order to promote more widespread utilization of alternative fuel vehicles and diversify demand for fuels.**
- **Support continued government-to-government and business-to-business engagement for developing robust public outreach efforts to communicate the potential benefits of the Transatlantic Trade and Investment Partnership (TTIP).**
- **Encourage continued U.S. engagement with Poland to improve the participation of U.S. companies in Poland's defense modernization initiatives, including issues of industrial security.**
- **Encourage Poland to ratify and implement the Cape Town Convention—an international treaty that provides the legal framework for the financing of aircraft and reduces the risk and cost of aircraft financing; on September 16th, Polish industry, the Aviation Working Group, UNIDROIT and the Polish Civil Aviation Authority organized and hosted a global conference to promote the Treaty.**

U.S. – Turkey Commercial Engagement

Trade and investment between the United States and Turkey has grown significantly since President Obama visited Turkey in April 2009, at which time he pledged to elevate the bilateral commercial relationship. Turkey's ambitious plans to become a top ten economy by 2023 translate to opportunities for U.S. companies to participate in major national projects; however, Turkey still needs to remove long-standing barriers to doing business if it hopes to realize this goal. American companies seek to partner in helping Turkey achieve economic prosperity, but it is sometimes difficult to do business in the face of uncertain regulations and non-transparent procurement policies. We therefore recommend the following steps in order to achieve a more certain, transparent and rules-based business environment in Turkey:

- **Support efforts to strengthen regulatory transparency and the rule of law in Turkey, particularly with respect to the protection of intellectual property, the implementation of tax reform, and government procurement policies and procedures.**
- **Specifically with respect to government procurement, encourage Turkey to provide for a right of protest in the near term, and to move beyond observer status in the WTO Government Procurement Committee by initiating negotiations to accede to the Government Procurement Agreement (GPA).**
- **Support the interest of the Turkish Government in establishing a public-private body like the PEC to inform the development of domestic policies that impact doing business in Turkey and promote economic growth and investment.**
- **Develop an action plan with the Turkish Government to identify and implement areas of reform to enable Turkey's potential participation in the Transatlantic Trade and Investment Partnership (TTIP).**
- **Specifically with respect to pharmaceutical products, encourage Turkey to fully implement a transparent and timely parallel Good Manufacturing Practice (GMP) inspections process for all foreign pharmaceuticals, and to immediately update their pharmaceutical-specific currency exchange rate valuation process to reflect current market rates in line with their existing domestic legislation.**
- **Engage Turkey on the removal of data localization requirements.**
- **Reauthorize the U.S. Generalized System of Preferences (GSP).**
- **Support linkages between U.S. and Turkish business associations.**
- **Establish a mechanism for sharing translated information between small businesses in Turkey and the United States to facilitate commercial partnering.**
- **Organize a contingent of small business representatives from the United States to participate in 2015 G20 and B20 events in Turkey.**

- **Encourage the positive steps that Turkey has taken on ratification of the Cape Town Convention. This international treaty provides the legal framework for the financing of aircraft, which helps reduce the risk and cost of financing; in February 2014, Prime Minister Erdogan signed corrective legislation, and Turkish regulatory agencies have made significant progress in implementing this legislation.**
- **Establish a mechanism for regular government-to-government engagement to share best practices for investor agreements, equitable legal enforcement practices, and the protection of intellectual property.**
- **Enhance cooperation on renewable energy and energy efficiency, including the identification of joint-venture opportunities in the energy and infrastructure sector.**
- **Encourage Turkey to establish incentives for the purchase and use of alternative fuel vehicles, such as through the use of biofuels, in order to promote more widespread utilization of alternative fuel vehicles and diversify demand for fuels.**
- **Support opportunities for cooperation in the energy and infrastructure sector in third country markets.**
 - **For example, the Export-Import Bank of the United States should intensify efforts to conclude a co-financing agreement with the Turkish Exim Bank, which will allow the two agencies to collaborate on support for projects to advance the Power Africa initiative of the U.S. Agency for International Development.**
- **Establish a mechanism for sharing translated information with U.S. companies, including small businesses, regarding major infrastructure investments and joint-venture opportunities in the transportation and water technology sectors in Turkey.**
 - **For example, Turkey's planned third Istanbul Airport is one of the largest airport infrastructure projects in the world; an important first step would be to encourage the U.S. Trade & Development Agency to organize a reverse trade mission of key Turkish officials to the United States.**
- **Building on TUSIAD's statement that "the PEC is now part of FSECC," we recommend exploring a viable and productive means of including the PEC in appropriate areas of future discussions of the Framework for Strategic Economic and Commercial Cooperation between the United States and Turkey.**

