



**Congressional
Research Service**

Informing the legislative debate since 1914

Poland and Its Relations with the United States: In Brief

Derek E. Mix

Analyst in European Affairs

November 17, 2015

Congressional Research Service

7-5700

www.crs.gov

R44212

Summary

Over the past 25 years, the relationship between the United States and Poland has been close and cooperative. The United States strongly supported Poland's accession to the North Atlantic Treaty Organization (NATO) in 1999 and backed its entry into the European Union (EU) in 2004. In recent years, Poland has made significant contributions to U.S.- and NATO-led military operations in Iraq and Afghanistan, and Poland and the United States continue working together on issues such as democracy promotion, counterterrorism, and improving NATO capabilities.

Given its role as a close U.S. ally and partner, developments in Poland and its relations with the United States are of continuing interest to the U.S. Congress. This report provides an overview and assessment of some of the main dimensions of these topics.

Domestic Political and Economic Issues

The Polish parliamentary election held on October 25, 2015, resulted in a victory for the conservative Law and Justice Party. Law and Justice won an absolute majority of seats in the lower house of parliament (*Sejm*), and Beata Szydło took over as the country's new prime minister in November 2015. The center-right Civic Platform party had previously led the government of Poland since 2007. Donald Tusk resigned as prime minister in September 2014 to become president of the European Council.

Law and Justice had gained momentum with the surprising victory of Andrzej Duda in the May 2015 presidential election. The president is Poland's head of state and exercises a number of limited but important functions. Duda was inaugurated as president of Poland in August 2015.

Poland was one of the few EU economies to come through the 2008-2009 global economic crisis and the subsequent Eurozone debt crisis without major damage. Although Poland is obligated to adopt the euro as its currency at the earliest possible time, it has not yet set a target date for adoption and continues to use the zloty as its national currency.

The Polish government voted in September 2015 to approve the EU's relocation plan for 120,000 migrants, agreeing to take in over 4,000 migrants currently in Greece and Italy. The decision was controversial, however, as many Poles, including Law and Justice Party leaders, remain opposed to participating in the plan.

Defense Modernization

Poland has begun implementing an Armed Forces Technical Modernization Plan for the years 2013-2022 in which it plans to spend approximately \$35 billion on a wide range of military equipment acquisitions and upgrades. Completed and prospective purchases from U.S. suppliers have a large role in this initiative. The Polish government has adopted plans to increase its defense budget in 2015 and 2016.

Defense Cooperation

Under the Obama Administration's European Reassurance Initiative and the U.S. military's Operation Atlantic Resolve, U.S. forces have expanded their presence in Poland and increased joint training and exercises with their Polish counterparts. Some Polish leaders have expressed a wish for the establishment of permanent bases for NATO and U.S. troops on Polish territory.

Visa Waiver Program

Although relations between Poland and the United States are largely positive, Poland's exclusion from the U.S. Visa Waiver Program (VWP) has been a sore spot for many years. Some Members of Congress have long advocated extending the VWP to include Poland.

Relations with Russia

Relations between Poland and Russia have a history of tensions, and Polish leaders have tended to view Russian intentions with wariness and suspicion. Poland has been a leading advocate for forceful EU sanctions against Russia over its 2014 annexation of Crimea and subsequent role in the conflict in eastern Ukraine. Retaliatory Russian sanctions have negatively affected Poland economically, particularly in the agriculture sector.

Energy Security

Poland has been a leading advocate of European energy integration, promoting initiatives to expand pipeline interconnectivity in order to decrease reliance on Russia. Although Poland imports over half of its natural gas from Russia, approximately 90% of Poland's electricity is generated by coal, and its overall dependence on energy imports is low.

Contents

Introduction and Issues for Congress	1
Domestic Overview.....	2
Political Dynamics	2
Economy	4
Defense Modernization.....	5
Response to the Migration Crisis.....	6
Relations with the United States	7
Defense Relations	7
Economic Ties.....	9
Visa Waiver Program	10
Relations with Russia.....	10
Energy Security	11

Tables

Table 1. Poland.....	2
Table 2. Results of 2015 Polish Parliamentary Election (<i>Sejm</i>)	3

Contacts

Author Contact Information	12
----------------------------------	----

Introduction and Issues for Congress

Many U.S. officials and Members of Congress consider Poland to be a key U.S. ally and one of the strongest U.S. partners in Europe. According to the U.S. State Department, areas of close bilateral cooperation include “issues such as NATO capabilities, democratization, counterterrorism, nonproliferation, missile defense, human rights, economic growth and innovation, energy security, and regional cooperation in Central and Eastern Europe.”¹

The Congressional Caucus on Poland is a bipartisan group of Members of Congress who seek to maintain and strengthen the U.S.-Poland relationship and engage in issues of mutual interest to both countries.²

Of the Central European and Baltic countries that have joined the North Atlantic Treaty Organization (NATO) and the European Union (EU), Poland is by far the most populous country, the largest economy, and the most significant military actor. In 1999, with strong backing from the United States and Members of Congress, Poland was among the first group of formerly Communist countries to join NATO. In 2004, again with strong support from the United States and Members of Congress, it was among a group of eight formerly Communist countries to join the European Union. Many analysts assert that more so than many other European countries, Poland continues to look to the United States for foreign policy leadership.

The activities of the U.S. Congress frequently involve issues that have a European dimension, including economic, security, and diplomatic issues. Many Members of Congress have long supported a close transatlantic relationship and have seen the EU, NATO, and the idea of a Europe “whole and free” as supporting and advancing U.S. interests. Members of Congress may have an interest in considering the dimensions and dynamics of current issues in U.S.-European or U.S.-Polish relations, or with regard to NATO, in the course of oversight or legislative activities, or in the context of direct interactions with Polish and other European legislators and officials. Poland is also frequently of interest to Congress because some Members have large ethnic Polish constituencies.

In particular, developments related to the conflict in eastern Ukraine and resurgent concerns about Russia, as well as attendant implications for U.S. policy and NATO, are likely to have continuing relevance during the 114th Congress. As discussed in more detail below, a variety of factors combine to make Poland a central interlocutor and partner for the United States in examining and responding to these challenges.

¹ U.S. Department of State, *U.S. Relations With Poland Fact Sheet*, September 3, 2015.

² For the 114th Congress, the co-chairs of the Congressional Caucus on Poland are Representative Chris Smith, Representative Dan Lipinski, Representative Marcy Kaptur, and Representative Tim Murphy.

Table I. Poland
Map and Basic Facts



Area: Land area is about 120,728 sq. mi.; slightly smaller than New Mexico.

Population: approximately 38.56 million.

Ethnicity: 97% Polish.

Languages: Polish is the official language and first language of 98.2% of the population.

Religion: 87.2% Roman Catholic, 10.8% listed as unspecified.

Gross Domestic Product (PPP): \$954.5 billion; per capita GDP is \$25,100.

Currency: zloty(PLN), \$1=approx. PLN 3.9

Political Leaders: *President:* Andrzej Duda; *Prime Minister:* Beata Szydlo; *Foreign Minister:* Witold Waszczykowski; *Defense Minister:* Antoni Macierewicz

Source: CRS graphic. Map borders and cities generated by Hannah Fischer using data from the Department of State (2015), Esri (2014), ArcWorld (2014), and DeLorme (2014). Fact information from CIA World Factbook as of October 2015.

Domestic Overview

Political Dynamics

The government of Poland is led by Prime Minister Beata Szydlo of the conservative Law and Justice Party (PiS). Szydlo took over as prime minister following the Law and Justice victory in the October 2015 parliamentary election. With Law and Justice winning 235 out of the 460 seats in the *Sejm* (lower house of parliament), the result was the first time since the end of Communist rule in 1989 that a single party secured an absolute parliamentary majority.

From 2007 to 2015, the government of Poland was led by the center-right Civic Platform (PO) party, in a coalition with the Polish Peasants' Party (PSL). The coalition's victory in the 2011 election marked the first time since 1989 that Poles had reelected an incumbent government. Donald Tusk was the prime minister for most of this period, with Ewa Kopacz taking over after Tusk resigned in September 2014 to become president of the European Council. Civic Platform came in second place in the 2015 election, dropping from 207 to 138 seats in the *Sejm*.

Table 2. Results of 2015 Polish Parliamentary Election (*Sejm*)

Party	# of Seats	Net # of Seats +/-	% of Vote
Law and Justice (PiS)	235	+78	37.6
Civic Platform (PO)	138	-69	24.1
Kukiz' 15	42	+42	8.8
Modern Poland	28	+28	7.6
United Left	0	-	7.6
Polish Peasants' Party (PSL)	16	-12	5.1
KORWiN	0	-	4.8
German Minority	1	0	0.2

Source: Poland National Electoral Commission, http://parlament2015.pkw.gov.pl/349_Wyniki_.

Notes: Turnout was 50.9%. The threshold for entering the *Sejm* is 8% for groups/party alliances and 5% for single parties. National minority parties are excepted from the threshold rule.

The Law and Justice Party gained momentum in the May 2015 presidential election, when the party's candidate, Andrzej Duda, unexpectedly defeated the incumbent president, Bronislaw Komorowski of Civic Platform. The president is Poland's head of state and exercises a number of limited but important functions, including making formal appointments and overseeing the country's executive authority, influencing legislation, representing the state in international affairs, and acting as commander-in-chief of the armed forces. The 43-year old Duda formally took office as the new president of Poland in August 2015.