Delegation

Members of the President's Export Council:

- Ursula Burns, Chairman and Chief Executive Officer, Xerox Corporation (Vice Chair)
- David Abney, Chief Executive Officer, UPS
- Mary Andringa, President and Chief Executive Officer, Vermeer Corporation
- Dick Friedman, President and Chief Executive Officer, Carpenter & Company
- Marillyn Hewson, Chairman, President, and Chief Executive Officer, Lockheed Martin Corporation
- Arne Sorenson, President and Chief Executive Officer, Marriott International
- Patricia Woertz, President and Chief Executive Officer, Archer Daniels Midland Company
- Robert Wolf, Chief Executive Officer, 32 Advisors

United States Government:

- Penny Pritzker, Secretary of Commerce
- Stefan Selig, Under Secretary for International Trade, Department of Commerce
- Wanda Felton, Vice Chair and First Vice President, Export-Import Bank of the United States
- Scott Nathan, Special Representative for Commercial and Business Affairs, Department of State

Business and Labor Representatives:

- Lauren Clancy, Chief Operating Officer, 32 Advisors
- Steve Corwell, EMEA Vice President, AES Corporation
- Lorraine Hawley, Director, International Government Relations, Archer Daniels Midland Company
- Greta Lundeberg, Senior Director, International Operations and Policy, Boeing
- Henryka Bochniarz, Vice President, Boeing International and President, Boeing Central and Eastern Europe
- Bernie Dunn, Vice President, Boeing International and President, Boeing Turkey and North Africa
- Tod Cohen, Vice President and Deputy General Counsel, eBay, Inc.
- Robert Stankiewicz, Poland Country Manager, Dow Chemical
- Ihsan Necipoglu, General Manager, Turkey and Central Asian Republics, Dow Chemical
- Ales Bartunek, General Manager for Poland and Baltics, IBM
- Isabel Gomez, Turkey Country Manager, IBM
- Tracy Rafter, CEO, LA County Business Federation
- Steve Williams, Regional Executive for Europe and the Americas, Lockheed Martin Corporation
- Amy McPherson, President for Europe, Marriott International
- Doug Goudie, Director, International Government Affairs, Pfizer, Inc.
- Terry Urbanek, Assistant to the Director of Training, United Association
- Wojciech Arszewski, Director, Public Affairs, Central and Eastern Europe, UPS
- Ufku Akaltan, Country Manager, Turkey, UPS
- Daryl Bouwkamp, Senior Director, International Business Development, Vermeer Corporation
- Michele Cahn, Vice President, Global Government Affairs, Xerox Corporation

Meeting Schedule

Sunday, September 28th - Warsaw

- Meeting with U.S. Ambassador to Poland Stephen Mull and the Embassy Country Team
- Meeting with the American Business Community in Poland
- Welcome Dinner with Secretary Pritzker and Ambassador Mull



Monday, September 29th - Warsaw

- Breakfast with AmCham Poland
- Meeting with Deputy Prime Minister Piechociński
- Energy Roundtable
- Innovation Roundtable
- Reception Hosted by Ambassador Mull

Tuesday, September 30th - Warsaw

- Breakfast with Lewiatan
- Press Roundtable

Transfer to Istanbul

- Meeting with U.S. Chargé d'Affaires in Turkey Ross Wilson and the Embassy Country Team
- AmCham Turkey/American Business Forum in Turkey Gala
- Dinner with Diane and Ferit Sahenk



Wednesday, October 1st - Istanbul

- Breakfast with the Turkish Industry and Business Association (TUSIAD)

Transfer to Ankara

- Lunch with Deputy Prime Minister Babacan
- Meeting with President Erdogan
- Meeting with Prime Minister Davutoglu
- Reception Hosted by Chargé d'Affaires Wilson

Thursday, October 2nd - Ankara

- Breakfast with the Union of Chambers and Commodity Exchanges of Turkey (TOBB)
- Press Roundtable
- Meeting with Minister of Economy Zeybekci