Some analysts attributed the Law and Justice Party's electoral victory to a sense of voter fatigue toward Civic Platform and related public discontent with the country's political establishment. Analysts also pointed to the changeover in leadership with the departure to Brussels of former Prime Minister Tusk, who was one of the co-founders of Civic Platform in 2001, as a factor in the party's decline. Civic Platform was additionally affected by the so-called "Waitegate" scandal involving officials' secretly taped conversations over expensive dinners at upscale restaurants, which caused the resignation of several government ministers and other high-level figures in June 2015. At the same time, the Law and Justice Party appears to have had success in advocating more statist-nationalist economic policies, as opposed to the "free market" or "neo-liberal" policies pursued by Civic Platform, arguing that the benefits of Poland's economic development have fallen unevenly across society and failed to reach many ordinary citizens.

As with the election of President Duda, analysts do not expect that the Law and Justice Party victory in the October election is likely to re-orient key areas of Polish foreign policy; emphasis is expected to remain on close relations with the United States, combined with a continued wariness of Russia and strong support for Ukraine. Compared to the other main Polish political parties, the Law and Justice Party has a relatively "euro-skeptic" approach that prizes national sovereignty over European integration, which could potentially lead to areas of tension and conflict with the

European Union. In the past, the Law and Justice Party has also had a relatively tense relationship with Germany, whereas Civic Platform sought to build a close partnership with Berlin.

The Law and Justice Party previously led a coalition government from 2005 to 2007, including a 15-month period during which twin brothers Jaroslaw and Lech Kaczynski served as prime minister and president, respectively. The Kaczynski brothers co-founded the party in 2001. Lech Kaczynski was the president of Poland until 2010, when he died in an airplane crash in Russia that also killed 95 other high-ranking Polish officials. Jaroslaw Kaczynski remains the head of the Law and Justice Party, and many observers expect that he will continue to wield considerable political influence behind the scenes.

Leadership of the European Council

As President of the European Council, former Prime Minister Donald Tusk is the first official from the newer member states of Central and Eastern Europe to head a major EU institution. In this position, Tusk serves as an impartial EU official rather than a national representative of Poland, although his national perspectives and background presumably factor into his work. The President of the Council is appointed by agreement among the EU member states and serves a two-and-a-half year term, renewable once.

The European Council is composed of the 28 Heads of State or Government of the EU's member states, the President of the European Commission, and the High Representative for Foreign Affairs and Security Policy. It is the EU's highest level of political authority, responsible for identifying "the strategic interests and objectives of the Union" and supplying political direction that defines the priorities for the EU's foreign and security policy.

Decisions are made on the basis of consensus. The President of the Council is tasked with managing its work, facilitating consensus, and ensuring policy continuity, while also acting as the group's spokesman. Observers assert that Tusk has maintained a relatively low-profile approach to the job, focusing on pragmatic solutions to the challenges facing the EU.

Economy

Poland's economy is among the most successful in Central and Eastern Europe. Most Polish governments since 1989 have generally supported free-market reforms. Today, the private sector accounts for over two-thirds of all economic activity. Prior to the 2008-2009 global financial crisis, Poland enjoyed rapid economic growth exceeding 5% per year. Poland was affected by the crisis, but much less so than most countries, and Poland's was the only EU economy to grow in 2009. Growth averaged 2.8% per year over the period 2011-2014. Forecasts expect growth to be 3.2% in 2015 and to average 2.9% annually over the period 2016-2019.³

Fiscal consolidation, including through tax increases and entitlement cuts, was a key centerpiece of the Tusk government's domestic policy. The government budget deficit has decreased from 7.8% of gross domestic product (GDP) in 2010 to an expected 3.1% of GDP in 2015.

Government debt is expected to be approximately 52% of GDP for 2015. Unemployment has declined from 13.5% in 2013 to 11.1%.

Although Poland joined the European Union in 2004, it is not yet a member of the Eurozone. Poland continues to use the zloty (PLN) as its national currency, and the Eurozone debt crisis that began in Greece in 2009 has dampened Polish enthusiasm for adopting the euro (19 of the 28 EU member countries use the euro as their common currency and are collectively referred to as the Eurozone). Under the terms of its EU accession treaty, Poland is bound to adopt the euro as its currency eventually, but there is no fixed target date for doing so.

³ Economic statistics from Economist Intelligence Unit, *Country Report: Poland*, November 2015.

In response to the Eurozone crisis, Poland supported the idea of tighter European integration, signed the EU “fiscal compact,” and backed Germany’s emphasis on fiscal austerity. On the other hand, Polish leaders have had reservations about proposed steps to increase integration within the Eurozone that might reduce the influence of non-Eurozone members of the EU.

During the election campaign, the Law and Justice Party advanced a number of economic policy proposals that would loosen fiscal policy in an attempt to benefit households and families. Economic reforms proposed by Law and Justice include lowering the retirement age from 67 to 63, increasing child benefits, and raising the income tax threshold. Law and Justice has also proposed lowering corporate tax on small companies, directing greater public investment toward small- and medium-sized enterprises, and introducing new taxes on large banks and retailers, many of which are foreign-owned.⁴

Defense Modernization

Territorial defense and membership in NATO are the two central components of Polish defense strategy. Poland has sought to build a multi-layered foreign and security policy around this foundation: besides membership in NATO and the EU, and close ties with the United States, Poland cooperates closely on a range of regional issues and interests with its Nordic and Baltic neighbors, as well as with its “Visegrád Group” partners Hungary, Slovakia, and the Czech Republic.⁵ Over the past several years, analysts have also noted the development of a defense policy aiming to prepare Poland to defend itself without immediate assistance from its allies.⁶

Poland has the ninth-largest army in NATO, with 48,200 active personnel, and there are approximately 99,300 total active military personnel across all branches (Poland ended military conscription in 2009). Poland’s armed forces are in the midst of a 10-year transformation effort to develop a smaller, more capable, and more deployable military. Despite budgetary pressures, Poland is pursuing a broad equipment acquisition program linked to the need to phase out remaining Soviet-era material and upgrade its main battle tanks and other armored vehicles, helicopters, air defenses, drones, and individual soldier equipment. Over the period 2013 to 2022, plans call for the country to spend approximately \$35 billion on military modernization.⁷

In October 2014, then-Prime Minister Kopacz announced her government’s intention to increase Poland’s defense spending to NATO’s target level of 2% of GDP, and in May 2015 the *Sejm* voted overwhelmingly in favor of increasing the 2016 defense budget by approximately \$212 million to meet this commitment. According to NATO, Polish defense expenditures were 1.8% of GDP in 2014 (approximately \$10.4 billion) and are forecast to reach 2.2% of GDP for 2015.⁸ During the election campaign, the Law and Justice Party proposed increasing defense spending to at least 2.5% of GDP.

Numerous elements of Poland’s military equipment modernization plans are of interest and relevance to U.S. defense planners and U.S defense industry. Central aspects include:

⁴ Economist Intelligence Unit, *Economic Policy of the PiS*, August 5, 2015.

⁵ The governments of Poland, Hungary, and the former Czechoslovakia founded the Visegrád Group as a platform for regional cooperation in 1991 in the city of Visegrád, Hungary.

⁶ Jan Cienski and Linda Kinstler, “Noise on the Eastern Front,” *Politico*, May 13, 2015.

⁷ See International Institute for Strategic Studies, *The Military Balance 2015*, and Andrew A. Michta, *Polish Hard Power: Investing in the Military as Europe Cuts Back*, American Enterprise Institute, December 19, 2013.

⁸ NATO Public Diplomacy Division, *Financial and Economic Data Relating to NATO Defence*, June 22, 2015.

- In December 2014, the United States and Poland finalized a Foreign Military Sales (FMS) agreement for 40 Lockheed Martin AGM-158 air-launched cruise missiles and associated F-16 upgrades, reportedly worth about \$250 million.⁹ Delivery is scheduled to begin the second half of 2016. The Polish Air Force possesses 48 F-16C/Ds in addition to 32 Mig-29s and 33 Su-22s (both of which are Russian-made).
- In April 2015, Poland awarded Raytheon a \$2 billion contract to provide Patriot missile systems for the country's integrated air and missile defense program. Eight Patriot batteries are expected to comprise the "Wisla" medium-range surface-to-air component of a modernized national missile and air defense system that will be incorporated into the NATO ballistic missile defense project. The first two batteries are to be delivered by 2018, with the remainder by 2025.
- In April 2015, the Polish Ministry of Defense announced the selection of Airbus Helicopters H225M Caracal, produced by the European consortium EADS, to replace Soviet-legacy Mi-8s and Mi-17s as the armed forces' new medium-lift utility helicopter. The contract is worth an estimated \$3.5 billion, although initial plans to purchase 70 new helicopters were decreased to 50 with a decision to keep newer Mi-17s in service to 2026-2027. Some analysts expressed surprise that Poland opted for the Airbus Caracal over the Sikorsky S-70i Black Hawk, given the U.S.-based company's deep ties with the Polish defense industry.
- Poland is planning to purchase 32 new attack helicopters to replace its fleet of Soviet-era Mi-24s. The Polish Ministry of Defense is reportedly considering as many as 10 bidders, a group thought to include the Boeing AH-64 Apache and the Airbus Tiger.
- Poland is expected to procure up to 24 heavy-lift helicopters at a future date, with U.S. companies Boeing (CH-47) and Sikorski (CH-53) presumed leading contenders.
- The Polish army possesses over 900 main battle tanks, including more than 175 German-made Leopard 2A4/5s, more than 500 Soviet-era T-72M1s, and over 230 PT-91s (modernized and upgraded T-72s). The Polish Ministry of Defense launched efforts to upgrade some T-72s and PT-91s in 2011.

Response to the Migration Crisis¹⁰

In September 2015, Poland voted to approve a European Commission plan to resettle 120,000 migrants currently in Greece, Italy, and Hungary to the other EU member states. In approving the plan, the Polish government agreed to initially take in 4,600 to 4,800 migrants from Greece and Italy. The agreement became a significant campaign issue in Poland's October 2015 election, with debates about the migration crisis highlighting divisions in Polish society and politics.¹¹ Poland's vote was also controversial with its regional Visegrád partners, each of which voted to reject the EU plan. Polish government officials asserted that by joining in approval of the relocation scheme, they were able to wield more influence in talks and secure objectives such as the removal

⁹ Nicholas de Larrinaga and Marina Malenic, "Poland Agrees JASSM Purchase," *IHS Jane's 360*, December 11, 2014.

¹⁰ For more information, see CRS In Focus IF10259, *Europe's Migration and Refugee Crisis*, by Kristin Archick and Rhoda Margesson.

¹¹ Piotr Buras, *Divided Poland Faces Foreign Policy Crossroads*, European Council on Foreign Relations, September 22, 2015.

from the final text of a mechanism that could have been used as a precedent for further quotas. Officials additionally noted that the system allows Poland to express a preference for Christian migrants, that resettlement would not happen immediately, and that the plan will only be implemented if Greece and Italy seal their borders and register migrants.¹²

The Law and Justice Party strongly criticized approval of the plan, and President Duda has previously voiced opposition to the EU's relocation initiative. Analysts observe that opposition in Poland and other Central and Eastern European states to accepting migrants stems from a variety of sources, including economic arguments that they are less able to accept migrants than their wealthier neighbors, uncertainty and reluctance as relatively homogenous societies with no experience of accepting immigrants from diverse cultures, fears about security and "Islamization," resentment against perceived "diktats" from Brussels, and elements of nationalism and xenophobia, promoted largely by far-right political parties.

Relations with the United States

Since the end of the Cold War, Poland and the United States have had close relations. The United States strongly supported Poland's accession to NATO in 1999. Warsaw has been an ally in global counterterrorism efforts and contributed large deployments of troops to both the U.S.-led coalition in Iraq and the NATO-led mission in Afghanistan. In response to Russia's aggressive actions in Ukraine, President Obama chose to announce his Administration's European Reassurance Initiative (ERI) during his visit to Warsaw in June 2014.¹³

According to many observers, the shared interests that characterize the U.S.-Poland relationship are underpinned to a large extent by a foundation of broadly shared values. Poland has been a leading U.S. partner, for example, in international democracy promotion efforts, and has particularly sought to offer its experience of post-Communist transition in assisting democratic reform efforts in Europe's eastern neighborhood. Links between the United States and Poland are further anchored by considerable cultural ties, as evidenced by the approximately 9.6 million Americans of Polish heritage.

While relations between Poland and the United States are largely positive, in recent years some Poles have expressed disappointment about unfulfilled expectations for significantly increased military assistance and a changed policy on short-term visas for Polish citizens. Some Polish elites have voiced criticisms over the returns from their alliance with the United States.¹⁴

Defense Relations

While Poland has been a leading participant in NATO's "out of area" Afghanistan mission, it has also, given its enduring perception of Russia as a threat, been a leading voice in calls for NATO to focus on its traditional vocation as an alliance of territorial defense. In the wake of Russia's Crimea annexation in March 2014, Polish officials revived a long-standing wish to base U.S. forces on their territory, calling for two NATO brigades (approximately 10,000 soldiers) to be stationed in Poland as a security guarantee. In August 2015, President Duda reiterated a call for a large, permanent NATO force with U.S. troops to be based in Poland, urging an eastward shift of

¹² Andrew Rettman, *Poland Defends EU Refugee Decision*, EU Observer, September 23, 2015.

¹³ See White House, Office of the Press Secretary, *Remarks by President Obama at 25th Anniversary of Freedom Day*, Warsaw, Poland, June 4, 2014.

¹⁴ "Polish Foreign Minister Called Ties to U.S. 'Worthless': Report," Reuters, June 21, 2014.

NATO bases while criticizing NATO for treating Poland like a “buffer zone.”¹⁵ President Duda also initiated a “mini-summit” of NATO’s eastern member states for November 2015 to discuss having a greater NATO presence on their territories.

Under the Obama Administration’s European Reassurance Initiative (ERI) and the Readiness Action Plan announced at NATO’s September 2014 summit in Wales, the United States and NATO have bolstered security in the region with an augmented force presence that is rotational rather than permanent, as well as increased exercises and pre-positioning of assets. FY2015 funding for the ERI totals \$985 million.¹⁶

Prior to 2014, in addition to the close cooperation inherent in numerous NATO and coalition operations over the previous decade, U.S. Armed Forces already engaged routinely in consultations, joint training programs, and military exercises with their Polish counterparts.¹⁷ Since the emergence of the conflict in Ukraine, however, these activities have received substantially greater emphasis in the context of the ERI.

Under Operation Atlantic Resolve, launched in 2014 to demonstrate U.S. commitment to defending NATO’s eastern member states, the U.S. military has conducted continuous, enhanced training and security cooperation activities with Poland, as well as with Estonia, Latvia, Lithuania, Romania, and Bulgaria.¹⁸ Starting in April 2014, for example, units from the U.S. Army’s 173rd Airborne Brigade, 1st Cavalry Division, and 3rd Infantry Division have participated in rotating deployments in Poland to conduct joint training and exercises with Polish forces. Also starting in 2014, the U.S. Air Force began augmenting a small detachment that was established at Lask Air Base in 2013 with rotational deployments of F-16s and their associated support staff for joint training exercises. Rotating deployments of U.S. C-130 aircraft have been participating in bilateral training from Powidz Air Base. In June 2015, U.S. Secretary of Defense Ashton Carter announced that the United States would pre-position equipment (including Abrams tanks, infantry fighting vehicles, and self-propelled howitzers) in Baltic and Central European countries, including Poland, in order to support the activities of rotational forces.

NATO has additionally sought to increase the alliance presence in the region by reinforcing the Multinational Corps Northeast, a NATO-affiliated command structure based in Szczecin, Poland, that has served largely as a vehicle for defense cooperation between Poland, Germany, and Denmark. On September 1, 2015, NATO activated six new Force Integration Units in Central Europe and the Baltics, including one in Bydgoszcz, Poland. Launched under the Readiness Action Plan approved at the 2014 NATO Wales Summit, these small multinational headquarters are designed to support the rapid deployment of high-readiness forces in the region.

U.S. foreign military sales (government-to-government) agreements with Poland totaled over \$4.7 billion from FY1996 to FY2013 and were approximately \$218 million in FY2013.¹⁹ Shipment of U.S. direct commercial sales (contractor-to-government) to Poland totaled approximately \$16.8 million in FY2013.²⁰ About two-thirds of Poland’s defense exports went to the United States in 2013, totaling approximately \$295 million. Polish defense exports to the

¹⁵ Jan Cienski, “The World According to Duda,” *Politico*, August 19, 2015, and Henry Foy, “NATO Treats Poland Like a Buffer State, Says New President,” *Financial Times*, August 13, 2015.

¹⁶ See http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2016/FY2016_ERI_J-Book.pdf.

¹⁷ See http://poland.usembassy.gov/mil_cooperation.html.

¹⁸ See Operation Atlantic Resolve, <http://www.eur.army.mil/atlanticresolve/>.

¹⁹ Defense Security Cooperation Agency, *Fiscal Year Series as of September 30, 2013*.

²⁰ U.S. Department of State, *Section 655 Annual Military Assistance Reports*.

United States consist mainly of components, such as military electronics and elements of aircraft frames and engines.²¹

For FY2014, Poland received from the United States \$14 million in Foreign Military Financing (FMF) and \$2 million in International Military Training and Education (IMET). For FY2015, the State Department requested \$9 million in FMF for Poland and \$2 million in IMET. For FY2012-FY2014, Poland received an additional \$28.9 million in security assistance from the Department of Defense budget to bolster its contribution to the NATO-led mission in Afghanistan and enhance the training of its Special Operations Forces.

Successive Polish and U.S. administrations have cooperated in the area of missile defense. In 2007, Poland and the Bush Administration began formal talks on an agreement under which Poland would agree to host U.S. interceptor missiles intended to shoot down ballistic missiles targeting Europe. In 2008, Warsaw and Washington signed an agreement under which the United States received permission to deploy the interceptors, and Poland received from the United States enhanced security guarantees and a pledge to provide short-range, surface-to-air Patriot missiles. In September 2009, the Obama Administration canceled the Bush-era missile defense program and replaced it with plans to develop a new capability, known as the European Phased Adaptive Approach (EPAA), based initially around existing U.S. Patriot, THAAD, and Aegis interceptors.

While reaction in Poland was mixed, then-Prime Minister Tusk claimed that the shift would neither affect the security of Poland nor undermine relations with the United States. In October 2009, Poland said it would participate in the Obama Administration's new EPAA program by hosting SM-3 missiles. It signed an agreement approving deployment in 2010, and an "Aegis-Ashore" site with radar and 24 SM-3s is scheduled to be deployed in Poland in 2018.

Economic Ties

According to the U.S. Department of State, "Strong economic growth potential, a large domestic market, tariff-free access to the European Union (EU), and political stability are prime reasons that U.S. companies do business in Poland."²² In 2013 estimates (latest data available), the total U.S. corporate asset base in Poland stood at \$65 billion. U.S. foreign direct investment in Poland totaled \$13.5 billion in 2013, and U.S. affiliates employed about 160,000 people in Poland. Between 2002 and 2012, the number of manufacturing jobs tied to U.S. affiliates operating in Poland doubled from 51,000 to 102,000.²³

Trade between the United States and Poland has increased significantly over the past decade. In 2004, for example, U.S. exports to Poland were approximately \$929 million and imports from Poland were approximately \$1.8 billion. By comparison, in 2014, U.S. exports to Poland were almost \$3.7 billion and imports from Poland were almost \$5.2 billion.²⁴ Leading categories of U.S. exports to Poland include aircraft, machinery, electrical and medical equipment, and vehicles. U.S. imports from Poland represent a wide range of items, including heavy machinery, chemicals, and agricultural products.

²¹ Ann Pochylska and Marcin Terlikowski, *Prospects for Polish-U.S. Defense Industrial Cooperation*, Polish Institute of International Affairs, May 2015.

²² U.S. Department of State, *op. cit.*

²³ Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy 2015*, Center for Transatlantic Relations, p. 88.

²⁴ U.S. Department of Commerce, U.S. Census Bureau, *Trade in Goods with Poland*.

Visa Waiver Program

Many Polish officials and citizens continue to express disappointment that the United States has not made Poland a Visa Waiver Program (VWP) country. Current U.S. visa policy requires Poles who wish to travel to the United States to apply for a visa by filling out an application, paying a \$160 non-refundable fee, and completing an interview at a U.S. embassy or consulate. These requirements are waived for citizens of most European Union countries, since most of the countries qualify to be included in the VWP.²⁵ The VWP allows for visa-free travel to the United States for up to 90 days.²⁶ Under U.S. policy, Poland does not meet the VWP's qualifying criteria because its visitor visa refusal rate (the percentage of applications rejected by U.S. consular officers who cannot overcome the refusal) remains above the 3% limit. The refusal rate for Poland was 6.4% in FY2014 and 10.8% in FY2013.²⁷

Citing Poland's status as a close U.S. ally, Members of Congress have attempted to change the law governing the VWP in order to allow Poland to qualify. Most recently, on June 18, 2015, the Senate Appropriations Committee approved a Poland Visa Waiver Amendment to the FY2016 Homeland Security Appropriations bill. Proposed by Senator Mark Kirk and Senator Barbara Mikulski, the amendment would permit the Secretary of Homeland Security to designate Poland a VWP country, notwithstanding the statutory criteria for inclusion. On June 4, 2015, Senators Mikulski and Kirk had also introduced a Visa Waiver Program Enhanced Security and Reform Act (S. 1507) that would amend the Immigration and Nationality Act, among other provisions, to authorize the Secretary of Homeland Security to waive the refusal rate criteria and designate a country eligible for the VWP given the fulfillment of certain other criteria, which Poland likely meets. (The act was introduced in the House of Representatives on June 8 as H.R. 2686.) Some opponents of extending the VWP to include Poland argue that such a step could allow a significant increase in the number of Poles who remain illegally in the United States (i.e., become an unauthorized alien).²⁸ Proponents of including Poland argue that such a move would increase U.S. tourism revenue, boost public diplomacy, and strengthen national security by extending the information sharing elements of the VWP to Poland.²⁹

Relations with Russia

Historically, Poland has had a difficult relationship with Russia. Despite a short-lived thaw in the relationship before and after the 2010 crash of the Polish presidential airplane, Polish suspicions about the nature of Putin's Russia persist, and Warsaw tends to view Russia as a potential threat to Poland and its neighbors. Recent events in Ukraine have sharpened long-standing Polish concerns about Russia's intentions and put security at the top of Poland's national agenda.

Poland's view of Russia remains affected by the experience of Soviet invasion during World War Two and domination during the Communist era, although more recent events such as the 2006 Russian-German agreement to construct the Nord Stream gas pipeline through the Baltic Sea,

²⁵ There are currently 38 countries participating in the U.S. Visa Waiver Program, including 23 of the 28 member countries of the European Union.

²⁶ For more information on the VWP and debates surrounding the VWP, see CRS Report RL32221, *Visa Waiver Program*, by Alison Siskin.

²⁷ See <http://travel.state.gov/content/dam/visas/Statistics/Non-Immigrant-Statistics/refusalratelanguage.pdf>.

²⁸ See, for example, Jessica Vaughan, *Senators Vote to Allow Visa Waivers for Poland*, Center for Immigration Studies, June 22, 2015.

²⁹ See, for example, Edwin J. Feulner, *Vouching for the Visa Waiver Program*, Heritage Foundation, October 16, 2014.

bypassing the Baltic states and Poland, have also strained relations. The Russian government, in turn, was angered by the Polish government's offer to host U.S. missile defense facilities during the Bush Administration. Warsaw's promotion of the EU's Eastern Partnership initiative to deepen ties with Georgia, Ukraine, Belarus, Moldova, Armenia, and Azerbaijan has also long annoyed officials in Moscow, who view the region as lying within Russia's traditional sphere of influence.

The former Tusk government led calls for a robust response to Russia's actions in Ukraine, including through sanctions and an increased NATO military presence in Central and Eastern Europe. Public opinion backed this approach to a large extent: for example, in the German Marshall Fund of the United States' *Transatlantic Trends 2014* survey, 77% of Poles approved of stronger economic sanctions against Russia. The survey was conducted in June 2014, before the shooting down of Malaysian Airlines Flight 17 over eastern Ukraine galvanized the European Union to impose wider sectoral sanctions.

The government of Prime Minister Kopacz sought to revise policy on Russia and Ukraine toward a relatively gentler approach. In October 2014, Kopacz told Poland's Parliament she was concerned about "an isolation of Poland" due to "unrealistic goals" for the Ukraine conflict, adding, "[t]he goal of my government will be a pragmatic policy toward what's going on in Ukraine."³⁰ Nevertheless, analysts observe that the currents of Poland's Russia policy run deeper than individual leaders. While the Kopacz government slightly softened Poland's overall approach, Poland has continued to back robust sanctions and played a major role in coordinating EU and NATO policy in response to Russia's actions. Some analysts suggest that the Law and Justice government elected in October 2015 is likely to adopt a comparatively harder line in its approach to Russia.

In 2013, trade between Poland and Russia totaled nearly \$38 billion, and over 5% of Polish exports were sold to Russia.³¹ Poland has been one of the countries most affected by Russian retaliatory sanctions. As a result of Warsaw's lead role in pushing for EU measures against Russia, Moscow targeted Poland even before the EU's tougher sanctions were adopted in July 2014 by banning the import of certain Polish fruits and vegetables, citing alleged health and sanitary reasons. In August, Russia retaliated against Western sanctions by banning the import of produce, meat, and dairy products from the EU and United States (as well as Canada, Australia, and Norway). In recent years, Polish exports of fruit and vegetables to Russia have been valued at \$1 billion to \$2 billion annually.

One area of particular relevance to Poland's security is Kaliningrad, a 5,800-square-mile Russian exclave wedged between Poland and Lithuania (see **Table 1**). Kaliningrad has a heavy Russian military presence, including the Baltic Sea Fleet and two airbases. In addition, Russia has reportedly stationed, or at least threatened to station, Iskander short-range nuclear missiles there.

Energy Security

Over half of the natural gas and most of the oil consumed in Poland comes from Russia. Because Poland continues to rely on coal for approximately 90% of its electricity generation, however, Russian gas accounts for less than 10% of Poland's primary energy supply. Overall, as the largest coal producer in the EU, Poland relies on energy imports for 31% of its needs, well below the EU

³⁰ Marcin Sobczyk and Patryk Wasilewski, "Poland's New Premier Signals Shift in Ukraine Policy," *Wall Street Journal*, October 1, 2014.

³¹ "Poland and Russia Seal Bilateral Relations Roadmap," *Warsaw Voice*, December 20, 2013.

average of 53%.³² Successive governments have made a priority of efforts to diversify its energy sources to both reduce gas dependence on Russia and increase the use of cleaner fuels that produce fewer CO2 emissions.

Poland has also been taking steps such as expanding pipeline interconnectivity with its neighbors and developing the ability to reverse the flow of gas in the Polish section of the Yamal pipeline, which runs from Russia to Germany via Belarus and Poland, in order to import natural gas from the West in the case of a crisis such as a cut-off of Russian gas. The construction of a liquefied natural gas terminal on the Baltic Sea coast near the German border has suffered a series of delays, but the facility is expected to become operational by the end of 2015. The Polish government has also begun an initiative to introduce nuclear power to the country's energy mix with the construction of the country's first nuclear plant. These plans have encountered challenges and setbacks, with the first unit possibly operational in 2025 and full completion by 2035.

The Polish government has been a leading advocate for a stronger EU energy policy that reduces collective dependence on Russia. In April 2014, then-Prime Minister Tusk suggested the formation of an EU "energy union" in which a single European agency would purchase natural gas for all 28 members, rather than the current system of bilateral negotiations and contracts. Such an energy union would also include "solidarity mechanisms" for member states to aid one another in cases of supply disruption. The proposal was opposed by several other EU member states and has not advanced.

Poland has been active in initiatives to link the natural gas grid of the Baltic countries, which are dependent on Russia for 100% of their natural gas, to the rest of the EU. A project to build a pipeline connecting Poland to Lithuania has been launched, although the effort has been complicated by financing obstacles. The pipeline is expected to become operational in 2020.

Many U.S. officials and Members of Congress have regarded European energy security as a U.S. interest. In particular, there has been concern in the United States over the influence that Russian energy dominance could have on the ability to present a united transatlantic position when it comes to other issues related to Russia. Successive U.S. administrations have encouraged EU member states to reduce energy dependence on Russia through diversification of supply and supported European steps to develop alternative sources and increase energy efficiency.

Author Contact Information

Derek E. Mix
Analyst in European Affairs
dmix@crs.loc.gov, 7-9116

³² Jaroslaw Cwiek-Karpowicz, Aleksandra Gawlikowska-Fyk, and Kirsten Westphal, *German and Polish Energy Policies: Is Cooperation Possible?* Polish Institute of International Affairs, January 2013.